*The following is the text of a report set out on pages [I-1] to [I-3], received from the Company's reporting accountant, [PricewaterhouseCoopers], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.*

***[DRAFT]***

***[Letterhead of PricewaterhouseCoopers]***

**Accountant's Report on Historical Financial Information to the Directors of Jiangxi Rimag Group Co., Ltd. and CITIC Securities (Hong Kong) Limited**

***Introduction***

We report on the historical financial information of Jiangxi Rimag Group Co., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-4 to [I-162], which comprises the consolidated statements of financial position as at 31 December 2021, 2022 and 2023, the statements of financial position of the Company as at 31 December 2021, 2022 and 2023, and the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2021, 2022 and 2023 (the "**Track Record Period**") and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-4 to [I-162] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated **[REDACTED]** (the "**Document**") in connection with the **[REDACTED]** of H Shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

***Directors' Responsibility for the Historical Financial Information***

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

***Reporting Accountant's 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 accountant's 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 accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

***Opinion***

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 December 2021, 2022 and 2023 and the consolidated financial position of the Group as at 31 December 2021, 2022 and 2023 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

***Report on Matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") 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 28 to the Historical Financial Information which states that no dividends have been paid by Jiangxi Rimag Group Co., Ltd. in respect of the Track Record Period.

**[PricewaterhouseCoopers]**
*Certified Public Accountants*
Hong Kong
***[date]***

## I. Historical Financial Information of the Group

***Preparation of Historical Financial Information***

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

The financial statements of the Group for Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "**IAASB**") ("**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

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

| | | Year ended 31 December | | |
|---|---|---|---|---|
| | *Note* | **2021** | **2022** | **2023** |
| | | *RMB'000* | *RMB'000* | *RMB'000* |
| Revenue | 5 | 592,013 | 784,444 | 928,914 |
| Cost of sales | 8 | (416,825) | (547,494) | (596,317) |
| **Gross profit** | | 175,188 | 236,950 | 332,597 |
| Selling expenses | 8 | (75,950) | (48,725) | (65,562) |
| Administrative expenses | 8 | (389,750) | (144,712) | (181,675) |
| Research and development expenses | 8 | (11,869) | (11,483) | (12,844) |
| Net impairment losses on financial assets | 3.1(b) | (10,886) | (3,517) | (16,874) |
| Other income | 6 | 7,065 | 7,139 | 10,753 |
| Other gains — net | 7 | 8,343 | 3,297 | 5,849 |
| **Operating (loss)/profit** | | (297,859) | 38,949 | 72,244 |
| Finance income | 10 | 1,039 | 4,730 | 3,263 |
| Finance costs | 10 | (62,170) | (37,338) | (24,791) |
| **Finance costs — net** | | (61,131) | (32,608) | (21,528) |
| Share of loss of investments accounted for using the equity method | 12 | (3,670) | (5,406) | (5,801) |
| Impairment losses on investment in the joint venture accounted for using the equity method | | – | – | (1,534) |
| **(Loss)/profit before income tax** | | (362,660) | 935 | 43,381 |
| Income tax expense | 13 | (19,300) | (15,993) | (6,807) |
| **(Loss)/profit for the year** | | (381,960) | (15,058) | 36,574 |
| **(Loss)/profit for the year attributable to:** | | | | |
| Owners of the Company | | (360,731) | 364 | 44,415 |
| Non-controlling interests | | (21,229) | (15,422) | (7,841) |
| | | (381,960) | (15,058) | 36,574 |
| **(Loss)/profit per share attributable to owners of the Company for the year** | | | | |
| Basic (expressed in RMB per share) | 14 | (1.172) | 0.001 | 0.131 |
| Diluted (expressed in RMB per share) | 14 | (1.172) | 0.001 | 0.131 |

## Consolidated Statements of Comprehensive Income

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

| | Year ended 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **(Loss)/profit for the year** | (381,960) | (15,058) | 36,574 |
| *Items that may be reclassified to profit or loss* | | | |
| Changes in the fair value of debt instruments at fair value through other comprehensive income | – | – | (22) |
| *Items that will not be reclassified to profit or loss* | | | |
| Changes in the fair value of equity investments at fair value through other comprehensive income | – | – | 3,204 |
| **Other comprehensive income for the year, net of tax** | – | – | 3,182 |
| **Total comprehensive (loss)/income for the year** | (381,960) | (15,058) | 39,756 |
| **Total comprehensive (loss)/income for the year attributable to:** | | | |
| Owners of the Company | (360,731) | 364 | 47,597 |
| Non-controlling interests | (21,229) | (15,422) | (7,841) |
| | (381,960) | (15,058) | 39,756 |

## Consolidated Statements of Financial Position

*AS AT 31 DECEMBER 2021, 2022 AND 2023*

| | | As at 31 December | | |
|---|---|---|---|---|
| | *Note* | **2021** | **2022** | **2023** |
| | | *RMB'000* | *RMB'000* | *RMB'000* |
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | *16* | 822,300 | 766,846 | 741,122 |
| Right-of-use assets | *15(a)* | 180,100 | 122,544 | 159,904 |
| Intangible assets | *17* | 30,988 | 31,976 | 46,214 |
| Deferred income tax assets | *32(a)* | 4,680 | 7,197 | 24,208 |
| Investments accounted for using the equity method | *12* | 27,032 | 26,252 | 30,760 |
| Prepayments, deposits and other receivables | *22* | 105,276 | 217,566 | 132,887 |
| Financial asset at fair value through other comprehensive income | *19* | – | – | 4,772 |
| Financial assets at fair value through profit or loss | *23* | – | 50,341 | 53,869 |
| Long-term trade receivables | *21* | 37,604 | 29,692 | 58,339 |
| Restricted cash | *24* | – | 3,765 | 6,104 |
| **Total non-current assets** | | 1,207,980 | 1,256,179 | 1,258,179 |
| **Current assets** | | | | |
| Financial assets at fair value through other comprehensive income | *19* | – | – | 3,491 |
| Inventories | *20* | 6,952 | 6,684 | 5,333 |
| Long-term trade receivables — current portion | *21* | 11,552 | 11,631 | 23,232 |
| Trade receivables | *21* | 177,571 | 263,960 | 308,796 |
| Prepayments, deposits and other receivables | *22* | 161,670 | 110,768 | 86,087 |
| Restricted cash | *24* | – | 2 | 2 |
| Cash and cash equivalents | *24* | 490,007 | 340,194 | 188,835 |
| Asset classified as held for sale | *12(b)(ii)* | – | – | 4,703 |
| **Total current assets** | | 847,752 | 733,239 | 620,479 |
| **Total assets** | | 2,055,732 | 1,989,418 | 1,878,658 |

| | | As at 31 December | | |
|---|---|---|---|---|
| | *Note* | **2021** | **2022** | **2023** |
| | | *RMB'000* | *RMB'000* | *RMB'000* |
| **EQUITY** | | | | |
| **Equity attributable to owners of the Company** | | | | |
| Share capital | *25* | 338,496 | 338,496 | 338,496 |
| Paid-in capital | *25* | – | – | – |
| Treasury stock | *26* | – | – | – |
| Reserves | *26* | 1,423,279 | 1,426,432 | 1,401,974 |
| Accumulated losses | | (492,622) | (492,258) | (447,843) |
| **Equity attributable to owners of the Company** | | 1,269,153 | 1,272,670 | 1,292,627 |
| **Non-controlling interests** | | 34,102 | 43,569 | 42,487 |
| **Total equity** | | 1,303,255 | 1,316,239 | 1,335,114 |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| Borrowings | *31* | 208,048 | 165,147 | 84,966 |
| Lease liabilities | *15(b)* | 169,505 | 108,785 | 136,280 |
| Financial instruments issued to investors | *33* | – | – | – |
| Deferred income tax liabilities | *32(b)* | 2,375 | 2,151 | 4,414 |
| Other non-current liabilities | *34* | 4,928 | – | 1,700 |
| **Total non-current liabilities** | | 384,856 | 276,083 | 227,360 |
| **Current liabilities** | | | | |
| Trade payables | *29* | 27,026 | 19,264 | 23,482 |
| Other payables and accruals | *30* | 64,855 | 69,532 | 75,869 |
| Contract liabilities | *5(c)* | 59,591 | 69,160 | 8,959 |
| Current tax liabilities | | 24,376 | 29,951 | 42,662 |
| Borrowings | *31* | 174,125 | 187,137 | 125,042 |
| Lease liabilities | *15(b)* | 17,648 | 22,052 | 39,731 |
| Other non current liability-current portion | *34* | – | – | 439 |
| **Total current liabilities** | | 367,621 | 397,096 | 316,184 |
| **Total liabilities** | | 752,477 | 673,179 | 543,544 |
| **Total equity and liabilities** | | 2,055,732 | 1,989,418 | 1,878,658 |

## Statements of Financial Position of the Company

*AS AT 31 DECEMBER 2021, 2022 AND 2023*

| | | As at 31 December | | |
|---|---|---|---|---|
| | *Note* | **2021** | **2022** | **2023** |
| | | *RMB'000* | *RMB'000* | *RMB'000* |
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | | 905 | 641 | 4,835 |
| Right-of-use assets | | 525 | 1,067 | 1,190 |
| Investments in subsidiaries | *11* | 317,715 | 331,231 | 383,285 |
| Intangible assets | | 734 | 614 | 1,449 |
| Deferred income tax assets | | – | – | 7,124 |
| Investments accounted for using the equity method | *12* | 9,760 | 15,028 | 12,536 |
| Prepayments, deposits and other receivables | *22* | 19,071 | 140,883 | 111,593 |
| Financial assets at fair value through other comprehensive income | *19* | – | – | 4,772 |
| Financial assets at fair value through profit or loss | *23* | – | 50,341 | 53,869 |
| Long-term trade receivables | *21* | – | – | 4,215 |
| Restricted cash | *24* | – | 3,765 | 6,104 |
| **Total non-current assets** | | 348,710 | 543,570 | 590,972 |
| **Current assets** | | | | |
| Trade receivables | *21* | 1,329 | 21,201 | 83,346 |
| Long-term trade receivables — current portion | *21* | – | – | 1,307 |
| Prepayments, deposits and other receivables | *22* | 733,436 | 787,559 | 878,097 |
| Cash and cash equivalents | *24* | 357,364 | 191,734 | 67,520 |
| Asset classified as held for sale | *12(a)(ii)* | – | – | 4,703 |
| **Total current assets** | | 1,092,129 | 1,000,494 | 1,034,973 |
| **Total assets** | | 1,440,839 | 1,544,064 | 1,625,945 |

| | Note | As at 31 December | | |
|---|---|---|---|---|
| | | 2021 | 2022 | 2023 |
| | | *RMB'000* | *RMB'000* | *RMB'000* |
| **Equity** | | | | |
| Share capital | *25* | 338,496 | 338,496 | 338,496 |
| Paid-in capital | *25* | – | – | – |
| Treasury stock | *26* | – | – | – |
| Reserves | *26* | 1,296,256 | 1,298,233 | 1,302,940 |
| Accumulated losses | | (201,995) | (192,047) | (115,134) |
| **Total equity** | | 1,432,757 | 1,444,682 | 1,526,302 |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| Borrowings | *31* | – | 10,208 | 9,608 |
| Lease liabilities | | 321 | 546 | 672 |
| Deferred income tax liabilities | | – | – | 1,068 |
| Financial instruments issued to investors | *33* | – | – | – |
| **Total non-current liabilities** | | 321 | 10,754 | 11,348 |
| **Current liabilities** | | | | |
| Trade payables | *29* | – | 7,334 | 9,271 |
| Other payables and accruals | *30* | 7,351 | 19,411 | 43,163 |
| Contract liabilities | *5(c)* | – | 38,708 | 5,139 |
| Borrowings | *31* | – | 22,500 | 30,124 |
| Lease liabilities | | 410 | 675 | 598 |
| **Total current liabilities** | | 7,761 | 88,628 | 88,295 |
| **Total liabilities** | | 8,082 | 99,382 | 99,643 |
| **Total equity and liabilities** | | 1,440,839 | 1,544,064 | 1,625,945 |

## Consolidated Statements of Changes in Equity

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

| | | Equity attributable to owners of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Note | Share capital | Paid-in capital | Treasury stock | Reserves | Accumulated losses | Subtotal | Non-controlling interests | Total equity |
| | | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 1 January 2021** | | – | 97,055 | (896,702) | 949,280 | (499,735) | (350,102) | 49,642 | (300,460) |
| Loss for the year | | – | – | – | – | (360,731) | (360,731) | (21,229) | (381,960) |
| Other comprehensive income | | – | – | – | – | – | – | – | – |
| **Total comprehensive loss** | | – | – | – | – | (360,731) | (360,731) | (21,229) | (381,960) |
| Capital injection | *25* | 15,777 | – | – | 600,639 | – | 616,416 | 311 | 616,727 |
| Conversion into a joint stock company | *25, 26* | 97,055 | (97,055) | – | (367,844) | 367,844 | – | – | – |
| Termination of preferred rights granted to investors of the Company | *26* | – | – | 896,702 | 177,094 | – | 1,073,796 | – | 1,073,796 |
| Increase in share capital from capital reserve | *25* | 225,664 | – | – | (225,664) | – | – | – | – |
| Share-based payments expenses | *27* | – | – | – | 289,774 | – | 289,774 | 1,343 | 291,117 |
| Liquidation of subsidiaries | | – | – | – | – | – | – | (70) | (70) |
| Non-controlling interests on step acquisition of a subsidiary | *38* | – | – | – | – | – | – | 4,825 | 4,825 |
| Dividend distribution | | – | – | – | – | – | – | (720) | (720) |
| **Total transactions with owners** | | 338,496 | (97,055) | 896,702 | 473,999 | 367,844 | 1,979,986 | 5,689 | 1,985,675 |
| **As at 31 December 2021** | | 338,496 | – | – | 1,423,279 | (492,622) | 1,269,153 | 34,102 | 1,303,255 |

| | | Equity attributable to owners of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Share capital | Paid-in capital | Treasury stock | Reserves | Accumulated losses | Subtotal | Non-controlling interests | Total equity |
| | *Note* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 1 January 2022** | | 338,496 | – | – | 1,423,279 | (492,622) | 1,269,153 | 34,102 | 1,303,255 |
| Profit/(loss) for the year | | – | – | – | – | 364 | 364 | (15,422) | (15,058) |
| Other comprehensive income | | – | – | – | – | – | – | – | – |
| **Total comprehensive income/(loss)** | | – | – | – | – | 364 | 364 | (15,422) | (15,058) |
| Capital injection | | – | – | – | – | – | – | 3,734 | 3,734 |
| Dividend distribution | | – | – | – | – | – | – | (1,227) | (1,227) |
| Disposal of subsidiaries | *11* | – | – | – | – | – | – | 22,320 | 22,320 |
| Share-based payments expenses | *27* | – | – | – | 3,153 | – | 3,153 | 62 | 3,215 |
| **Total transactions with owners** | | – | – | – | 3,153 | – | 3,153 | 24,889 | 28,042 |
| **As at 31 December 2022** | | 338,496 | – | – | 1,426,432 | (492,258) | 1,272,670 | 43,569 | 1,316,239 |
| **As at 1 January 2023** | | 338,496 | – | – | 1,426,432 | (492,258) | 1,272,670 | 43,569 | 1,316,239 |
| Profit/(loss) for the year | | – | – | – | – | 44,415 | 44,415 | (7,841) | 36,574 |
| Other comprehensive loss | | – | – | – | 3,182 | – | 3,182 | – | 3,182 |
| **Total comprehensive (loss)/income** | | – | – | – | 3,182 | 44,415 | 47,597 | (7,841) | 39,756 |
| Capital injection | | – | – | – | – | – | – | 3,595 | 3,595 |
| Liquidation of subsidiaries | | – | – | – | – | – | – | (41) | (41) |
| Disposal of subsidiaries | *11* | – | – | – | – | – | – | 1,497 | 1,497 |
| Acquistion of a subsidiary | *38(ii)* | – | – | – | – | – | – | 11,138 | 11,138 |
| Transactions with non-controlling interests | *37, 26(i)* | – | – | – | (30,197) | – | (30,197) | (9,473) | (39,670) |
| Share-based payments expenses | *27* | – | – | – | 2,557 | – | 2,557 | 43 | 2,600 |
| **Total transactions with owners** | | – | – | – | (27,640) | – | (27,640) | 6,759 | (20,881) |
| **As at 31 December 2023** | | 338,496 | – | – | 1,401,974 | (447,843) | 1,292,627 | 42,487 | 1,335,114 |

## Consolidated Statements of Cash Flows

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

| | | Year ended 31 December | | |
|---|---|---|---|---|
| | | 2021 | 2022 | 2023 |
| | *Note* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Cash flows from operating activities** | | | | |
| Cash generated from operations | *35(a)* | 28,008 | 206,598 | 209,768 |
| Interest received | | 1,039 | 4,730 | 2,897 |
| Income tax paid | | (11,047) | (13,159) | (11,230) |
| **Net cash generated from operating activities** | | 18,000 | 198,169 | 201,435 |
| **Cash flows from investing activities** | | | | |
| Acquisition of subsidiaries, net of cash acquired | | (8,258) | – | (2,304) |
| Prepayment on equity investments | | – | (23,100) | (600) |
| Investments in associates and joint ventures | *12* | (26,010) | (8,620) | (17,280) |
| Proceeds from disposal of subsidiaries | | – | 44,469 | 634 |
| Proceeds from disposal of property, plant and equipment | *35(b)* | 25,914 | 7,348 | 2,445 |
| Loans to related parties | | – | – | (3,450) |
| Purchases of intangible assets | | (4,695) | (4,440) | (4,197) |
| Purchases of property, plant and equipment | | (137,984) | (267,193) | (92,320) |
| **Net cash used in investing activities** | | (151,033) | (251,536) | (117,072) |
| **Cash flows from financing activities** | | | | |
| Capital injection from the Company's shareholders | | 629,058 | – | – |
| Financial advisory fee directly attributable to series D financing | | (12,642) | – | – |
| Capital injection from non-controlling interests in subsidiaries | | 311 | 3,734 | 3,595 |
| Dividends paid to non-controlling interests of subsidiaries | | (720) | (1,227) | – |
| Transaction with non-controlling interests | | – | – | (38,080) |
| Proceeds from bank borrowings | | 115,300 | 102,121 | 37,888 |
| Repayment of bank borrowings | | (132,425) | (68,359) | (82,777) |
| Proceeds from loans from financial leasing companies | | 61,800 | 52,478 | 29,572 |
| Repayment of loans from financial leasing companies | | (152,489) | (115,300) | (127,481) |
| Loans from a third party | | – | – | 2,922 |
| Repayments of loans from third parties | | (1,960) | (829) | (2,400) |

| | | Year ended 31 December | | |
|---|---|---|---|---|
| | | **2021** | **2022** | **2023** |
| | *Note* | *RMB'000* | *RMB'000* | *RMB'000* |
| Repayments to non-controlling shareholders due to liquidation of subsidiaries | | (70) | – | (41) |
| Principal elements of lease payments | | (22,622) | (25,474) | (25,516) |
| **[REDACTED]** | | **[REDACTED]** | **[REDACTED]** | **[REDACTED]** |
| (Increase)/decrease in restricted cash | | 20,154 | (3,767) | (2,339) |
| Interest paid | | (48,200) | (37,941) | (25,212) |
| **Net cash generated from/(used in) financing activities** | | 452,921 | (96,446) | (235,722) |
| **Net increase/(decrease) in cash and cash equivalents** | | 319,888 | (149,813) | (151,359) |
| Cash and cash equivalents at the beginning of year | | 170,119 | 490,007 | 340,194 |
| **Cash and cash equivalents at the end of year** | *24* | 490,007 | 340,194 | 188,835 |

## II. Notes to the Historical Financial Information

### 1 General Information

Jiangxi Rimag Group Co., Ltd. formerly known as Shenzhen RIMAG Sunshine Medical Technology Co., Ltd. ("**the Company**") was incorporated as a limited liability company on 30 October 2014 in Shenzhen, Guangdong Province, People's Republic of China (the "**PRC**"). The registered office of the Company is Room 1002, 10th Floor, No.10 Building Public R&D Centre Xinqi Zhoudong Avenue South Chinese Medicine Science and Technology Innovation City Ganjiang New District Jiangxi Province, PRC. In June 2021, the Company was converted into a joint stock company with limited liabilities. The Company provides medical imaging services through the establishment of medical imaging network, as well as operational management services, imaging solution services and Rimag Cloud services.

The Company and its subsidiaries (collectively, the "**Group**") are principally engaged in the providing medical imaging services, imaging solution services and Rimag Cloud services in the PRC.

### 2 Summary of Material and Other Accounting Policy Information

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied throughout the Track Record Period, unless otherwise stated.

#### *2.1 Basis of Preparation*

The Historical Financial Information of the Company has been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("**IASB**"). The Historical Financial Information has been prepared under the historical cost convention, except for certain financial assets that are measured at fair value.

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

*(i) Changes in accounting policy and disclosures*

(1) New and amended standards adopted by the Group

All effective standards, amendments to standards and interpretations are mandatory for the financial year beginning after 1 January 2021, are consistently applied to the Group for the Track Record Period.

(2) New standards and amendments not yet adopted

Standards and amendments that have been issued but not yet effective for the Track Record Period and have not been early adopted by the Group during the Track Record Period are as follows:

| **New standards and amendments** | | **Effective for annual periods beginning on or after** |
|---|---|---|
| IAS 1 (Amendments) | Classification of Liabilities as Current or Non-current | 1 January 2024 |
| IAS 1 (Amendments) | Non-current liabilities with covenants | 1 January 2024 |
| IFRS 16 (Amendments) | Lease liability in sale and leaseback | 1 January 2024 |
| IAS 7 and IFRS 7 (Amendments) | Supplier finance arrangements | 1 January 2024 |
| IAS 21 (Amendments) | Lack of exchangeability | 1 January 2025 |
| IFRS 10 and IAS 28 (Amendments) | Sale or contribution of assets between an investor and its associate or joint venture | To be determined |

The Group has already commenced an assessment of the impact of these new or revised standards and amendments, which are relevant to the Group's operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and positions of the Group is expected when they become effective.

### *2.2 Principles of Consolidation and Equity Accounting*

*2.2.1 Subsidiaries*

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

The acquisition method of accounting is used to account for business combinations by the Group (Note 2.3).

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of financial position respectively.

*2.2.2 Associates*

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (Note 2.2.4), after initially being recognised at cost.

*2.2.3 Joint Ventures*

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Interests in joint ventures are accounted for using the equity method (Note 2.2.4), after initially being recognised at cost in the consolidated statements of financial position.

*2.2.4 Equity Method*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.9.

*2.2.5 Changes in Ownership Interests in Subsidiaries Without Change of Control*

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

***2.3 Business Combinations***

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

— fair values of the assets transferred

— liabilities incurred to the former owners of the acquired business

— equity interests issued by the Group

— fair value of any asset or liability resulting from a contingent consideration arrangement, and

— fair value of any pre-existing equity interest in the subsidiary.

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

Acquisition-related costs are expensed as incurred.

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

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

### *2.4 Separate Financial Statements*

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable. Investments in joint ventures and associates are initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income.

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

### *2.5 Segment Reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision-maker ("**CODM**"), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chairman and executive directors of the Company that makes strategic decisions.

### *2.6 Foreign Currency Translation*

*(i) Functional and Presentation Currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("**the functional currency**"). Since the majority of the assets and operations of the Group are located in the PRC, the Historical Financial Information are presented in RMB, which is the Company's functional and the Group's presentation currency.

*(ii) Transactions and Balances*

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of profit or loss on a net basis within other gains — net.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

### *2.7 Property, Plant and Equipment*

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

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

Depreciation is calculated using the straight-line method to allocate their costs, net of their residual values, over their estimated useful lives as follows:

| | |
|---|---|
| Machineries | 8–10 years |
| Office furniture and fixtures | 5 years |
| Electronic equipment | 3 years |
| Leasehold improvements | Shorter of remaining lease term or estimated useful life |

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statements of profit or loss.

Construction-in-progress (the "**CIP**") represents machineries, office furniture and fixtures, electronic equipment and leasehold improvements under construction and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction and acquisition and capitalised borrowing costs. No provision for depreciation is made on CIP until such time as the relevant assets are completed and ready for intended use. When the assets concerned are available for use, the cost are transferred to relevant categories of property, plant and equipment and depreciated in accordance with the policy as stated above.

***2.8 Intangible Assets***

*(i) Goodwill*

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

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

Impairment testing of goodwill is described in note 2.9.

*(ii) Software*

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring the specific software into usage. Costs associated with maintaining software programmes are recognised as an expense as incurred. These costs are amortised using the straight-line method over their estimated useful lives varying from 5 to 10 years based on managements expectation on the technological lives of the software. Costs associated with maintaining computer software programmes are recognised as expense as incurred.

The length of useful life of an intangible asset is determined in accordance to the shortest of period among the three, the period during which such assets is expected to bring economic benefits to the Group, the beneficial life specified in the contract and the legal life for software, patents and licences laws and regulations of the PRC.

The amortisation period and amortisation method of intangible assets are reviewed at each reporting period. The effects of any revision are recognised as profit or loss when the changes arise.

*(iii) Research and Development*

Research expenditures are charged to profit or loss as an expense in the period the expenditures are incurred. Development costs are recognised as assets if only when the following can be demonstrated (if applicable):

— the technical feasibility of completing the intangible assets so that it will be available for use or sale;

— the intention to complete the intangible asset and use or sell it;

— the ability to use or sell the intangible assets;

— the intangible asset will generate probable future economic benefits;

— the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

— the ability to measure reliably the expenditure attributable to the intangible asset during its development.

*(iv) Licences and client relationships*

Licences and client relationships acquired in business combinations and are recognised at fair value at the acquisition date. They have a definite useful lives of 10 years and 12 years based on the licence term and period of cooperation respectively and are subsequently carried at cost less accumulated amortisation and impairment losses.

### *2.9 Impairment of Non-financial Assets*

Goodwill that has an indefinite useful life is not subject to amortization and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other assets that are subject to amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Non-financial assets, except for goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting date.

***2.10 Assets classified as held for sale***

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset is recognised at the date of derecognition.

Assets are not depreciated or amortised while they are classified as held for sale.

Assets classified as held for sale are presented separately from the other assets in the balance sheet.

***2.11 Investments and Other Financial Assets***

*(i) Classification*

The Group classifies its financial assets in the following categories:

— those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

— those to be measured at amortised cost.

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

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

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

*(ii) Recognition and Derecognition*

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

*(iii) Measurement*

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

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

*−Debt Instruments*

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

— Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains — net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statements of profit or loss.

— FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

— FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the consolidated statements of profit or loss within other gains — net in the period in which it arises.

–*Equity Instruments*

— The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payments is established.

— Changes in the fair value of financial assets measured at FVPL are recognised in "other gains — net" in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

*(iv) Impairment of Financial Assets*

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and long-term trade receivables arising from the sales of goods and rendering of services in the ordinary course of operating activities, the Group applies the simplified approach permitted by IFRS 9 regardless of whether a significant financing component exists, which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

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

### *2.12 Inventories*

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### *2.13 Contract Assets and Contract Liabilities*

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

### *2.14 Trade and Other Receivables*

Trade receivables are amounts due from clients for service performed in imaging center business, imaging solution services, and cloud platform services rendered in the ordinary course of business. Majority of other receivables are staff advance and rental deposit. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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

### *2.15 Cash and Cash Equivalents*

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions.

### *2.16 Paid-in Capital and Share Capital and Treasury Share Reserve*

Ordinary shares are classified as equity (Note 25).

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

Where the Company issued shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums over share capital shall be classified as share premium.

Where any company purchases the company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

### *2.17 Financial Instruments Issued to Investors*

A contract that contains an obligation for an entity to purchase its own equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount. If the contract expires without delivery, the carrying amount of the financial liability is reclassified to equity.

### *2.18 Trade and Other Payables*

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

### *2.19 Borrowings*

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

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

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

### *2.20 Borrowing Costs*

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

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

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

### *2.21 Current and Deferred Income Tax*

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

*Current Income Tax*

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

*Deferred Income Tax*

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

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

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

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

***2.22 Employee Benefits***

*(i) Pension Obligations*

In accordance with the rules and regulations in the PRC, the employees of the Group based in the PRC participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to certain ceiling. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired employees based in the PRC payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Group in an independent fund managed by the PRC government. The Group's contributions to these plans are expensed as incurred.

*(ii) Housing Funds, Medical Insurances and Other Social Insurances*

The employees of the Group based in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period. Contributions to these funds are expensed as incurred.

*(iii) Short-term Obligations*

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

*(iv) Employee Leave Entitlement*

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

*(v) Bonus Plan*

The expected cost of bonuses is recognised as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

***2.23 Share-based Payments***

*(i) Share Incentive Plan*

The Group operates equity-settled share-based payment plans, under which the Group receives service from its employees and the strategic investors in exchange for the equity instruments of the Group. As disclosed in note 27, during the Track Record Period, certain shares were granted to certain directors, senior management, employees and the strategic investors. The fair value of the service received in exchange for the grant of shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

— including any market performance conditions (e.g. the entity's share price)

— excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and

— including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

Non-market performance and service conditions are included in assumptions about the number of equity instruments that are expected to vest. The total expense is recognised over the vesting period, in which all of the specified vesting conditions are to be satisfied.

At the end of each period, the Group revises its estimates of the number of shares that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

*(ii) Share-based Payments Transaction Among Group Entities*

The grant by the Company of its equity instruments to the employees of its subsidiaries is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries, with a corresponding credit to equity.

*(iii) Share-Based Payments to Strategic Investors*

The Company issued common shares to series D1 strategic investors in July 2021. Upon issuance of common shares, the difference between the consideration received and the fair value of common shares is recorded into administrative expenses in the consolidated statements of profit or loss and in share-based payment reserve in the consolidated statements of financial position.

***2.24 Provisions***

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

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

***2.25 Revenue Recognition***

The Group is engaged in imaging business during the Track Record Period including 3 categories of business:

- Imaging center services
- Imaging solution services
- Rimag Cloud services

Revenue is measured at the consideration received or receivable for the services or products in the ordinary course of the Group's activities. Revenue is shown after eliminating sales between the Group companies. The Group recognises revenue when it transfers control of the services or products to a customer. All revenue contracts are for periods of one year or less or are billed based on time incurred. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

*(a) Imaging Center Services*

The Group provides imaging examination and diagnostic services in form of flagship imaging centers, and regional collaborative imaging centers to

(i) hospitals and other medical institutions as well as health management companies to serve their customers, or

(ii) individual patients and other healthcare consumers.

Revenue from imaging examination and diagnostic services is recognised when diagnostic reports are delivered and accepted by customers.

The Group also provides medical imaging operational management services in form of specialised medical consortium imaging centers and operational management imaging centers to hospitals and other medical institutions as well as health management companies. Such services aim at optimising customers' operations and management model, including: professional skill improvement, operational management consulting, and informatization construction.

Revenue from medical imaging operational management services is recognised in the period in which the services are rendered in accordance with fixed service fee per month and floating service fee based on certain percentages of monthly operating results because the customer receives and uses the benefits simultaneously.

*(b) Imaging solution services*

Imaging solution services provided by the Group mainly include imaging equipment solutions and equipment maintenance services.

*–(i) Imaging equipment solutions*

The Group provides imaging equipment solutions to hospitals and other medical institutions as well as health management companies, mainly including equipment selection, acquisition and configuration, repair and maintenance services.

Revenue from the portion of equipment selection, acquisition and configuration is recognised when equipment is delivered and accepted by customers while the portion of short-term repair and maintenance is recognised when the service is performed.

The Group has certain contracts with customers of imaging equipment solutions with financing components where the period between the transfer of the promising equipment to the customer and payment by the customer exceeds one year.

As a consequence, the transaction price for these contracts is discounted, using the prevailing interest rates in the relevant market. This rate is commensurate with the rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

Revenue from intermediaries is included in the revenue stream of imaging equipment solutions, and the accounting treatment is consistent under the same revenue stream. The Group enters into sales contracts with the intermediaries, which specifies the name of the medical institution to which the Group directly delivers the products. Revenue is recognised when the Group transfers control of products directly to the end medical institutions customer as specified in the agreement. The intermediaries do not obtain control of the products in the delivery process of sales arrangement.

*–(ii) Equipment maintenance services*

The Group also provides long-term maintenance services to certain customers. Contract duration is generally more than one year and the contract contains a single performance obligation as delivery of integrated maintenance services over a period of time. The contract is normally at fixed price and paid according to payment terms specified in the contract. Upfront payments received by the Group are initially recognised as a contract liability. Services revenue is recognised as the performance obligation satisfied over time based on the stage of completion of the contract. The Group uses straight-line method to measure progress towards complete satisfaction of the performance obligation under IFRS 15. Costs including raw materials, labour and other maintenance costs attributable to the services are included in "cost of sales".

*(c) Rimag Cloud services*

The Group developed a cloud platform that enables the imaging centers with digitised operations and accumulated valuable data assets and data service capabilities. Leverage such cloud platform, the Group offers the cloud platform-based services and diagnostic report management system softwares to customers such as hospitals and other medical institutions as well as health management companies.

Revenue from cloud platform services business is recognised when customers get the access to the cloud platform as the services are rendered.

Revenue from softwares is recognised when the softwares are delivered and accepted by customers.

***2.26 Earnings per Share***

(i) Basic earnings per share is calculated by dividing:

— The profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares.

— by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

— the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

— the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

***2.27 Interest Income***

Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in profit or loss as part of other income. Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

***2.28 Government Grants***

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

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

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

***2.29 Leases***

The Group leases various buildings and machines. Rental contracts are typically made for a fixed period of 2 to 14 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

— fixed payments (including in-substance fixed payments), less any lease incentives receivable

— variable lease payment that are based on an index or a rate

— amounts expected to be payable by the lessee under residual value guarantees

— the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and

— payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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

— the amount of the initial measurement of lease liability

— any lease payments made at or before the commencement date less any lease incentives received

— any initial direct costs, and

— restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 month or less.

The Group, as seller-lessee, acquires certain equipment through sale and leaseback arrangement with financial leasing company. The transfer of such equipment by the Group does not satisfy the requirement of IFRS 15 to be accounted for a sale of the asset due to the fact that it does not meet requirement that the transfer of control of the equipment.

As such, the Group continues to recognise the transferred asset in "Property, plant and equipment" and recognise a financial liability equal to the transfer proceeds in "Borrowing".

### *2.30 Dividend Distribution*

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

### *2.31 Other Accounting Policies*

#### *2.31.1 Offsetting Financial Instruments*

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the relevant company or the counterparty.

## 3 Financial Risk Management

### *3.1 Financial Risk Factors*

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

*(a) Market Risk*

*–(i) Foreign Exchange Risk*

The Group is engaged in the provision of medical imaging services through the establishment of medical imaging network, as well as operational management services, imaging solution services and Rimag Cloud services in the PRC with almost all the transactions denominated and settled in RMB, which is the functional currency of the group companies. Therefore, its foreign exchange risk is limited. The Group currently does not have a foreign currency hedging policy, and manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.

As at 31 December 2021, 2022 and 2023, the Group had no material foreign currency denominated assets and liabilities. Therefore, the Group did not have any significant foreign exchange risk.

*–(ii) Cash Flow and Fair Value Interests Rate Risk*

The Group's interest rate risk arises from bank deposits and borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash at bank with variable interest rates. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. During the Track Record Period, the Group's borrowings bore interest both at variable rates and fixed rates.

Bank deposits carried at prevailing market interest rate expose the Group to cash flow interest rate risk. The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure to ensure it is within an acceptable level. The Group has not used any interest rate swap arrangements.

As at 31 December 2021, 2022 and 2023, if interest rate on borrowings had been higher/lower by 50 basis points of current interest rate, with other variables held constant, profit for the years ended 31 December 2021, 2022 and 2023 would have been approximately RMB1,002,000, RMB860,000 and RMB509,000 lower/higher, respectively.

*(b) Credit risk*

Credit risk arises from cash and cash equivalents and restricted cash, trade receivables, long-term trade receivables, other receivables and debt investments carried at FVOCI. The carrying amount of each class of the above financial assets and liabilities represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

*−(i) Credit Risk of Cash and Cash Equivalents and Restricted Cash*

To manage this risk, cash deposits at banks are mainly placed with state-owned and reputable financial institutions in the PRC. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. The identified credit losses are immaterial.

*−(ii) Impairment of Financial Assets*

The Group has three types of financial assets and liabilities that are subject to the expected credit loss model:

— Trade receivables

— Long-term trade receivables

— Other receivables

— Debt investments carried at FVOCI

Trade Receivables

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. The expected loss rates are based on the ageing profiles of trade receivables over a period of 36 months before 31 December 2023, 31 December 2022 and 31 December 2021, respectively. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The Group assessed that the expected credit loss rate for trade receivables from the related parties were low since its related parties have a strong capacity to meet its contractual cash flow obligation in the near term. The Group assessed that the expected credit losses rate for trade receivables from related parties are immaterial and considered them to have a low credit risk, and thus the loss allowance is immaterial.

Individually impaired trade receivables are related to the deterioration of the customer's financial position or the customer's extremely low willingness to repay, thus some of trade receivables can not be collected. The Group expects that the amounts of the receivables will partially or entirely have difficulty to be recovered and has recognised impairment losses.

Long-term Trade Receivables

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all long-term trade receivables. To measure the expected credit losses, long-term trade receivables have been individually assessed on credit risk characteristics. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Other Receivables

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experience, existing market conditions as well as forward looking estimates at the end of each reporting period. The directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

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

As at 31 December 2021, 2022 and 2023, the loss allowance provision for the trade receivables was determined as follow:

| | **Less than 1 year** | **1 year to 2 years** | **2 years to 3 years** | **Over 3 years** | **Total** |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| On collective basis: | | | | | |
| **As at 31 December 2021** | | | | | |
| Gross carrying amount — trade receivables *(Note 21)* | 164,234 | 14,257 | – | – | 178,491 |
| Expected loss rate | 0.40% | 4.88% | – | – | 0.75% |
| Loss allowance provision *(Note 21)* | 651 | 696 | – | – | 1,347 |

| | Less than 1 year | 1 year to 2 years | 2 years to 3 years | Over 3 years | Total |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| On individual basis: | | | | | |
| **As at 31 December 2021** | | | | | |
| Gross carrying amount — trade receivables *(Note 21)* | | | | | 15,726 |
| Expected loss rate | | | | | 97.28% |
| Loss allowance provision *(Note 21)* | | | | | 15,299 |
| On collective basis: | | | | | |
| **As at 31 December 2022** | | | | | |
| Gross carrying amount trade receivables *(Note 21)* | 231,052 | 28,896 | 8,706 | – | 268,654 |
| Expected loss rate | 0.56% | 4.95% | 29.63% | – | 1.98% |
| Loss allowance provision *(Note 21)* | 1,301 | 1,429 | 2,580 | – | 5,310 |
| On individual basis: | | | | | |
| **As at 31 December 2022** | | | | | |
| Gross carrying amount — trade receivables *(Note 21)* | | | | | 15,917 |
| Expected loss rate | | | | | 96.13% |
| Loss allowance provision *(Note 21)* | | | | | 15,301 |
| On collective basis: | | | | | |
| **As at 31 December 2023** | | | | | |
| Gross carrying amount — trade receivables *(Note 21)* | 274,180 | 25,570 | 6,341 | – | 306,091 |
| Expected loss rate | 0.98% | 7.72% | 30.28% | – | 2.15% |
| Loss allowance provision *(Note 21)* | 2,688 | 1,975 | 1,920 | – | 6,583 |
| On individual basis: | | | | | |
| **As at 31 December 2023** | | | | | |
| Gross carrying amount — trade receivables *(Note 21)* | | | | | 30,295 |
| Expected loss rate | | | | | 69.34% |
| Loss allowance provision *(Note 21)* | | | | | 21,007 |

As at 31 December 2021, 2022 and 2023, the loss allowance provision for the long-term trade receivables was determined as follow:

| | Total |
|---|---|
| | *RMB'0000* |
| On individual basis: | |
| **As at 31 December 2021** | |
| Gross carrying amount — long-term trade receivables *(Note 21)* | 50,809 |
| Expected loss rate | 3.25% |
| Loss allowance provision *(Note 21)* | 1,653 |
| On individual basis: | |
| **As at 31 December 2022** | |
| Gross carrying amount — long-term trade receivables *(Note 21)* | 42,494 |
| Expected loss rate | 2.76% |
| Loss allowance provision *(Note 21)* | 1,171 |
| On individual basis: | |
| **As at 31 December 2023** | |
| Gross carrying amount — long-term trade receivables *(Note 21)* | 92,476 |
| Expected loss rate | 11.79% |
| Loss allowance provision *(Note 21)* | 10,905 |

The Group has assessed that there was no significant increase of credit risk for other receivables. Thus, the Group used the 12 months expected credit losses model to assess credit loss of other receivables. As at 31 December 2021, 2022 and 2023, the loss allowance for other receivables excluding deductible value-added tax input and prepayments were determined as follows:

| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 31 December 2021** | | | | |
| Gross carrying amount — other receivables *(Note 22)* | 61,546 | – | 500 | 62,046 |
| Expected loss rate | 0.22% | – | 97.40% | 1.01% |
| Loss allowance provision *(Note 22)* | 138 | – | 487 | 625 |
| **As at 31 December 2022** | | | | |
| Gross carrying amount — other receivables *(Note 22)* | 58,577 | – | 500 | 59,077 |
| Expected loss rate | 0.30% | – | 96.20% | 1.12% |
| Loss allowance provision *(Note 22)* | 178 | – | 481 | 659 |
| **As at 31 December 2023** | | | | |
| Gross carrying amount — other receivables *(Note 22)* | 54,599 | – | 500 | 55,099 |
| Expected loss rate | 0.65% | – | 93.20% | 1.49% |
| Loss allowance provision *(Note 22)* | 354 | – | 466 | 820 |

The loss allowances for trade receivables (including long-term trade receivables) and other receivables as at 31 December 2021, 2022 and 2023 reconcile to the opening loss allowances as follows:

| | Trade receivables | Other receivables | Total |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 1 January 2021** | 7,652 | 386 | 8,038 |
| Increase in loss allowance recognised in profit or loss | 13,462 | 625 | 14,087 |
| Reversal of impairment loss | (2,815) | (386) | (3,201) |
| **As at 31 December 2021** | 18,299 | 625 | 18,924 |
| **As at 1 January 2022** | 18,299 | 625 | 18,924 |
| Increase in loss allowance recognised in profit or loss | 8,171 | 659 | 8,830 |
| Reversal of impairment loss | (4,688) | (625) | (5,313) |
| **As at 31 December 2022** | 21,782 | 659 | 22,441 |
| **As at 1 January 2023** | 21,782 | 659 | 22,441 |
| Increase in loss allowance recognised in profit or loss | 24,605 | 441 | 25,046 |
| Reversal of impairment loss | (7,892) | (280) | (8,172) |
| **As at 31 December 2023** | 38,495 | 820 | 39,315 |

*(c) Liquidity Risk*

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group expects to fund its future cash flow needs through internally generated cash flows from operations and borrowings from financial institutions. Management believes that there is no significant liquidity risk in view of the expected cash flows from operations and continuous support from banks in the coming twelve months.

The tables below analyse the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows.

| | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 31 December 2021** | | | | | |
| Borrowings and interests | 195,496 | 121,220 | 112,330 | – | 429,046 |
| Trade payables | 27,026 | – | – | – | 27,026 |
| Other payables and accruals (excluding non-financial) | 24,034 | – | – | – | 24,034 |
| Lease liabilities | 32,247 | 32,537 | 96,966 | 75,573 | 237,323 |
| Other non-current liabilities | – | 5,788 | – | – | 5,788 |
| | 278,803 | 159,545 | 209,296 | 75,573 | 723,217 |
| **As at 31 December 2022** | | | | | |
| Borrowings and interests | 207,246 | 120,849 | 56,252 | – | 384,347 |
| Trade payables | 19,264 | – | – | – | 19,264 |
| Other payables and accruals (excluding non-financial) | 27,549 | – | – | – | 27,549 |
| Lease liabilities | 29,560 | 29,470 | 78,708 | 15,783 | 153,521 |
| | 283,619 | 150,319 | 134,960 | 15,783 | 584,681 |

| | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 31 December 2023** | | | | | |
| Borrowings and interests | 126,822 | 64,188 | 24,133 | – | 215,143 |
| Trade payables | 23,482 | – | – | – | 23,482 |
| Other payables and accruals (excluding non-financial) | 48,818 | – | – | – | 48,818 |
| Lease liabilities | 42,972 | 43,323 | 92,712 | 13,594 | 192,601 |
| Other non-current liabilities | 478 | 478 | 1,433 | – | 2,389 |
| | 242,572 | 107,989 | 118,278 | 13,594 | 482,433 |

### *3.2 Capital Management*

The Group monitors capital (including shares and borrowings) by regularly reviewing the capital structure. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the costs of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

The Group monitors its capital structure on the basis of liability-to-asset ratio, which is calculated as total liabilities divided by total assets. The liability-to-asset ratio of the Group as at 31 December 2021, 2022 and 2023 was as follows:

The gearing ratios during the Track Record Period were as follows:

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| The liability-to-asset ratio | 36.60% | 33.84% | 28.93% |

There were no changes in the Group's approach to capital management during the Track Record Period.

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

### *3.3 Fair Value Estimation*

*(a) Fair value hierarchy*

Financial instruments carried at fair value or where fair value was disclosed can be categorised by levels of the inputs to valuation techniques used to measure fair value. The inputs are categorised into three levels within a fair value hierarchy as follows:

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

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

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

The Group did not change any valuation techniques in determining the level 2 and level 3 fair values.

The following table presents the Group's assets that were measured at fair value at 31 December 2022 and 2023:

| | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| | *RMB'000* | *RMB '000* | *RMB'000* | *RMB'000* |
| **As at 31 December 2022** | | | | |
| Assets: | | | | |
| Financial assets carried at FVPL *(Note 23)* . . . . | – | – | 50,341 | 50,341 |

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | *RMB'000* | *RMB '000* | *RMB'000* | *RMB'000* |
| **As at 31 December 2023** | | | | |
| Assets: | | | | |
| Financial assets carried at FVPL | – | – | 53,869 | 53,869 |
| Financial assets carried at FVOCI | | | | |
| — Bank acceptance notes *(Note 19)* | – | – | 3,491 | 3,491 |
| — Unlisted equity investments *(Note 19)* | – | – | 4,772 | 4,772 |
| | – | – | 8,263 | 8,263 |
| | – | – | 62,132 | 62,132 |

*(b)* Valuation techniques used to determine level 3 fair values specific valuation techniques used to value financial instruments include:

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

There were no changes in valuation techniques during the Track Record Period.

The fair value of trade receivables, other receivables, long-term trade receivables, restricted cash, and cash and cash equivalents approximated their carrying amounts.

The fair value of trade payables, other payables and accruals (excluding payroll and welfare payables and other tax payables) and current borrowings approximated their carrying amounts. The fair value of non-current borrowings was disclosed in note 31.

*(c)* The Group's policy is to recognize transfers into and out of fair value hierarchy levels as at the end of each reporting period. During the year ended 31 December 2021, 2022 and 2023, there are no transfers among levels of the fair value hierarchy used in measuring the fair value of financial instruments, and also no changes in the classification of financial assets as a result of a change in the purpose or use of those assets.

*(d) Fair value measurements using significant unobservable inputs (level 3)*

The following table presents the changes in level 3 instruments for the year ended 31 December 2021, 2022 and 2023:

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Financial assets at FVPL** | | | |
| Opening Balance | – | – | 50,341 |
| Additions | – | 50,341 | – |
| Fair value changes — gain to profit or loss | – | – | 4,548 |
| Settlement | – | – | (1,020) |
| Closing balance | – | 50,341 | 53,869 |

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Financial assets at FVOCI** | | | |
| Opening Balance | – | – | – |
| Additions | – | – | 14,362 |
| Disposal | – | – | (10,371) |
| Fair value change — gain to other comprehensive income | – | – | 4,272 |
| Closing balance | – | – | 8,263 |

*(e) Valuation inputs of financial assets at FVPL and FVOCI*

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

| Description | Fair Value at 31 December | | | Unobservable inputs | Range of inputs | | |
|---|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | | | | |
| Unlisted debt instruments at FVPL | – | 50,341 | 53,869 | Discount rate | NA | 9.7%~15% | 9.2%~15% |
| Debt instruments at FVOCI | – | – | 3,491 | Discount rate | NA | NA | 3.6% |
| Unlisted equity investments at FVOCI | – | – | 4,772 | Capital injection price per share | NA | NA | 32 |

As at 31 December 2022, if expected rate of return higher/lower by 0.5%, fair value of financial assets at FVPL would have been approximately RMB1,414,000 and RMB1,364,000 lower/higher respectively.

As at 31 December 2023, if expected rates of return higher/lower by 0.5%, fair value of financial assets at FVPL would have been approximately RMB1,254,000 and RMB1,295,000 lower/higher respectively.

As at 31 December 2023, if expected rate of return higher/lower by 0.5%, fair value of debt instruments at FVOCI would have been approximately RMB4,000 and RMB4,000 lower/higher respectively.

As at 31 December 2023, if expected capital injection price per share higher/lower by 0.5%, fair value of unlisted equity instruments at FVOCI would have been approximately RMB24,000 and RMB24,000 lower/higher respectively.

*(f) Valuation process*

External valuation experts will be involved when necessary. The Group engaged an independent valuer to assist them on valuation of unlisted debt instruments at FVPL, debt instruments at FVOCI and unlisted equity investments at FVOCI.

## 4 Critical Accounting Estimates and Judgements

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

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### *(a) Estimated Useful Lives and Residual Values of Property, Plant and Equipment*

The Group's management determines the estimated useful lives and residual values and consequently the related depreciation charges for its property, plant and equipment, and reviews the useful lives and residual values periodically to ensure that the method and rates of depreciation are consistent with the expected pattern of realisation of economic benefits from property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. If there are significant changes from previously estimated useful lives and residual values, the amount of depreciation expenses may change.

### *(b) Impairment of Financial Assets*

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the note 3.1(b).

### *(c) Income Taxes and Deferred Tax Asset*

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

The Group recognises deferred tax assets based on estimates that is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilised. The recognition of deferred tax assets mainly involved management's judgements and estimations about the timing and the amount of taxable profits of the companies who had tax losses. During the Track Record Period, deferred tax assets have not been recognised in respect of these accumulated tax losses and other deductible temporary differences based on the fact that the future taxable profits would be uncertain.

### *(d) Share-based Payments*

As disclosed in note 27, the Company granted equity-settled restricted share units to certain directors, senior management and employees. Significant estimate on assumptions in determining the fair value of the Share Incentive Plan include risk-free interest rate and expected volatility.

## 5 Revenue and Segment Information

### *(a) Description of Segment and Principal Activities*

During the Track Record Period, the Group is engaged in imaging business in the Mainland China. The Group's chief operating decision maker ("**CODM**") has been identified as the chairman and executive directors of the Board who are responsible for allocating resources and assessing performance of the operating segment.

Management reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the executive directors of the Company regards that there is only one segment which is used to make strategic decisions. Revenue and profit/(loss) before income tax are the measures reported to the chairman and executive directors for the purpose of resources allocation and performance assessment.

Throughout the years, the Group has constructed, and shaped the competency in, the infrastructure supporting the operations of the imaging center and enrichment imaging services business, such as cloud platform services which represents less than 5% of the Group's total revenue.

All of the Group's business and operations are conducted in Mainland China and currently, the Group's principal market, majority of revenue, operating loss and non-current assets are derived from/located in the Mainland China. Accordingly, no geographical segment information is presented.

***(b) Revenue During the Track Record Period***

An analysis of the Group's revenue by category for the years ended 31 December 2021, 2022 and 2023 is as follows:

The revenue segment information reported to CODM for the Track Record Period is as follows:

| | | Year ended 31 December | | |
|---|---|---|---|---|
| | | 2021 | 2022 | 2023 |
| | | *RMB'000* | *RMB'000* | *RMB'000* |
| **Imaging center services** | **Satisfaction of performance obligation** | | | |
| — Flagship imaging centers | Point in time | 103,037 | 102,968 | 133,454 |
| — Regional collaborative imaging centers | Point in time | 249,792 | 270,326 | 355,379 |
| — Specialized medical consortium imaging centers | Overtime | 76,715 | 89,300 | 109,638 |
| — Operational management imaging centers | Overtime | 12,768 | 35,149 | 39,603 |
| | | 442,312 | 497,743 | 638,074 |
| **Imaging solution services** | | | | |
| — Imaging equipment solutions | Point in time | 139,252 | 269,589 | 277,671 |
| — Equipment maintenance services | Overtime | – | – | 701 |
| | | 139,252 | 269,589 | 278,372 |
| **Rimag Cloud services** | | | | |
| — Cloud platform services | Overtime | 10,401 | 10,917 | 12,468 |
| — Sales of software | Point in time | 48 | 6,195 | – |
| | | 10,449 | 17,112 | 12,468 |
| | | 592,013 | 784,444 | 928,914 |

Please refer to note 2.25 for more details about the revenue recognised by the Group.

The Group has a large number of customers, no single customer accounted for more than 10% of the Group's revenue during the Track Record Period.

***(c) Contract Liabilities***

*The Group*

The Group has recognised the following contract liabilities which are the advances from customers:

| | As at 31 December | | |
|---|---|---|---|
| | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Contract liabilities related to imaging center services | 1,770 | 5,038 | 3,492 |
| Contract liabilities related to imaging solution services | 57,821 | 63,793 | 5,139 |
| Contract liabilities related to Rimag Cloud services | – | 329 | 328 |
| | 59,591 | 69,160 | 8,959 |

The following table shows how much of the revenue recognised in Track Record Period relates to carried-forward contract liabilities:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Revenue recognised that was included in the balance of contract liabilities at the beginning of the year | | | |
| Imaging center services | 8,118 | 1,770 | 3,121 |
| Imaging solution services | 22,412 | 57,821 | 63,793 |
| Cloud platform services | – | – | 329 |
| | 30,530 | 59,591 | 67,243 |

*The Company*

The Company has recognised the following contract liabilities which are the advances from customers:

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Contract liabilities related to imaging solution services | – | 38,708 | 5,139 |

The following table shows how much of the revenue recognised in Track Record Period relates to carried-forward contract liabilities:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Revenue recognised that was included in the balance of contract liabilities at the beginning of the year | | | |
| Imaging solution services | – | – | 38,708 |

## 6 Other Income

| | Year ended 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Government grants and subsidies (a) | 4,128 | 2,315 | 4,108 |
| Tax refund | 766 | 2,189 | 3,384 |
| Interest income of installment sales | 1,892 | 2,150 | 2,778 |
| Rental income of leasing equipment | 279 | 478 | 478 |
| Others | – | 7 | 5 |
| | 7,065 | 7,139 | 10,753 |

(a) Government grants and subsidies mainly included government grants from the local government in Jiangxi Province in recognition of the contribution of the Group to local economy's development. There were no unfulfilled conditions or other contingencies attaching to these grants.

## 7 Other gains — net

| | Year ended 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Net gains on disposals of property, plant and equipment and right-of-use assets | 8,356 | 757 | 202 |
| Net losses of the remeasurement during step acquisition | (834) | – | – |
| Net gain on disposal of subsidiaries *(Note 11)* | – | 3,169 | 1,618 |
| Net fair value gains on financial assets at fair value through profit or loss *(Note 3.3)* | – | – | 4,548 |
| Deemed disposal of an associate *(Note 17(a))* | – | – | 118 |
| Others | 821 | (629) | (637) |
| | 8,343 | 3,297 | 5,849 |

## 8 Expenses by Nature

The detailed analysis of cost of sales, selling expenses, administrative expenses and research and development expenses is as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Raw materials and trading medical equipment | 155,783 | 266,517 | 268,675 |
| Employee benefit expenses *(Note 9)* | 384,246 | 179,610 | 201,651 |
| Share-based payment expenses for strategic investors *(Note 27)* | 67,702 | – | – |
| Depreciation of property, plant and equipment *(Note 16)* | 125,780 | 139,758 | 151,545 |
| Depreciation of right-of-use assets *(Note 15)* | 25,790 | 26,808 | 33,156 |
| Amortization of intangible assets *(Note 17)* | 1,475 | 3,017 | 3,330 |
| Repair and maintenance | 31,711 | 39,467 | 55,052 |
| **[REDACTED]** | **[REDACTED]** | **[REDACTED]** | **[REDACTED]** |
| Rental expenses and property fees | 9,001 | 9,205 | 10,712 |
| Travelling expenses | 10,830 | 7,640 | 14,825 |
| Office expenses | 7,039 | 7,494 | 11,019 |
| Entertainment fees | 9,790 | 11,013 | 13,936 |
| Utilities | 5,574 | 5,322 | 5,568 |
| Professional service fees | 5,719 | 3,514 | 2,300 |
| System service fees | 9,060 | 7,261 | 11,496 |
| Marketing fees | 32,576 | 31,221 | 41,427 |
| Business tax and other taxes | 1,464 | 1,913 | 2,442 |
| Auditor remuneration | | | |
| — Audit services | 431 | – | – |
| Others | 4,581 | 6,265 | 8,442 |
| Total | 894,394 | 752,414 | 856,398 |

## 9 Employee Benefit Expenses

| | Year ended 31 December | | |
|---|---|---|---|
| | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Salaries, wages and bonuses | 148,655 | 159,646 | 179,629 |
| Contributions to pension plan (a) | 6,373 | 8,746 | 9,202 |
| Housing fund, medical insurance and other social insurance | 5,803 | 8,003 | 10,220 |
| Share-based payments expenses *(Note 27)* | 223,415 | 3,215 | 2,600 |
| | 384,246 | 179,610 | 201,651 |

### *(a) Contributions to Pension Plan*

The employees of the Group in the PRC are members of a state-managed pension obligations operated by the PRC Government. The Group is required to contribute a specified percentage of payroll costs as determined by respective local government authority to the pension obligations to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions under the scheme.

No forfeited contributions were utilised during the years end 31 December 2021, 2022 and 2023 to offset the Group's contribution to the abovementioned retirement benefit schemes.

### *(b) Five Highest Paid Individuals*

The five individuals whose emoluments were the highest in the Group include 2, 1 and 1 directors for the years ended 31 December 2021, 2022 and 2023. Their emoluments are reflected in the analysis presented in note 40. Details of the remunerations of the remaining highest paid non-director individuals during the Track Record Period are as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Salaries, wages and bonuses | 1,443 | 2,756 | 4,556 |
| Pension cost — defined contribution plans | 12 | 236 | 251 |
| Housing fund, medical insurance and other social benefits | 11 | 237 | 274 |
| Share-based payments expenses | 83,113 | 284 | 142 |
| | 84,579 | 3,513 | 5,223 |

The emoluments of the five highest paid individuals except for director(s), whose emoluments have been disclosed in note 40, fell within the following bands:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| Emolument band (HK$1 to HK$1,000,000) | – | 2 | – |
| Emolument band (HK$1,000,001 to HK$1,500,000) | – | 2 | 4 |
| Emolument band (HK$29,500,001 to HK$30,000,000) | 1 | – | – |
| Emolument band (HK$30,000,001 to HK$30,500,000) | 1 | – | – |
| Emolument band (HK$43,500,001 to HK$44,000,000) | 1 | – | – |
| | 3 | 4 | 4 |

During the Track Record Period, none of the five highest paid individuals waived or has agreed to waive any emoluments, and none of the five highest paid individuals received emoluments from the Group as inducement to join or upon joining the Group, or as compensation for loss of office.

## 10 Finance Income and Costs

| | Year ended 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Finance income: | | | |
| — Interest income from bank deposits | 1,039 | 4,730 | 3,263 |
| Finance costs: | | | |
| — Interest expense of financial instruments issued to investors *(Note 33)* | (14,180) | – | – |
| — Interest expenses on bank borrowings | (4,711) | (5,299) | (4,845) |
| — Interest expenses on other borrowings | (32,379) | (22,754) | (11,552) |
| — Finance expenses on lease liabilities *(Note 15)* | (11,110) | (9,888) | (8,815) |
| | (62,380) | (37,941) | (25,212) |
| Amount capitalised *(Note 16)* | 210 | 603 | 421 |
| Total finance costs | (62,170) | (37,338) | (24,791) |
| Finance costs — net | (61,131) | (32,608) | (21,528) |

## 11 Investments in Subsidiaries — the Company

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| At the beginning of the year | 293,264 | 317,715 | 331,231 |
| Investment in unlisted shares, at costs | 43,112 | 13,161 | 55,590 |
| Liquidation of subsidiaries | (200) | – | (450) |
| Provision for impairment losses | (19,250) | – | (3,355) |
| Addition arising from share-based payments for subsidiaries | 789 | 355 | 269 |
| At the end of the year | 317,715 | 331,231 | 383,285 |

### *(a) Subsidiaries of the Company*

| Entity name | Date of incorporation | Country/ Place of incorporation, legal status | Registered/ Issued and paid-up capital | Attributable equity interest of the Group — As at 31 December 2021 | 2022 | 2023 | As at the date of this report | Principal activities |
|---|---|---|---|---|---|---|---|---|
| | | | *RMB* | | | | | |
| **Directly held:** | | | | | | | | |
| Jiangxi Rimag Medical Investment Management Co., Ltd. 江西一脈陽光醫療投資管理有限公司. . . . . | 19 September 2014 | PRC, Limited Liability Company | 100,000,000 | 100% | 100% | 100% | 100% | Medical equipment and consumables sales |
| Jiangxi Rimag Sunshine Medical Science and Technology Service Co., Ltd. 江西一脈陽光醫學科技服務有限公司. . . . . . . | 23 October 2018 | PRC, Limited Liability Company | 2,000,000 | 100% | 100% | 100% | 100% | Medical equipment sales |
| Beijing Rimag Medical Information Technology Co., Ltd. 北京一脈陽光醫學信息技術有限公司. . . . . . . . . | 24 August 2015 | PRC, Limited Liability Company | 10,000,000 | 100% | 100% | 100% | 100% | Research and development center |
| Lianyungang Rimag Sunshine Medical Imaging Co., Ltd. 連雲港一脈陽光醫學影像有限公司 . . . . . . . . . . | 27 September 2018 | PRC, Limited Liability Company | 1,000,000 | 100% | 100% | 100% | 100% | Medical imaging services and device sales |
| Yantai Rimag Sunshine Medical Imaging Diagnosis Center Co. Ltd. 煙台一脈陽光醫學影像診斷中心有限公司 . . . . . . . . . . . . | 14 December 2020 | PRC, Limited Liability Company | 20,000,000 | 100% | 100% | 100% | 100% | Medical imaging services and device sales |
| Beijing Rimag Medical Imaging Diagnosis Center Co. Ltd. 北京一脈陽光醫學影像診斷中心有限公司. . . . . . . | 13 February 2015 | PRC, Limited Liability Company | 50,000,000 | 100% | 100% | 100% | 100% | Medical imaging services and medical device sales |

| Entity name | Date of incorporation | Country/ Place of incorporation, legal status | Registered/ Issued and paid-up capital | Attributable equity interest of the Group | | | | Principal activities |
|---|---|---|---|---|---|---|---|---|
| | | | | As at 31 December | | | As at the date of this report | |
| | | | | 2021 | 2022 | 2023 | | |
| | | | *RMB* | | | | | |
| Shaoxing Keqiao Rimag Sunshine Medical Imaging Hospital Co. Ltd. 紹興柯橋一脈陽光醫學影像醫院有限公司 . . . . . . . . . . . | 1 June 2017 | PRC, Limited Liability Company | 3,000,000 | 100% | 100% | 100% | 100% | Medical imaging services |
| Xinyang Rimag Sunshine Medical Imaging Diagnosis Center Co. Ltd. 信陽一脈陽光醫學影像診斷中心有限公司 . . . . . . . | 28 June 2018 | PRC, Limited Liability Company | 2,000,000 | 100% | 100% | 100% | 100% | Medical imaging services |
| Chengdu Wenjiang Rimag Sunshine Internet Hospital Co. Ltd. 成都溫江一脈陽光互聯網醫院有限公司 . . . . . . . . | 24 August 2021 | PRC, Limited Liability Company | 50,000,000 | 100% | 100% | 100% | 100% | Medical imaging services |
| Rimag Sunshine Internet Hospital (Shandong) Co., Ltd. 一脈陽光互聯網醫院(山東)有限公司 . . . . . . . | 27 August 2021 | PRC, Limited Liability Company | 3,000,000 | 100% | 100% | 100% | N/A | Medical imaging services |
| Shandong Sunshine Doctor Group Management Co. Ltd. 山東陽光醫生集團管理有限公司 . . . . . . . . . . . | 24 August 2020 | PRC, Limited Liability Company | 3,000,000 | 98% | 98% | 98% | 98% | Medical imaging services |
| Suihua Rimag Sunshine Medical Imaging Center Co. Ltd. 綏化一脈陽光醫學影像中心有限公司 . . . . . . . . . | 7 July 2021 | PRC, Limited Liability Company | 5,000,000 | 95% | 95% | 95% | 95% | Medical imaging services |

| Entity name | Date of incorporation | Country/ Place of incorporation, legal status | Registered/ Issued and paid-up capital | Attributable equity interest of the Group: As at 31 December 2021 | 2022 | 2023 | As at the date of this report | Principal activities |
|---|---|---|---|---|---|---|---|---|
| | | | *RMB* | | | | | |
| Qiqihar Nianzishan Rimag Medical Imaging Diagnosis Center Co., Ltd. ("**Qiqihar Nianzishan Rimag**") 齊齊哈爾市碾子山區一脈陽光醫學影像診斷中心有限公司 *(Note 37(iii))* | 11 September 2018 | PRC, Limited Liability Company | 10,000,000 | 93% | 93% | 100% | 100% | Medical imaging services |
| Shandong Rimag Sunshine Medical Imaging Diagnosis Center Co. Ltd. 山東一脈陽光醫學影像診斷中心有限公司 | 21 July 2019 | PRC, Limited Liability Company | 50,000,000 | 90% | 90% | N/A | N/A | Medical imaging services |
| Qixia Rimag Sunshine Medical Imaging Diagnosis Co., Ltd 棲霞一脈陽光醫學影像診斷有限公司 (ii) | 5 March 2018 | PRC, Limited Liability Company | 10,000,000 | N/A | N/A | N/A | N/A | Medical imaging services |
| Hubei Rimag Sunshine Medical Investment Management Co., Ltd. 湖北一脈陽光醫療投資管理有限公司 (ii) | 27 July 2015 | PRC, Limited Liability Company | 20,000,000 | N/A | N/A | N/A | N/A | Medical imaging services |
| Ningjin County Rimag Sunshine Hospital Co., Ltd 寧津縣一脈陽光醫院有限公司 (ii) | 14 June 2018 | PRC, Limited Liability Company | 10,000,000 | N/A | N/A | N/A | N/A | Medical imaging services |

| | | | | Ownership interest held by the Group | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | Effective interest held as at 31 December | | | | |
| Company name | Date of incorporation | Country/ Place of incorporation, legal status | Registered/ Issued and paid-up capital | 2021 | 2022 | 2023 | As at the date of this report | Principal Activities |
| | | | *RMB* | | | | | |
| **Directly held:** | | | | | | | | |
| Changchun Rimag Sunshine Medical Imaging Diagnosis Center Co. Ltd. 長春一脈陽光醫學影像診斷中心有限公司 . . . . . . . | 03 July 2017 | PRC, Limited Liability Company | 10,000,000 | 85% | 85% | 85% | 85% | Medical imaging services |
| Anyang Rimag Sunshine Medical Imaging Co., Ltd. 安陽一脈陽光醫學影像有限公司 . . . . . . . . . . . | 8 August 2022 | PRC, Limited Liability Company | 10,000,000 | N/A | 85% | 85% | 85% | Medical imaging services |
| Hubei Zhiying Rimag Sunshine Medical Technology Co., Ltd. ("**Hubei Zhiying**") 湖北智影一脈陽光醫療科技有限公司 *(Note 38(i))* . . . . . . . . | 1 December 2016 | PRC, Limited Liability Company | 13,333,000 | 80% | 80% | 90% | 90% | Medical imaging services |
| Wanan Rimag Medical Imaging Center Ltd. 萬安一脈陽光醫學影像中心有限公司 . . . . . . . . . | 17 May 2019 | PRC, Limited Liability Company | 5,000,000 | 76% | 76% | 76% | 76% | Medical imaging services |
| Liaoning Rimag Sunshine Medical Imaging Diagnosis Center Co. Ltd. 遼寧一脈陽光醫學影像診斷中心有限公司 . . . . . . . . . . . . | 18 May 2017 | PRC, Limited Liability Company | 10,000,000 | 70% | 70% | 70% | 70% | Medical imaging services |
| Shandong Rimag Sunshine Medical Technology Co. Ltd. 山東一脈陽光醫療科技有限公司 . . . . . . . . . | 25 February 2016 | PRC, Limited Liability Company | 10,000,000 | 70% | 70% | 70% | 70% | Medical equipment sales |

| | | | | Ownership interest held by the Group | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Registered/ Issued and paid-up | Effective interest held as at 31 December | | | As at the date of this | |
| Company name | Date of incorporation | Country/ Place of incorporation, legal status | capital | 2021 | 2022 | 2023 | report | Principal Activities |
| | | | *RMB* | | | | | |
| Enshi Rimag Sunshine Medical Imaging Co., Ltd. 恩施市一脈陽光醫學影像有限公司 | 16 May 2017 | PRC, Limited Liability Company | 15,000,000 | 70% | 70% | 70% | 70% | Medical imaging services |
| Xinbin Manchu Autonomous County Rimag Sunshine Medical Imaging Diagnosis Center Co. Ltd. 新賓滿族自治縣一脈陽光醫學影像診斷中心有限公司 ((iii), *note 11(b)(2)*) | 25 August 2017 | PRC, Limited Liability Company | 7,000,000 | 65% | 65% | N/A | N/A | Medical imaging services |
| Shenyang Rimag Sunshine Shennan Medical Imaging Diagnosis Co., Ltd. 瀋陽一脈陽光瀋南醫學影像診斷有限公司 | 20 September 2017 | PRC, Limited Liability Company | 8,000,000 | 65% | 65% | 65% | 65% | Medical imaging services |
| Gengma Rimag Sunshine Medical Imaging Co., Ltd. 耿馬一脈陽光醫學影像有限公司 | 23 November 2018 | PRC, Limited Liability Company | 5,000,000 | 65% | 65% | 65% | 65% | Medical imaging services |
| Xixian Xinqu Rimag Medical Imaging Diagnosis Ltd. 西咸新區一脈陽光醫學影像診斷有限公司 | 30 January 2019 | PRC, Limited Liability Company | 20,000,000 | 65% | 65% | 65% | 65% | Medical imaging services |
| Jinan Rimag Sunshine Xinglin Medical Imaging Diagnosis Co., Ltd. 濟南一脈陽光杏林醫學影像診斷有限公司 | 14 January 2022 | PRC, Limited Liability Company | 10,000,000 | N/A | 65% | 65% | 65% | Medical imaging services |

| | | | | Ownership interest held by the Group | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | Effective interest held as at 31 December | | | | |
| Company name | Date of incorporation | Country/ Place of incorporation, legal status | Registered/ Issued and paid-up capital | 2021 | 2022 | 2023 | As at the date of this report | Principal Activities |
| | | | *RMB* | | | | | |
| Xiangtan Rimag Sunshine Medical Imaging Diagnosis Co., Ltd. 湘潭一脈陽光醫學影像診斷有限公司 . . . . . . . . . | 12 October 2018 | PRC, Limited Liability Company | 8,000,000 | 55% | 64% | 64% | 64% | Medical imaging services |
| Chengdu Rimag Jiashi Medical Imaging Center Ltd. 成都一脈佳士醫學影像診斷中心有限公司 . . . . | 17 December 2019 | PRC, Limited Liability Company | 5,000,000 | 61% | 61% | 61% | 61% | Medical imaging services |
| Zhengzhou Rimag Sunshine Medical Imaging Diagnosis Center Co. Ltd. 鄭州一脈陽光醫學影像診斷中心有限公司 . . . . . . . | 15 January 2020 | PRC, Limited Liability Company | 10,000,000 | 60% | 60% | 60% | 60% | Medical imaging services |
| Yichang Rimag Sunshine Medical Imaging Diagnosis Center Co. Ltd. 宜昌市一脈陽光醫學影像診斷中心有限公司 . . . . . . . . . . . | 29 August 2017 | PRC, Limited Liability Company | 8,000,000 | 60% | 60% | 60% | 60% | Medical imaging services |
| Jiangxi Rimag Sunshine Bohai Medical Imaging Co., Ltd. 江西一脈陽光博海醫學影像有限公司 . . . . . . . . . | 16 March 2022 | PRC, Limited Liability Company | 10,000,000 | N/A | 60% | 60% | 60% | Medical imaging services |
| Qiqihar Rimag Medical Imaging Diagnosis Center Co., Ltd. ("**Qiqihar Rimag Medical**") 齊齊哈爾一脈陽光醫學影像診斷中心有限公司 *(Note 37(i))* . . . . . . . . | 24 October 2018 | PRC, Limited Liability Company | 30,000,000 | 58% | 58% | 73% | 73% | Medical imaging services |

| | | | | Ownership interest held by the Group | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Registered/ Issued and paid-up | Effective interest held as at 31 December | | | As at the date of this | |
| Company name | Date of incorporation | Country/ Place of incorporation, legal status | capital | 2021 | 2022 | 2023 | report | Principal Activities |
| | | | *RMB* | | | | | |
| Hunan Rimag Sunshine Medical Imaging Diagnosis Center Co. Ltd. 湖南一脈陽光醫學影像診斷中心有限公司 . . . . . . . . . . . . | 23 September 2020 | PRC, Limited Liability Company | 20,000,000 | 55% | 55% | 55% | 55% | Medical imaging services |
| Liaocheng Rimag Sunshine Medical Imaging Diagnosis Co. Ltd. 聊城市一脈陽光醫學影像診斷有限公司 . . . . . . . . | 08 January 2018 | PRC, Limited Liability Company | 10,000,000 | 55% | 55% | 55% | 55% | Medical imaging services |
| Hainan Rimag Sunshine Medical Investment Management Co. Ltd. 海南一脈陽光醫療投資管理有限公司 . . . . . . . . . | 15 August 2016 | PRC, Limited Liability Company | 10,000,000 | 51% | 51% | 51% | 51% | Investment holding |
| Fuzhou Rimag Sunshine Medical Imaging Diagnosis Center Co. Ltd. 福州一脈陽光醫學影像診斷中心有限公司 . . . . . . . . . . . . | 29 December 2016 | PRC, Limited Liability Company | 10,000,000 | 51% | 51% | 51% | 51% | Medical imaging services |
| Shehong Jiashi Rimag Medical Imaging Diagnosis Ltd. 射洪佳士一脈醫學影像診斷有限公司 . . . . . . . . . | 28 April 2020 | PRC, Limited Liability Company | 6,000,000 | 51% | 51% | 51% | 51% | Medical imaging services |
| Wuhan Rimag Sunshine Shangyi Medical Imaging Diagnosis Center Co., Ltd. 武漢一脈陽光尚醫醫學影像診斷中心有限公司 (ii) . . . | 23 April 2019 | PRC, Limited Liability Company | 50,000,000 | N/A | N/A | N/A | N/A | Medical imaging services |

| | | | | Ownership interest held by the Group | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Registered/ Issued and paid-up | Effective interest held as at 31 December | | | As at the date of this | |
| Company name | Date of incorporation | Country/ Place of incorporation, legal status | capital | 2021 | 2022 | 2023 | report | Principal Activities |
| | | | *RMB* | | | | | |
| Yichang Rimag Medical Technology Co., Ltd. 宜昌一脈陽光醫學科技有限公司(ii) . . . . . . . . . . . | 21 January 2021 | PRC, Limited Liability Company | 1,000,000 | N/A | N/A | N/A | N/A | Medical equipment sales |
| Kunming Rimag Sunshine Medical Imaging Co., Ltd. 昆明一脈陽光醫學影像有限公司(ii) . . . . . . . . . . | 25 March 2019 | PRC, Limited Liability Company | 10,000,000 | N/A | N/A | N/A | N/A | Dormant |
| Wuhan Rimag Sunshine Medical Imaging Diagnosis Center Co., Ltd. 武漢一脈陽光醫學影像診斷中心有限公司((iii), *Note 11(b)(1)*) . . | 29 December 2017 | PRC, Limited Liability Company | 16,000,000 | 60% | N/A | N/A | N/A | Medical imaging services |
| Shaanxi Yimai Yutai Medical Technology Co., Ltd. 陝西一脈裕泰醫療科技有限公司 . . . . . . . . . . . . | 16 May 2023 | PRC, Limited Liability Company | 5,000,000 | N/A | N/A | 51% | 51% | Medical imaging services and medical device sales |
| Wenzhou Yiying Medical Imaging Diagnosis Co., Ltd. ("**Wenzhou Yiying**") 溫州頤影醫學影像診斷有限公司 *(Note 38(ii))*. . . . . . . . | 11 November 2020 | PRC, Limited Liability Company | 50,000,000 | N/A | N/A | 60% | 60% | Medical imaging services |
| Enshi Prefecture Jianshi County Yimai Sunshine Medical Technology Co., Ltd. 恩施州建始縣一脈陽光醫療科技有限公司. . . . . | 18 August 2023 | PRC, Limited Liability Company | 3,000,000 | N/A | N/A | 100% | 100% | Medical imaging services and medical device sales |
| Jiaozuo Yimai Sunshine Medical Imaging Co., Ltd. 焦作一脈陽光醫學影像有限公司 . . . . . . . . . . . | 15 December 2023 | PRC, Limited Liability Company | 3,000,000 | N/A | N/A | 100% | 100% | Medical imaging services and medical device sales |

| Company name | Date of incorporation | Country/ Place of incorporation, legal status | Registered/ Issued and paid-up capital | Ownership interest held by the Group — Effective interest held as at 31 December 2021 | 2022 | 2023 | As at the date of this report | Principal Activities |
|---|---|---|---|---|---|---|---|---|
| | | | *RMB* | | | | | |
| Chibi Yimai Sunshine Medical Technology Co., Ltd. 赤壁市一脈陽光醫療科技有限公司 | 4 January 2024 | PRC, Limited Liability Company | 5,000,000 | N/A | N/A | N/A | 100% | Medical imaging services and medical device sales |
| Rimag Cloud Medical Technology (Beijing) Co., Ltd. 一脈雲醫學科技(北京)有限公司 | 22 January 2024 | PRC, Limited Liability Company | 5,000,000 | N/A | N/A | N/A | 60% | Technical support serivces |
| **Indirectly held:** | | | | | | | | |
| Shicheng Rimag Sunshine Medical Imaging Co., Ltd. 石城一脈陽光醫學影像有限公司 | 1 December 2015 | PRC, Limited Liability Company | 30,000,000 | 100% | 100% | 100% | 100% | Medical imaging services |
| Xinyu Rimag Medical Imaging Ltd. 新余一脈陽光醫學影像有限公司 | 21 November 2016 | PRC, Limited Liability Company | 30,000,000 | 100% | 100% | 100% | 100% | Medical imaging services |
| Zhaoqing Rimag Sunshine Regional Medical Imaging Diagnosis Center Co., Ltd. 肇慶一脈陽光區域醫學影像診斷中心有限公司 | 13 December 2016 | PRC, Limited Liability Company | 15,000,000 | 51% | 51% | 51% | 51% | Medical imaging services |
| Fuzhou Rimag Sunshine Medical Imaging Co., Ltd. 撫州一脈陽光醫學影像有限公司 | 26 April 2017 | PRC, Limited Liability Company | 20,000,000 | 100% | 100% | 100% | 100% | Medical imaging services |
| Nanchang Rimag Sunshine Medical Imaging Diagnosis Co., Ltd. 南昌一脈陽光醫學影像診斷有限公司 | 10 October 2017 | PRC, Limited Liability Company | 20,000,000 | 100% | 100% | 100% | 100% | Medical imaging services |

| | | | | Ownership interest held by the Group | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Registered/ Issued and paid-up | Effective interest held as at 31 December | | | As at the date of this | |
| Company name | Date of incorporation | Country/ Place of incorporation, legal status | capital | 2021 | 2022 | 2023 | report | Principal Activities |
| | | | *RMB* | | | | | |
| Fenyi Rimag Medical Imaging Ltd. 分宜一脈陽光醫學影像有限公司 | 25 Jun 2015 | PRC, Limited Liability Company | 6,000,000 | 100% | 100% | 100% | 100% | Medical imaging services |
| Leping Rimag Medical Imaging Ltd. 樂平一脈陽光醫學影像有限公司 | 19 August 2015 | PRC, Limited Liability Company | 30,000,000 | 100% | 100% | 100% | 100% | Medical imaging services |
| Ji'an Rimag Medical Imaging Center Ltd. 吉安縣一脈陽光醫學影像中心有限公司 (ii) | 4 September 2019 | PRC, Limited Liability Company | 10,000,000 | 100% | 100% | N/A | N/A | Medical imaging services |
| Jiangxi Rimag Yingcheng Medical Service Ltd. 江西一脈影成醫療服務有限公司 | 19 December 2019 | PRC, Limited Liability Company | 10,000,000 | 100% | 100% | 100% | 100% | Medical equipment sales |
| Nanchang Rimag Clinical Services Ltd. 南昌一脈陽光綜合門診部有限公司 | 3 August 2020 | PRC, Limited Liability Company | 2,000,000 | 100% | 100% | 100% | 100% | Clinic service |
| Jiangxi Rimag Sunshine Cloud Data Co., Ltd. 江西一脈陽光雲數據有限公司 | 21 April 2014 | PRC, Limited Liability Company | 5,000,000 | 100% | 100% | 100% | 100% | Research and development center |
| Yushan Rimag Sunshine Medical Imaging Co., Ltd. 玉山一脈陽光醫學影像有限公司 | 28 June 2021 | PRC, Limited Liability Company | 5,100,000 | 100% | 100% | 100% | 100% | Medical imaging services |

| Company name | Date of incorporation | Country/ Place of incorporation, legal status | Registered/ Issued and paid-up capital | Ownership interest held by the Group — Effective interest held as at 31 December 2021 | 2022 | 2023 | As at the date of this report | Principal Activities |
|---|---|---|---|---|---|---|---|---|
| | | | *RMB* | | | | | |
| Yingtan Rimag Medical Imaging Diagnosis Ltd. 鷹潭市一脈陽光醫學影像診斷有限公司 | 1 January 2019 | PRC, Limited Liability Company | 10,000,000 | 95% | 95% | 95% | 95% | Medical imaging services |
| Fuliang Rimag Medical Imaging Diagnosis Ltd. 浮梁一脈陽光醫學影像診斷有限公司 | 27 April 2020 | PRC, Limited Liability Company | 6,000,000 | 70% | 70% | 70% | 70% | Medical imaging services |
| Ganzhou Rimag Medical Imaging Diagnosis Ltd. 贛州一脈陽光醫學影像診斷有限公司 (ii) *(Note)* | 06 May 2018 | PRC, Limited Liability Company | 30,000,0000 | 70% | 70% | N/A | N/A | Medical imaging services |
| Anfu Rimag Medical Imaging Center Ltd. 安福一脈陽光醫學影像中心有限公司 | 16 July 2019 | PRC, Limited Liability Company | 5,000,000 | 66% | 66% | 66% | 66% | Medical imaging services |
| Fengcheng Rimag Medical Imaging Center Ltd. 豐城市一脈陽光醫學影像中心有限公司 | 23 March 2018 | PRC, Limited Liability Company | 10,000,000 | 60% | 60% | 60% | 60% | Medical imaging services |
| Jiangxi Rimag Shenghe Medical Technology Ltd. 江西一脈盛和醫療科技有限公司 | 15 March 2019 | PRC, Limited Liability Company | 2,000,000 | 55% | 55% | 55% | 55% | Maintenance and installation of medical equipment |
| Beijing Rimag Health Management Co., Ltd. 北京一脈健康管理有限公司 *(iii)* *(Note)* | 2 August 2021 | PRC, Limited Liability Company | 10,000,000 | 100% | N/A | N/A | N/A | Medical imaging services |
| Liaoning Yimai Sunshine Hospital Co., Ltd. 遼寧一脈陽光醫院有限公司 | 14 April 2023 | PRC, Limited Liability Company | 10,000,000 | N/A | N/A | 70% | 70% | Medical imaging services |

| | | | | Ownership interest held by the Group | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Registered/ Issued and paid-up | Effective interest held as at 31 December | | | As at the date of this | |
| Company name | Date of incorporation | Country/ Place of incorporation, legal status | capital | 2021 | 2022 | 2023 | report | Principal Activities |
| | | | *RMB* | | | | | |
| Suichuan Yimai Sunshine Medical Imaging Co., Ltd. 遂川一脈陽光醫學影像有限公司 . . . . . . . . . . . | 18 July 2023 | PRC, Limited Liability Company | 3,000,000 | N/A | N/A | 100% | 100% | Medical imaging services |
| Ganzhou Tiangao Yimai Sunshine Medical Imaging Co., Ltd. ("**Ganzhou Tiangao**") 贛州天恙一脈陽光醫學影像有限公司 *(Note 17(a))*. . . . . . . . | 23 June 2021 | PRC, Limited Liability Company | 5,000,000 | N/A | N/A | 100% | 100% | Medical imaging services and medical device sales |

* The English names of the PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or are available.

*Note:* Beijing Rimag Health Management Co., Ltd. was transferred from a subsidiary into an associate in 2022.

(i) No statutory audited financial statements of all the subsidiaries of the Company have been issued for the years ended 31 December 2021, 2022 and 2023.

(ii) The subsidiaries were deregistered.

(iii) The subsidiaries were disposed.

***(b) Major disposal of subsidiaries***

*(1) Disposal of Wuhan Rimag*

On 28 September 2022, the Company entered into an equity transfer agreement with Shangyi Bangkang Hospital Management Co., Ltd. ("**Bangkang**"), a related party of the non-controlling shareholder which then held 40% equity interest in Wuhan Rimag. Pursuant to the agreement, the Company agreed to dispose of its entire 60% equity interest in Wuhan Rimag Sunshine Medical Imaging Diagnosis Center Co, Ltd. ("**Wuhan Rimag**") to Bangkang for zero cash consideration. The transaction was completed on 30 September 2022 and the Company lost the control of Wuhan Rimag.

Wuhan Rimag originally had an amount of RMB121,670,000 due to the Company. Pursuant to the foregoing agreement, the Company agreed that Wuhan Rimag shall settle the liability by the following payment method: upon completion of the equity transfer, Wuhan Rimag shall repay RMB41,092,000 immediately and RMB25,600,000 over the next 10 years, in addition, Wuhan Rimag should continue to pay the Company at the amount of certain percentages of its annual sales over the next 10 years. Given the total cash flow from the above payment would vary according to future sales, it is accounted for as financial asset at FVPL excluding the first payment of RMB41,092,000, the fair value of the remaining repayment schedule is RMB50,341,000. The sum of the first repayment and fair value of the remaining payment schedule was RMB91,433,000, which shall be regarded as the consideration for the equity transfer. For the year ended 31 December 2023, the Company received the repayment of RMB1,020,000 accordingly.

The assets and liabilities of Wuhan Rimag at the date of disposal were:

| | **30 September 2022** |
|---|---|
| | *RMB'000* |
| Property, plant and equipment *(Note 16)* | 63,949 |
| Intangible assets *(Note 17)* | 237 |
| Inventories | 40 |
| Trade receivables | 2,923 |
| Prepayments, deposits and other receivables | 739 |
| Cash and cash equivalents | 2,189 |
| Trade payables | (3,613) |
| Other payables | (594) |
| Total net assets | 65,870 |
| Less: share of non-controlling interest (40%) (a) | 22,320 |
| Share of net assets disposed | 88,190 |

The total gain resulted from the above transaction:

| | *RMB'000* |
|---|---|
| Consideration for 60% equity interests in Wuhan Rimag | 91,433 |
| Less: share of net assets disposed | (88,190) |
| Gain from the transaction | 3,243 |

| | *RMB'000* |
|---|---|
| Cash and cash equivalents disposed in Wuhan Rimag | (2,189) |
| Cash received | 41,092 |
| Cash inflow on disposal of equity interest in Wuhan Rimag | 38,903 |

(a) The amount due to the Company amounting to RMB121,670,000 was taken into consideration when the non-controlling interest was calculated based on the aforesaid total net assets RMB65,870,000. Accordingly, the share of non-controlling interest was negative RMB22,320,000.

*(2) Disposal of Xinbin Rimag*

On 1 April 2023, the Company entered into an equity transfer agreement with an individual investor (the "**Investor A**"). Pursuant to the agreement, the Company agreed to dispose of its entire 65% equity interest in Xinbin Manchu Autonomous County Rimag Sunshine Medical Imaging Diagnosis Center Co. Ltd. ("**Xinbin Rimag**") to the Investor A for zero cash consideration. The transaction was completed on 3 April 2023 and the Company lost the control of Xinbin Rimag.

Xinbin Rimag originally had an amount of RMB12,462,000 due to the Company. Pursuant to the foregoing agreement, the Company agreed that Xinbin Rimag shall settle the liability in installments. Upon completion of the equity transfer, Xinbin Rimag shall repay a fixed amount of RMB12,462,000 over the next 4 years. The fair value of the repayment schedule is RMB11,297,000, which was accounted for as long-term other receivables at, which shall be regarded as the consideration for the equity transfer.

The assets and liabilities of Xinbin Rimag at the date of disposal were:

| | **3 April 2023** |
|---|---|
| | *RMB'000* |
| Property, plant and equipment *(Note 16)* | 5,587 |
| Cash and cash equivalents | 386 |
| Trade receivables | 2,382 |
| Prepayments, deposits and other receivables | 175 |
| Inventories | 28 |
| Trade payables | (350) |
| Other payables and accurals | (26) |
| Total net assets | 8,182 |
| Less: share of non-controlling interest (35%) (a) | 1,497 |
| Share of net assets disposed | 9,679 |

The total gain resulted from the above transaction:

| | *RMB'000* |
|---|---|
| Consideration for 65% equity interests in Xinbin Rimag | 11,297 |
| Less: share of net assets disposed | (9,679) |
| Gain from the transaction *(Note(7))* | 1,618 |

| | *RMB'000* |
|---|---|
| Cash and cash equivalents disposed in Xinbin Rimag | (386) |
| Cash received | – |
| Cash outflow on disposal of equity interest in Xinbin Rimag | (386) |

(a) The amount due to the Company amounting to RMB12,462,000 was taken into consideration when the non-controlling interest was calculated based on the aforesaid total net assets RMB 8,182,000. Accordingly, the share of non-controlling interest was negative RMB 1,497,000.

## 12 Investments accounted for using the equity method

### *The Group*

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Interests in associates (a) | 13,863 | 19,860 | 30,760 |
| Interests in joint ventures (b) | 13,169 | 6,392 | – |
| | 27,032 | 26,252 | 30,760 |

All the associates and the joint ventures of the Group as at 31 December 2023 are not significant to the Group. The amounts recognised in the consolidated income statement of the Group's associates and joint ventures, attributable to the shares of the Group and in aggregate, are as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Share of results of associates (a) | (4,116) | (4,423) | (5,646) |
| Share of results of joint ventures (b) | 446 | (983) | (155) |
| | (3,670) | (5,406) | (5,801) |

*(a) Interests in associates*

The movements in interests in associates are as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| At beginning of the year | 4,869 | 13,863 | 19,860 |
| Additions | 13,110 | 8,620 | 18,780 |
| Transfer from a subsidiary to an associate through disposal | – | 1,800 | – |
| Transfer to financial asset at FVOCI | – | – | (500) |
| Transfer to a subsidiary through further acquisition *(Note 17(a))* | – | – | (433) |
| Adjustments — Unrealised profits arising from transactions with associates | – | – | (1,301) |
| Share of results | (4,116) | (4,423) | (5,646) |
| At end of the year | 13,863 | 19,860 | 30,760 |

Set out below are the associates of the Group as at 31 December 2021, 2022 and 2023. The associates as listed below are equity/ordinary shares investment, which held directly by the Group. Mainland China is their principal place of business. The proportion of ownership interest is the same as the proportion of voting rights held.

| Name of entity | Place of business/ region of incorporation | % of ownership interest As at 31 December 2021 | 2022 | 2023 | Nature of relationship | Measure method | Principal activities |
|---|---|---|---|---|---|---|---|
| Beijing Yimai Wanfang Clinic Co., Ltd. 北京一脈萬方門診有限責任公司 | Beijing, PRC | 35.00 | 35.00 | 35.00 | Associate | Equity | Medical Services |
| Yinghe (Shanghai) Medical Technology Co., Ltd. 影核(上海)醫療科技有限公司 *(Note 19)* | Shanghai, PRC | 30.00 | 30.00 | NA | Associate | Equity | Medical Services |
| Hanji Health Management (Shanghai) Co., Ltd. 漢吉健康管理(上海)有限公司 *(Note (i))* | Shanghai, PRC | 16.00 | 16.00 | 16.00 | Associate | Equity | Medical Services |
| Ganzhou Tiangao Rimag Medical Imaging Co., Ltd. 贛州天羔一脈陽光醫學影像有限公司 *(Note 17(a))* | Jiangxi, PRC | 35.00 | 35.00 | N/A | Associate | Equity | Medical Services |

| Name of entity | Place of business/ region of incorporation | % of ownership interest As at 31 December 2021 | 2022 | 2023 | Nature of relationship | Measure method | Principal activities |
|---|---|---|---|---|---|---|---|
| Shanghai Zhengying Medical Imaging Diagnosis Center Co., Ltd. 上海正影醫學影像診斷中心有限公司 *(Note (ii))* | Shanghai, PRC | NA | 15.00 | 15.00 | Associate | Equity | Medical Services |
| Shanghai Yimai Xinyun Medical Technology Co., Ltd. 上海一脈心雲醫療科技有限公司 *(Note (iii))* | Shanghai, PRC | NA | 15.00 | 15.00 | Associate | Equity | Medical Services |
| Beijing Yimai Health Management Co., Ltd. 北京一脈健康管理有限公司 | Beijing, PRC | NA | 20.00 | 20.00 | Associate | Equity | Medical Services |
| Ningde Jiaotou Yimai Sunshine Medical Imaging Diagnosis Center Co., Ltd. 寧德市交投一脈陽光醫學影像診斷中心有限公司 (formerly known as "寧德市交投一脈陽光醫療集團有限公司") | Fujian, PRC | 49.00 | 49.00 | 49.00 | Associate | Equity | Medical Services |
| Beijing Qingying Huakang Technology Co.,Ltd. ("**Qingying Huakang**") 北京清影華康科技有限公司 *(Note (iv))* | Beijing, PRC | NA | NA | 4.67 | Associate | Equity | Medical Services |

(i) According to the Articles of Association of Hanji Health Management (Shanghai) Co., Ltd., the Group is empowered to appoint key managements, which enables the Group to participate in the financial and operating policy decisions. Therefore, the Group has a significant influence but not control or joint control on Hanji Health Management (Shanghai) Co., Ltd., which is thus accounted for the investment as an investment in associate.

(ii) According to the Articles of Association of Shanghai Zhengying Medical Imaging Diagnosis Center Co., Ltd., the Group is empowered to appoint two directors among the five members of the Board of Directors with no restriction on the voting right compared with other directors, which enables the Group to participate in the financial and operating policy decisions. Therefore, the Group has a significant influence but not control or joint control on Shanghai Zhengying Medical Imaging Diagnosis Center Co., Ltd., which is thus accounted for the investment as an investment in associate.

(iii) According to the Articles of Association of Shanghai Yimai Xinyun Medical Technology Co., Ltd., there are all resolutions must be unanimously passed by more than half of the voting rights of the shareholders, which have more than one combination to pass the resolutions, and none of the participating parties has unilateral control over the economic activity of the jointly controlled entity, which is thus accounted for the investment as an investment in associate.

(iv) According to the Articles of Association of Qingying Huakang, the Group is empowered to appoint one director among the seven members of the Board of Directors with no restriction on the voting right compared with other directors, which enables the Group to participate in the financial and operating policy decisions. Therefore, the Group has a significant influence but not control or joint control on Qingying Huakang, which is thus accounted for the investment as an investment in associate.

(v) The recoverable amounts of the Group's interests in associates are determined by value-in-use calculations using discounted cash flow projections based on the management's forecast. The Group shared loss for certain of loss-making associates during the Track Record Period, for which the management have performed assessment on whether there is any indication that investment in such associates shall be impaired. Based on such assessment, the management determined that no impairment for these loss-making associates was required, on the basis that (1) all of the Group's investment in associates was established or put into operation in the during the year of 2019 to 2022 with a short history of operations, and (2) the management have compared the recoverable amount calculated through discounted cash flow projections with the carrying amounts of the interests in associates and no impairment was noted. As such, the Group did not record any impairment on the investment in associates during the Track Record Period.

There are no contingent liabilities or commitments relating to the investments in the associates.

*(b) Interests in Joint Ventures*

The movements in interests in joint ventures are as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| At beginning of the year | 15,897 | 13,169 | 6,392 |
| Additions | 12,900 | – | – |
| Disposal | – | (5,794) | – |
| Transfer to subsidiaries through further acquisition | (16,074) | – | – |
| Provision for impairment losses | – | – | (1,534) |
| Transfer to the asset classified as held for sale *(Note (ii))* | – | – | (4,703) |
| Share of results | 446 | (983) | (155) |
| At end of the year | 13,169 | 6,392 | – |

Set out below are the joint ventures of the Group as at 31 December 2021, 2022 and 2023. The joint ventures as listed below are equity/ordinary shares investment, which held directly by the Group. Mainland China is their principal place of business. The proportion of ownership interest is the same as the proportion of voting rights held.

| Name of entity | Place of business/ region of incorporation | % of ownership interest as at 31 December | | | Nature of relationship | Measure method | Principal activities |
|---|---|---|---|---|---|---|---|
| | | 2021 | 2022 | 2023 | | | |
| Hubei Zhiying Rimag Medical Technology Co., Ltd. 湖北智影一脈陽光醫療科技有限公司 *(Note 38(a)) (Note (i))* | Hubei, PRC | NA | NA | NA | Joint venture | Equity | Medical Services |
| Shanghai Shihe Intelligent Electronic Technology Co., Ltd. 上海實和智能電子科技有限公司 *(Note (ii))* | Shanghai, PRC | 20.00 | 20.00 | 20.00 | Joint venture | Equity | Electronic component production |
| Henan General Yellow River Medical Co., Ltd. 河南通用黃河醫療有限公司 | Henan, PRC | 49.00 | NA | NA | Joint venture | Equity | Medical Services |

The Group has interests in a number of individually immaterial associates that are accounted for using the equity method.

(i) According to the Articles of Association of Hubei Zhiying, all resolutions must be unanimously passed by all shareholders, and none of the participating parties has unilateral control over the economic activity of the jointly controlled entity, which is thus accounted for the investment as an investment in joint ventures. Hubei Zhiying was transferred to a subsidiary from 12 August 2021 (Note 38(a)).

(ii) According to the Articles of Association of Shanghai Shihe Intelligent Electronic Technology Co., Ltd., all resolutions must be unanimously passed by all shareholders, and none of the participating parties has unilateral control over the economic activity of the jointly controlled entity, which is thus accounted for the investment as an investment in joint ventures. The Company entered into a share transfer agreement that the Company sell the 20% equity interests to a third party. The Company will receive a fixed amount of RMB 5,000,000 over one year on monthly basis. The transaction will be completed after all the payments are settled. As at 31 December 2023, it was accounted for as asset classified held for sale.

*(c) Summarised Financial Information for Material Associates and Joint Ventures*

The tables below provide summarised financial information for those associates and joint venture that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint venture and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

| | Shanghai Shihe Intelligent Electronic Technology Co., Ltd. | | Ningde Jiaotou Yimai Sunshine Medical Imaging Diagnosis Center Co., Ltd. | | | Shanghai Zhengying Medical Imaging Diagnosis Center Co., Ltd. | |
|---|---|---|---|---|---|---|---|
| | Year end 31 December | | Year ended 31 December | | | Year ended 31 December | |
| | 2021 | 2022 | 2021 | 2022 | 2023 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Current assets** | | | | | | | |
| Cash and cash equivalents | 1,548 | 4,060 | 50 | 50,165 | 22,469 | 1,030 | 1,713 |
| Other current assets | 16,014 | 8,806 | 24,068 | 3,741 | 12,328 | 23,444 | 11,464 |
| Total current assets | 17,562 | 12,866 | 24,118 | 53,906 | 34,797 | 24,474 | 13,177 |
| Non-current assets | 1,603 | 1,587 | 17,461 | 53,149 | 65,078 | 52,817 | 57,029 |
| **Current liabilities** | | | | | | | |
| Financial liabilities (excluding trade payables) | – | – | 5,926 | 12,289 | 6,046 | – | – |
| Other current liabilities | 833 | 1,040 | 1,929 | 42,608 | 44,746 | 26,336 | 31,275 |
| Total current liabilities | 833 | 1,040 | 7,855 | 54,897 | 50,792 | 26,336 | 31,275 |
| **Non-current liabilities** | | | | | | | |
| Financial liabilities (excluding trade payables) | – | – | 11,918 | 34,007 | 12,533 | 20,353 | 17,797 |
| Total non-current liabilities | – | – | 11,918 | 34,007 | 12,533 | 20,353 | 17,797 |
| **Net assets** | **18,332** | **13,413** | **21,806** | **18,151** | **36,550** | **30,602** | **21,134** |

**Reconciliation to Carrying Amounts**

| | Shanghai Shihe Intelligent Electronic Technology Co., Ltd. | | Ningde Jiaotou Yimai Sunshine Medical Imaging Diagnosis Center Co., Ltd. | | | Shanghai Zhengying Medical Imaging Diagnosis Center Co., Ltd. | |
|---|---|---|---|---|---|---|---|
| | Year ended 31 December | | Year ended 31 December | | | Year ended 31 December | |
| | 2021 | 2022 | 2021 | 2022 | 2023 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Closing net assets | 18,332 | 13,413 | 21,806 | 18,151 | 36,550 | 30,602 | 21,134 |
| Group's share in % | 20% | 20% | 49% | 49% | 49% | 15% | 15% |
| Group's share | 3,666 | 2,683 | 10,685 | 8,894 | 17,910 | 4,590 | 3,170 |
| Goodwill | 3,709 | 3,709 | – | – | – | 960 | 960 |
| Unrealised profits | – | – | – | – | (1,291) | – | – |
| Carrying amount | 7,375 | 6,392 | 10,685 | 8,894 | 16,619 | 5,550 | 4,130 |
| Revenue | 8,943 | 2,253 | – | 7,761 | 18,839 | – | 1,689 |
| Loss for the year | (921) | (4,919) | (3,194) | (6,655) | (3,579) | (5,028) | (9,469) |
| Other comprehensive income | – | – | – | – | – | – | – |
| **Total comprehensive loss** | **(921)** | **(4,919)** | **(3,194)** | **(6,655)** | **(3,579)** | **(5,028)** | **(9,469)** |

*(d) Individually Immaterial Associates and Joint Ventures*

In addition to the interests in associates and joint ventures disclosed above, the Group also has interests in a number of individually immaterial associates and joint ventures that are accounted for using the equity method.

| | Year ended 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Aggregate carrying amount of individually immaterial associates and joint ventures | 8,972 | 5,416 | 10,010 |
| Aggregate amounts of the Group's share of: | | | |
| Profit/(loss) from the year | 13,822 | (562) | (2,627) |
| Total comprehensive income/(loss) | 13,822 | (562) | (2,627) |

***The Company***

The amounts recognised in the balance sheet are as follows:

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Interests in associates (a) | 2,384 | 8,636 | 12,536 |
| Interests in joint ventures (b) | 7,376 | 6,392 | – |
| | 9,760 | 15,028 | 12,536 |

All the associates and the joint ventures of the Company as at 31 December 2023 are not significant to the Company. The amounts recognised in the consolidated income statement of the Company's associates and joint ventures, attributable to the shares of the Company and in aggregate, are as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Share of results of associates (a) | (1,175) | (898) | (3,600) |
| Share of results of joint ventures (b) | (447) | (984) | (155) |
| | (1,622) | (1,882) | (3,755) |

*(a) Interests in associates*

The movements in interests in associates are as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| At beginning of the year | 3,399 | 2,384 | 8,636 |
| Additions | 160 | 7,150 | 8,000 |
| Transfer from an associate to financial asset at FVOCI | – | – | (500) |
| Share of results | (1,175) | (898) | (3,600) |
| At end of the year | 2,384 | 8,636 | 12,536 |

Set out below are the associates of the Company as at 31 December 2021, 2022 and 2023. The associates as listed below are equity/ordinary shares investment, which held directly by the Company. Mainland China is their principal place of business. The proportion of ownership interest is the same as the proportion of voting rights held.

| Name of entity | Place of business/region of incorporation | % of ownership interest as at 31 December 2021 | 2022 | 2023 | Nature of relationship | Measure method | Principal activities |
|---|---|---|---|---|---|---|---|
| Yinghe (Shanghai) Medical Technology Co., Ltd. 影核(上海)醫療科技有限公司 | Shanghai, PRC | 30.00 | 30.00 | NA | Associate | Equity | Medical Services |
| Hanji Health Management (Shanghai) Co., Ltd. 漢吉健康管理(上海)有限公司 | Shanghai, PRC | 16.00 | 16.00 | 16.00 | Associate | Equity | Medical Services |
| Shanghai Zhengying Medical Imaging Diagnosis Center Co., Ltd. 上海正影醫學影像診斷中心有限公司 | Shanghai, PRC | N/A | 15.00 | 15.00 | Associate | Equity | Medical Services |
| Shanghai Yimai Xinyun Medical Technology Co., Ltd. 上海一脈心雲醫療科技有限公司 | Shanghai, PRC | N/A | 15.00 | 15.00 | Associate | Equity | Medical Services |
| Beijing Qingying Huakang Technology Co., Ltd. 北京清影華康科技有限公司 *(Note 22(d))* | Beijing, PRC | NA | NA | 4.67 | Associate | Equity | Medical Services |

*(b) Interests in joint ventures*

The movements in interests in joint ventures are as follows:

| | Year ended 31 December 2021 | 2022 | 2023 |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| At beginning of the year | 15,897 | 7,376 | 6,392 |
| Additions | 8,000 | – | – |
| Provision for impairment losses | – | – | (1,534) |
| Transfer to the asset classified as held for sale | – | – | (4,703) |
| Transfer to subsidiaries through further acquisition | (16,074) | – | – |
| Share of results | (447) | (984) | (155) |
| At end of the year | 7,376 | 6,392 | – |

Set out below are the joint ventures of the Group as at 31 December 2021, 2022 and 2023. The joint ventures as listed below are equity/ordinary shares investment, which held directly by the Group. Mainland China is their principal place of business. The proportion of ownership interest is the same as the proportion of voting rights held.

| Name of entity | Place of business/region of incorporation | % of ownership interest as at 31 December 2021 | 2022 | 2023 | Nature of relationship | Measure method | Principal activities |
|---|---|---|---|---|---|---|---|
| Hubei Zhiying Medical Technology Co., Ltd. ("**Hubei Zhiying**") 湖北智影一脈陽光醫療科技有限公司 *(Note 38(a))* | Hubei, PRC | N/A | N/A | N/A | Joint venture | Equity | Medical Services |
| Shanghai Shihe Intelligent Electronic Technology Co., Ltd. 上海實和智能電子科技有限公司 | Shanghai, PRC | 20.00 | 20.00 | 20.00 | Joint venture | Equity | Electronic component production |

The Company has interests in a number of individually immaterial associates that are accounted for using the equity method.

## 13 Income Tax Expense

The amounts of income tax expense charged to profit or loss in the consolidated statements of comprehensive income represent:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Current income tax | 20,672 | 18,734 | 23,941 |
| Deferred income tax *(Note 32)* | (1,372) | (2,741) | (17,134) |
| — Deferred income tax assets | 2,300 | 11,480 | (24,529) |
| — Deferred income tax liabilities | (3,672) | (14,221) | 7,395 |
| | 19,300 | 15,993 | 6,807 |

### *Global minimum top-up tax*

The Group has adopted International Tax Reform - Pillar Two Model Rules -Amendments to IAS 12 upon their release on 23 May 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure from 31 December 2023. The mandatory exception applies retrospectively. However, because no new legislation to implement the top-up tax was enacted or substantively enacted at 31 December 2023 in any jurisdiction in which the Group operates and no related deferred taxes were recognised at that date, the retrospective application has no impact on the Group's accountant's report.

The Company's subsidiaries established and operated in Mainland China are subject to the PRC corporate income tax at the statutory rate of 25%.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC, enterprises engaging in research and development activities are entitled to claim 175% from 2018 onwards (subsequently raised to 200% from 2021 onwards) of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year (the "**Super Deduction**").

A reconciliation of the expected income tax calculated at the applicable corporate income tax rate and loss before income tax, with the actual corporate income tax during the Track Record Period is as follow:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| (Loss)/profit before income tax | (362,660) | 935 | 43,381 |
| Tax calculated at applicable statutory tax rate | (90,665) | 234 | 10,845 |
| — Effect of preferential tax rates (a) | (3,031) | (4,499) | (3,523) |
| — Super deduction on research and development expenditure | (1,430) | (2,153) | (2,259) |
| — Expenses not deductible for tax purpose | 8,953 | 5,986 | 8,875 |
| — Utilisation of previously unrecognised tax losses | (3,982) | (5,714) | (27,041) |
| — Temporary differences for which no deferred income tax assets was recognised | 5,801 | 3,159 | 4,999 |
| — Share-based payment expense not recognised as deferred tax assets | 72,779 | 804 | 626 |
| — Recognition of deferred tax assets on previously unrecognised tax losses and other temporary differences | – | – | (11,313) |
| — Tax losses not recognised as deferred tax assets | 30,527 | 17,626 | 23,825 |
| — Income not for tax purpose | (570) | (802) | – |
| — Share of result of investment in equity method | 918 | 1,352 | 1,773 |
| Income tax expense | 19,300 | 15,993 | 6,807 |

(a) The enterprise income tax rate applicable to the Group's entities located in Mainland China is 25% according to the Enterprise Income Tax Law of the PRC (the "**EIT Law**") effective on 1 January 2008 unless these subject to preferential tax rate set out below.

Beijing Rimag Sunshine Medical Information Technology Co Ltd. ("**Beijing Information**") and Hubei Zhiying was qualified as a "High and New Technology Enterprise" certificate. Shicheng Rimag Sunshine Medical Imaging Co., Ltd. ("**Shicheng Rimag**") could enjoy the preferential policy of income tax for the development of the western region. According to the approval from the local taxation authority, Hubei Zhiying and Shicheng Rimag were entitled to a preferential income tax rate of 15% on its estimated assessable profits for the Track Record Period and Beijing Information was entitled to 15% for 2022 and year ended 31 December 2023.

The enterprise income tax rate applicable to the small and micro enterprises is 2.5% according to the "EIT Law".

***(b) Deferred tax assets not recognised:***

The Group has not recognised any deferred tax assets in respect of the following items:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Tax losses *(c)* | 496,894 | 513,242 | 428,161 |
| Unrecognised temporary differences *(d)* | 49,453 | 62,089 | 66,747 |
| | 546,347 | 575,331 | 494,908 |

### *(c) Tax loss*

The Group principally conducted its business in the Mainland China, where the accumulated tax losses will normally expire within 5 years.

Tax losses that are not recognised for deferred income tax assets will expire as follows:

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Year of expiration** | | | |
| 2022 | 34,095 | – | – |
| 2023 | 106,259 | 104,942 | 23,107 |
| 2024 | 121,757 | 118,729 | 77,631 |
| 2025 | 90,669 | 87,536 | 38,419 |
| Later than 2025 | 144,114 | 202,035 | 289,004 |
| | 496,894 | 513,242 | 428,161 |

The unused tax losses incurred by the Company and subsidiaries are not likely to generate sufficient taxable income in the foreseeable future. No deferred income tax assets have been recognised in respect of such tax losses due to the unpredictability of future taxable income.

### *(d) Unrecognised Temporary Differences*

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Property, plant and equipment | 25,795 | 35,861 | 27,186 |
| Loss allowance of provision | 16,019 | 17,814 | 24,458 |
| Lease liabilities | 7,639 | 8,414 | 15,103 |
| | 49,453 | 62,089 | 66,747 |

## 14 (Loss)/earnings Per Share

### *(a) Basic*

Basic (loss)/earnings per share is calculated by dividing the (loss)/earnings of the Group attributable to the equity holders of the Company by weighted average number of ordinary shares outstanding during the Track Record Period.

| | Year ended 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| (Loss)/profit attributable to the equity holders of the Company *(RMB'000)*. . . . . . . . . . . . . . . . . . . . | (360,731) | 364 | 44,415 |
| Weighted average number of ordinary shares outstanding (thousand shares) . . . . . . . . . . | 307,764 | 338,496 | 338,496 |
| Basic (loss)/earnings per share *(expressed in RMB per share)* . . . . . . . . . . . . . . | (1.172) | 0.001 | 0.131 |

The weighted average number of ordinary shares in issue before the Company's conversion into a joint stock company was determined assuming the paid-in capital had been fully converted into the Company's share capital at the same conversion ratio of 1:1 as upon conversion into joint stock company in June 2021.

The weighted average number of ordinary shares has been retrospectively adjusted for the effect of the transfer of capital reserve to share capital completed on August 9, 2021 (Note 25).

### *(b) Diluted*

As the Group incurred loss for the years ended 31 December 2021, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. During the year ended 31 December 2022 and 2023, the Group had no potential ordinary shares. Accordingly, diluted (loss)/earnings per share for the years ended 31 December 2021, 2022 and 2023 are the same as basic loss per share for the respective years.

## 15 Leases

### *(a) Right-of-use Assets*

| | Lease of buildings | Lease of machines | Total |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 1 January 2021** | | | |
| Cost | 237,782 | 2,400 | 240,182 |
| Accumulated depreciation | (41,371) | (518) | (41,889) |
| **Net book amount** | 196,411 | 1,882 | 198,293 |
| **Year ended 31 December 2021** | | | |
| Opening net book amount | 196,411 | 1,882 | 198,293 |
| Additions | 7,597 | – | 7,597 |
| Depreciation charge *(Note 8)* | (25,531) | (259) | (25,790) |
| **Closing net book amount** | 178,477 | 1,623 | 180,100 |
| **As at 31 December 2021** | | | |
| Cost | 245,379 | 2,400 | 247,779 |
| Accumulated depreciation | (66,902) | (777) | (67,679) |
| **Net book amount** | 178,477 | 1,623 | 180,100 |
| **As at 1 January 2022** | | | |
| Cost | 245,379 | 2,400 | 247,779 |
| Accumulated depreciation | (66,902) | (777) | (67,679) |
| **Net book amount** | 178,477 | 1,623 | 180,100 |
| **Year ended 31 December 2022** | | | |
| Opening net book amount | 178,477 | 1,623 | 180,100 |
| Additions | 21,565 | 120 | 21,685 |
| Disposals | (52,433) | – | (52,433) |
| Depreciation charge *(Note 8)* | (26,495) | (313) | (26,808) |
| **Closing net book amount** | 121,114 | 1,430 | 122,544 |
| **As at 31 December 2022** | | | |
| Cost | 197,512 | 2,520 | 200,032 |
| Accumulated depreciation | (76,398) | (1,090) | (77,488) |
| **Net book amount** | 121,114 | 1,430 | 122,544 |

| | Lease of buildings | Lease of machines | Total |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 1 January 2023** | | | |
| Cost | 197,512 | 2,520 | 200,032 |
| Accumulated depreciation | (76,398) | (1,090) | (77,488) |
| **Net book amount** | 121,114 | 1,430 | 122,544 |
| **Year ended 31 December 2023** | | | |
| Opening net book amount | 121,114 | 1,430 | 122,544 |
| Additions | 20,538 | 40,432 | 60,970 |
| Acquisiton of a subsidiary *(Note 38(ii))* | 10,919 | – | 10,919 |
| Lease terminatioin | (1,373) | – | (1,373) |
| Depreciation charge *(Note 8)* | (26,145) | (7,011) | (33,156) |
| **Closing net book amount** | 125,053 | 34,851 | 159,904 |
| **As at 31 December 2023** | | | |
| Cost | 226,515 | 42,952 | 269,467 |
| Accumulated depreciation | (101,462) | (8,101) | (109,563) |
| **Net book amount** | 125,053 | 34,851 | 159,904 |

Deprecation of right-of-use assets has been charged to profit or loss in the consolidated statements of profit or loss as follows:

| | Lease of buildings | Lease of machines | Total |
|---|---|---|---|
| **Year ended 31 December 2021** | | | |
| Depreciation expenses of right-of-use assets in | | | |
| — Cost of sales | 19,850 | 259 | 20,109 |
| — Administrative expenses | 5,681 | – | 5,681 |
| | 25,531 | 259 | 25,790 |
| **Year ended 31 December 2022** | | | |
| Depreciation expenses of right-of-use assets in | | | |
| — Cost of sales | 19,367 | 313 | 19,680 |
| — Administrative expenses | 7,128 | – | 7,128 |
| | 26,495 | 313 | 26,808 |
| **Year ended 31 December 2023** | | | |
| Depreciation expenses of right-of-use assets in | | | |
| — Cost of sales | 18,434 | 7,011 | 25,445 |
| — Administrative expenses | 7,711 | – | 7,711 |
| | 26,145 | 7,011 | 33,156 |

| | Year ended 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Interest expenses *(Note 10)* | (11,110) | (9,888) | (8,815) |
| Expenses relating to short-term leases (included in administrative expenses and research and development expenses) | (1,343) | (1,240) | (4,400) |

The total cash outflows for leases during the years ended 31 December 2021, 2022 and 2023 were approximately RMB35,075,000, RMB36,602,000, and RMB38,731,000 respectively.

For impairment test of right-of-use assets, please refer to Note 16.

### *(b) Lease Liabilities*

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Lease liabilities | | | |
| — Current | 17,648 | 22,052 | 39,731 |
| — Non- current | 169,505 | 108,785 | 136,280 |
| | 187,153 | 130,837 | 176,011 |

## 16 Property, Plant and Equipment

| | Machineries | Office furniture and fixtures | Electronic equipment | Leasehold improvements | Construction in progress | Total |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 1 January 2021** | | | | | | |
| Cost | 670,458 | 7,555 | 17,188 | 176,180 | 179,178 | 1,050,559 |
| Accumulated depreciation | (156,461) | (2,215) | (8,410) | (48,832) | – | (215,918) |
| **Net book amount** | 513,997 | 5,340 | 8,778 | 127,348 | 179,178 | 834,641 |
| **Year ended 31 December 2021** | | | | | | |
| Opening net book amount | 513,997 | 5,340 | 8,778 | 127,348 | 179,178 | 834,641 |
| Additions | 25,357 | 739 | 2,235 | 21,083 | 74,753 | 124,167 |
| Capitalisation of interest expense *(Note 10)* | – | – | – | 210 | – | 210 |
| Acquisition of subsidiaries | 4,026 | 82 | 674 | 1,508 | – | 6,290 |
| Transfers | 57,148 | 1,137 | 1,586 | 9,846 | (69,717) | – |
| Disposals | (14,932) | (11) | (15) | (1,600) | (670) | (17,228) |
| Depreciation charge *(Note 8)* | (84,477) | (1,670) | (4,946) | (34,687) | – | (125,780) |
| **Closing net book amount** | 501,119 | 5,617 | 8,312 | 123,708 | 183,544 | 822,300 |
| **As at 31 December 2021** | | | | | | |
| Cost | 729,795 | 9,778 | 23,133 | 205,650 | 183,544 | 1,151,900 |
| Accumulated depreciation | (228,676) | (4,161) | (14,821) | (81,942) | – | (329,600) |
| **Net book amount** | 501,119 | 5,617 | 8,312 | 123,708 | 183,544 | 822,300 |
| **As at 1 January 2022** | | | | | | |
| Cost | 729,795 | 9,778 | 23,133 | 205,650 | 183,544 | 1,151,900 |
| Accumulated depreciation | (228,676) | (4,161) | (14,821) | (81,942) | – | (329,600) |
| **Net book amount** | 501,119 | 5,617 | 8,312 | 123,708 | 183,544 | 822,300 |

| | Machineries | Office furniture and fixtures | Electronic equipment | Leasehold improvements | Construction in progress | Total |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Year ended 31 December 2022** | | | | | | |
| Opening net book amount | 501,119 | 5,617 | 8,312 | 123,708 | 183,544 | 822,300 |
| Additions | 46,325 | 387 | 2,366 | 6,647 | 100,830 | 156,555 |
| Capitalisation of interest expense *(Note 10)* | – | – | – | 603 | – | 603 |
| Transfers | 91,594 | 394 | 1,101 | 13,704 | (106,793) | – |
| Disposals of subsidiaries *(Note 11)* | (26,362) | (450) | (214) | (15,003) | (24,140) | (66,169) |
| Disposals | (6,632) | (47) | (6) | – | – | (6,685) |
| Depreciation charge *(Note 8)* | (96,168) | (1,849) | (4,773) | (36,968) | – | (139,758) |
| **Closing net book amount** | 509,876 | 4,052 | 6,786 | 92,691 | 153,441 | 766,846 |
| **As at 31 December 2022** | | | | | | |
| Cost | 820,951 | 9,651 | 25,751 | 208,297 | 153,441 | 1,218,091 |
| Accumulated depreciation | (311,075) | (5,599) | (18,965) | (115,606) | – | (451,245) |
| **Net book amount** | 509,876 | 4,052 | 6,786 | 92,691 | 153,441 | 766,846 |
| **As at 1 January 2023** | | | | | | |
| Cost | 820,951 | 9,651 | 25,751 | 208,297 | 153,441 | 1,218,091 |
| Accumulated depreciation | (311,075) | (5,599) | (18,965) | (115,606) | – | (451,245) |
| **Net book amount** | 509,876 | 4,052 | 6,786 | 92,691 | 153,441 | 766,846 |
| **Year ended 31 December 2023** | | | | | | |
| Opening net book amount | 509,876 | 4,052 | 6,786 | 92,691 | 153,441 | 766,846 |
| Additions | 25,489 | 655 | 1,720 | 14,935 | 49,502 | 92,301 |
| Capitalisation of interest expense *(Note 10)* | – | – | – | 421 | – | 421 |
| Acquisition of a subsidiary *(Note 38(ii))* | 20,212 | 118 | 257 | – | 20,613 | 41,200 |
| Transfers | 95,434 | 540 | 1,449 | 29,189 | (126,612) | – |
| Disposals of subsidiaries *(Note 11)* | (4,890) | (41) | (27) | (629) | – | (5,587) |
| Disposals | (2,256) | (44) | (26) | (165) | (23) | (2,514) |
| Depreciation charge *(Note 8)* | (106,301) | (1,622) | (4,109) | (39,513) | – | (151,545) |
| **Closing net book amount** | 537,564 | 3,658 | 6,050 | 96,929 | 96,921 | 741,122 |

| | Machineries | Office furniture and fixtures | Electronic equipment | Leasehold improvements | Construction in progress | Total |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 31 December 2023** | | | | | | |
| Cost | 944,482 | 10,647 | 28,722 | 246,740 | 96,921 | 1,327,512 |
| Accumulated depreciation | (406,918) | (6,989) | (22,672) | (149,811) | – | (586,390) |
| **Net book amount** | 537,564 | 3,658 | 6,050 | 96,929 | 96,921 | 741,122 |

As at 31 December 2021, 2022 and 2023, the Group's machineries with net book value of approximately RMB52,511,000, RMB55,584,000 and RMB45,748,000, respectively, had been pledged for the Group's bank borrowings of approximately RMB38,690,000, RMB44,432,000 and RMB26,852,000 respectively (Note 31(b)).

As at 31 December 2021, 2022 and 2023, the Group's machineries with net book value of approximately RMB310,741,000, RMB235,708,000 and RMB150,780,000, respectively, had been pledged for the Group's loans from financial leasing companies of approximately RMB217,820,000, RMB152,042,000 and RMB85,891,000 respectively (Note 31(c)).

Depreciation of property, plant and equipment charged to profit or loss is analysed as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Cost of sales | 124,314 | 138,273 | 148,776 |
| Administrative expenses | 1,043 | 1,427 | 2,709 |
| Selling expenses | 380 | – | – |
| Research and development expenses | 43 | 58 | 60 |
| Total | 125,780 | 139,758 | 151,545 |

At each reporting date or whenever a change in circumstances occurs, both internal and external sources of information are considered to assess whether there is an indication that non-financial assets are impaired, including property, plant and equipment, right-of-use assets, and intangible assets, which are subject to depreciation and amortisation. Based on the assessment, the Group determined that those CGUs had indications of impairment of non-financial assets, which were put into operation after the trial operation stage but incurred successive losses during the Track Record Period.

As at 31 December 2021, 2022 and 2023, the recoverable amounts of those CGUs with impairment indications were determined based on value-in-use calculations. The value-in-use calculations use cash flow projections based on business plan for the purpose of impairment reviews. The accuracy and reliability of the information is reasonably assured by the appropriate budgeting, forecast and control process established by the Group. Management engaged an independent external valuer to assess the recoverable amounts of the non-financial assets and leveraged their extensive experiences in the healthcare industry and provided forecast based on past performance and their expectation of future business plans and market developments. The values assigned to the key assumptions and discount rates are consistent with external information sources.

Based on the results of the abovementioned assessments as conducted by management and the independent external valuer, the directors of the Company concluded that no impairment loss on the aforementioned non-financial assets are required to be recognised as at 31 December 2021, 2022 and 2023.

The following table sets out the ranges of key assumptions adopted by management in the impairment assessment:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2021** | **2022** | **2023** |
| Revenue annual growth rate | | | |
| — average of the forecast period | 6.8%~18.5% | 13.9%~22.4% | 6.8%~12.2% |
| Average gross profit margins | 19.3%~45.4% | 20.5%~48.8% | 38.2%~49.2% |
| Pre-tax discount rate | 14.8%~16.3% | 15.1%~16.9% | 15.2%~21.1% |

## 17 Intangible Assets

| | Goodwill | Software | Licence | Client relationship | Total |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **At 1 January 2021** | | | | | |
| Cost | – | 7,379 | – | – | 7,379 |
| Accumulated amortisation | – | (1,929) | – | – | (1,929) |
| **Net book amount** | – | 5,450 | – | – | 5,450 |
| **Year ended 31 December 2021** | | | | | |
| Opening net book amount | – | 5,450 | – | – | 5,450 |
| Additions | – | 5,147 | – | – | 5,147 |
| Disposals | – | (27) | – | – | (27) |
| Acquisition of a subsidiary *(Note 38)* | 11,939 | 154 | 4,800 | 5,000 | 21,893 |
| Amortisation *(Note 8)* | – | (1,176) | (160) | (139) | (1,475) |
| **Closing net book amount** | 11,939 | 9,548 | 4,640 | 4,861 | 30,988 |
| **At 31 December 2021** | | | | | |
| Cost | 11,939 | 12,653 | 4,800 | 5,000 | 34,392 |
| Accumulated amortisation | – | (3,105) | (160) | (139) | (3,404) |
| **Net book amount** | 11,939 | 9,548 | 4,640 | 4,861 | 30,988 |
| **Year ended 31 December 2022** | | | | | |
| Opening net book amount | 11,939 | 9,548 | 4,640 | 4,861 | 30,988 |
| Additions | – | 4,242 | – | – | 4,242 |
| Disposal of subsidiaries *(Note 11)* | – | (237) | – | – | (237) |
| Amortisation *(Note 8)* | – | (2,120) | (480) | (417) | (3,017) |
| **Closing net book amount** | 11,939 | 11,433 | 4,160 | 4,444 | 31,976 |
| **At 31 December 2022** | | | | | |
| Cost | 11,939 | 16,658 | 4,800 | 5,000 | 38,397 |
| Accumulated amortisation | – | (5,225) | (640) | (556) | (6,421) |
| **Net book amount** | 11,939 | 11,433 | 4,160 | 4,444 | 31,976 |

| | Goodwill | Software | Licence | Client relationship | Total |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Year ended 31 December 2023** | | | | | |
| Opening net book amount | 11,939 | 11,433 | 4,160 | 4,444 | 31,976 |
| Additions | 7,292 | 4,169 | – | – | 11,461 |
| Acquisiton of a subsidiary (a) | – | 190 | 5,917 | – | 6,107 |
| Amortisation *(Note 8)* | – | (2,192) | (681) | (457) | (3,330) |
| **Closing net book amount** | 19,231 | 13,600 | 9,396 | 3,987 | 46,214 |
| **At 31 December 2023** | | | | | |
| Cost | 19,231 | 21,017 | 10,717 | 5,000 | 55,965 |
| Accumulated amortisation | – | (7,417) | (1,321) | (1,013) | (9,751) |
| **Net book amount** | 19,231 | 13,600 | 9,396 | 3,987 | 46,214 |

(a) The addition of license of 2023 is mainly resulted from an acquisition of a subsidiary. The Company entered into an agreement of further acquisition of Ganzhou Tiangao, which was accounted for an associate before the transaction. According to the agreement, the Company acquired the remaining equity interest and it became the subsidiary of the Company after the transaction.

(b) Amortization of intangible assets has been charged to the consolidated statement of profit or loss as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Cost of sales | 928 | 1,334 | 1,507 |
| Research and development expenses | – | 28 | 241 |
| Administrative expenses | 547 | 1,655 | 1,582 |
| Total | 1,475 | 3,017 | 3,330 |

### *(c) Impairment tests for goodwill*

Impairment review on the goodwill with indefinite useful life has been conducted by the management as at 31 December 2021, 2022 and 2023, respectively, in accordance with IAS 36 "Impairment of assets". The carrying amount of goodwill allocated to each of the CGUs is as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| Hubei Zhiying (i) | 11,939 | 11,939 | 11,939 |
| Wenzhou Yiying (ii) | – | – | 7,292 |
| | 11,939 | 11,939 | 19,231 |

For the purpose of impairment review, the recoverable amount of the CGU is determined based on the higher amount of the FVLCD and value-in-use calculations.

*(i) Impairment test for goodwill of Hubei Zhiying*

As at 31 December 2021, 2022 and 2023, the recoverable amount of aforementioned CGU was determined based on value-in-use calculations. The value-in-use calculations use cash flow projections based on business plan for the purpose of impairment reviews covering a five-year period. The accuracy and reliability of the information is reasonably assured by the appropriate budgeting, forecast and control process established by the Group. Management engaged an independent external valuer to assess the recoverable amounts of the goodwill and leveraged their extensive experiences in the healthcare industry and provided forecast based on past performance and their expectation of future business plans and market developments. The values assigned to the key assumptions and discount rates are consistent with external information sources. As at 31 December 2021, 2022 and 2023, the estimated recoverable amount of RMB33,903,000, RMB32,311,000 and RMB53,014,000 based on value-in-use calculations exceeded its carrying value by RMB3,477,000, RMB4,183,000 and RMB23,801,000 respectively, and management therefore concluded such goodwill was not impaired. The directors of the Company have considered and assessed that any reasonably possible changes in key parameters would not cause the carrying amount of the CGU of Hubei Zhiying exceed its recoverable amount.

For sensitivity analysis conducted during the impairment review as at December 31, 2021, had there been a reduction of the revenue compound annual growth rate of the first five years by 1.6 percentage point, a reduction of terminal growth rate by 2.4 percentage point, or an increase in pre-tax discount rate by 1.5 percentage point in the value-in-use calculations each in isolation, the recoverable amount of the CGU of Hubei Zhiying would be closed to the breakeven point. As at

December 31, 2021, had there been a reduction of the revenue annual growth rate of the forecast period by negative 1 percentage point, a reduction of the terminal growth rate of the forecast period by negative 1 percentage point or an increase of the pre-tax discount rate of the forecast period by 1 percentage point each in isolation, the remaining headroom would be decreased to RMB1,238,000, RMB1,868,000 and RMB1,093,000 respectively.

For sensitivity analysis conducted during the impairment review as at December 31, 2022, had there been a reduction of the revenue compound annual growth rate of the first five years by 1.6 percentage point, a reduction of terminal growth rate by 3.3 percentage point, or an increase in pre-tax discount rate by 1.9 percentage point in the value-in-use calculations each in isolation, the recoverable amount of the CGU of Hubei Zhiying would be closed to the breakeven point. As at December 31, 2022, had there been a reduction of the revenue annual growth rate of the forecast period by negative 1 percentage point, a reduction of the terminal growth rate of the forecast period by negative 1 percentage point or an increase of the pre-tax discount rate of the forecast period by 1 percentage point each in isolation, the remaining headroom would be decreased to RMB1,581,000, RMB2,689,000 and RMB1,890,000 respectively.

For sensitivity analysis conducted during the impairment review as at December 31, 2023, had there been a reduction of the revenue compound annual growth rate of the first five years by 7.4 percentage point, a reduction of terminal growth rate by 33.7 percentage point, or an increase in pre-tax discount rate by 10.4 percentage point in the value-in-use calculations each in isolation, the recoverable amount of the CGU of Hubei Zhiying would be closed to the breakeven point. As at December 31, 2023, had there been a reduction of the revenue annual growth rate of the forecast period by negative 1 percentage point, a reduction of the terminal growth rate of the forecast period by negative 1 percentage point or an increase of the pre-tax discount rate of the forecast period by 1 percentage point each in isolation, the remaining headroom would be decreased to RMB20,186,000, RMB21,318,000 and RMB20,271,000 respectively.

Based on the results of the abovementioned assessments as conducted by management and the independent external valuer, the directors of the Company concluded that no impairment loss on the aforementioned goodwill are required to be recognised as at 31 December 2021, 2022 and 2023.

The following table sets out the key assumptions adopted by management in the impairment assessment:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| Revenue annual growth rate- average of the forecast period | 16.5% | 9.2% | 2.6% |
| Average gross profit margins | 41.3% | 40.5% | 49.0% |
| Long-term annual growth rate | 2.3% | 2.0% | 2.0% |
| Pre-tax discount rate | 17.4% | 18.0% | 18.0% |

*(ii) Impairment test for goodwill of Wenzhou Yiying*

As at 31 December 2023, the recoverable amount of aforementioned CGU was determined based on value-in-use calculations. The value-in-use calculations use cash flow projections based on business plan for the purpose of impairment reviews covering a five-year period. The accuracy and reliability of the information is reasonably assured by the appropriate budgeting, forecast and control process established by the Group. Management engaged an independent external valuer to assess the recoverable amounts of the goodwill and leveraged their extensive experiences in the healthcare industry and provided forecast based on past performance and their expectation of future business plans and market developments. The values assigned to the key assumptions and discount rates are consistent with external information sources. As at 31 December 2023, the estimated recoverable amount of RMB73,652,000 based on value-in-use calculations exceeded its carrying value by RMB5,709,000, and management therefore concluded such goodwill was not impaired. The directors of the Company have considered and assessed that any reasonably possible changes in key parameters would not cause the carrying amount of the CGU of Wenzhou Yiying exceed its recoverable amount.

For sensitivity analysis conducted during the impairment review as at December 31, 2023, had there been a reduction of the revenue compound annual growth rate of the first five years by 1.1 percentage point, a reduction of terminal growth rate by 1.9 percentage point, or an increase in pre-tax discount rate by 1.3 percentage point in the value-in-use calculations each in isolation, the recoverable amount of the CGU of Wenzhou Yiying would be closed to the breakeven point. As at December 31, 2023, had there been a reduction of the revenue annual growth rate of the forecast period by negative 1 percentage point, a reduction of the terminal growth rate of the forecast period by negative 1 percentage point or an increase of the pre-tax discount rate of the forecast period by 1 percentage point each in isolation, the remaining headroom would be decreased to RMB447,000, RMB 2,496,000 and RMB1,097,000 respectively.

Based on the results of the abovementioned assessments as conducted by management and the independent external valuer, the directors of the Company concluded that no impairment loss on the aforementioned goodwill are required to be recognised as at 31 December 2023.

The following table sets out the key assumptions adopted by management in the impairment assessment:

| | Year ended 31 December |
|---|---|
| | 2023 |
| Revenue annual growth rate | |
| — average of the forecast period | 40.5% |
| Average gross profit margins | 20.6% |
| Long-term annual growth rate | 2.0% |
| Pre-tax discount rate | 16.7% |

For impairment test of intangible assets other than goodwill, please refer to Note 16.

## 18 Financial Instruments by Category

The Group holds the following financial instruments:

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Financial Assets** | | | |
| Cash and cash equivalents and restricted cash *(Note 24)* | 490,007 | 343,961 | 194,941 |
| Financial assets at fair value through profit or loss *(Note 23)* | – | 50,341 | 53,869 |
| Financial assets at FVOCI *(Note 19)* | – | – | 8,263 |
| Trade receivables and long-term trade receivables *(Note 21)* | 226,727 | 305,283 | 390,367 |
| Other receivables *(Note 22)* | 61,421 | 58,418 | 54,279 |
| | 778,155 | 758,003 | 701,719 |
| **Financial Liabilities** | | | |
| Borrowings *(Note 31)* | 382,173 | 352,284 | 210,008 |
| Trade payables *(Note 29)* | 27,026 | 19,264 | 23,482 |
| Other payables and accruals (excluding non- financial liabilities) | 24,034 | 27,549 | 48,818 |
| Lease liabilities *(Note 15)* | 187,153 | 130,837 | 176,011 |
| Other non-current liabilities | 4,928 | – | 2,139 |
| | 625,314 | 529,934 | 460,458 |

## 19 Financial assets at fair value through other comprehensive income

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Current** | | | |
| Debt investments | | | |
| — Bank acceptance notes *(a)* | – | – | 3,491 |
| **Non current** | | | |
| — Unlisted equity investments *(b)* | – | – | 4,772 |

(a) As at 31 December 2023, balances were bank acceptance notes aged less than six months.

For information about the methods and assumptions used in determining the fair value of debt investment, please refer to Note 3.3(b).

(b) Unlisted equity investments mainly resulted from the passive dilution of an associate of the Group during year 2023.

## 20 Inventories

The following table sets forth the details of the inventories as of the dates indicated for the Track Record Period indicated.

| | As at 31 December | | |
|---|---|---|---|
| | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Medical consumables | 6,952 | 6,684 | 5,333 |

The costs of individual items of inventory are determined using weighted average costs.

## 21 Trade Receivables and Long-term Trade Receivables

*The Group*

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Current** | | | |
| Trade receivables | | | |
| — due from third parties | 192,766 | 256,760 | 333,720 |
| — due from related parties *(Note 39(d))* | 1,451 | 27,811 | 2,666 |
| | 194,217 | 284,571 | 336,386 |
| Less: provision for impairment *(Note 3.1(b))* | (16,646) | (20,611) | (27,590) |
| | 177,571 | 263,960 | 308,796 |
| Long-term trade receivables-current portion | | | |
| — due from third parties | 11,927 | 11,927 | 25,533 |
| — due from related parties *(Note 39(d))* | – | – | 3,161 |
| | 11,927 | 11,927 | 28,694 |
| Less: provision for impairment *(Note 3.1(b))* | (375) | (296) | (5,462) |
| | 11,552 | 11,631 | 23,232 |
| **Non current** | | | |
| Long-term trade receivables | | | |
| — due from third parties | 38,882 | 30,567 | 43,086 |
| — due from related parties *(Note 39(d))* | – | – | 20,696 |
| | 38,882 | 30,567 | 63,782 |
| Less: provision for impairment *(Note 3.1(b))* | (1,278) | (875) | (5,443) |
| | 37,604 | 29,692 | 58,339 |
| **Total** | 226,727 | 305,283 | 390,367 |

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9. As at 31 December 2021, 2022 and 2023, provisions of RMB18,299,000 and RMB21,782,000 and RMB38,495,000 were made against the gross amounts of trade receivables and long-term trade receivables (Note 3.1 (b)), respectively.

As at 31 December 2021, 2022 and 2023, the ageing analysis of the trade receivables based on the invoice date is as follows:

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Up to 1 year | 171,751 | 233,162 | 294,015 |
| 1 to 2 years | 22,466 | 36,413 | 29,545 |
| 2 to 3 years | – | 14,996 | 12,470 |
| Over 3 years | – | – | 356 |
| | 194,217 | 284,571 | 336,386 |

Due to the short-term nature of the trade receivables, their carrying amounts approximated their fair values as at the balance sheet dates and were denominated in RMB.

As at 31 December 2021, 2022 and 2023, the ageing analysis of the long-term trade receivables based on the invoice date is as follows:

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Up to 1 year | 30,366 | – | 40,382 |
| 1 to 2 years | 16,221 | 26,540 | 17,377 |
| 2 to 3 years | 4,222 | 12,211 | 30,740 |
| Over 3 years | – | 3,743 | 3,977 |
| | 50,809 | 42,494 | 92,476 |

The long-term trade receivables have been discounted and there is no material change on discount rate, so their carrying amounts approximated their fair values as at the balance sheet dates and were denominated in RMB.

*The Company*

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Current** | | | |
| *Trade receivables* | | | |
| — due from third parties | – | – | 52,355 |
| — due from subsidiaries | 1,329 | 21,201 | 32,232 |
| | 1,329 | 21,201 | 84,587 |
| Less: provision for impairment | – | – | (1,241) |
| | 1,329 | 21,201 | 83,346 |
| Long-term trade receivables-current portion | | | |
| — due from third parties | – | – | 1,347 |
| | – | – | 1,347 |
| Less: provision for impairment | – | – | (40) |
| | – | – | 1,307 |
| **Non-current** | | | |
| *Long-term trade receivables* | | | |
| — due from third parties | – | – | 4,344 |
| | – | – | 4,344 |
| Less: provision for impairment | – | – | (129) |
| | – | – | 4,215 |
| Total | 1,329 | 21,201 | 88,868 |

As at 31 December 2021, 2022 and 2023, the ageing analysis of the trade receivables based on the invoice date is as follows:

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Up to 1 year | 1,329 | 21,201 | 78,484 |
| 1 to 2 years | – | – | 6,103 |
| | 1,329 | 21,201 | 84,587 |

Due to the short-term nature of the trade receivables, their carrying amounts approximated their fair values as at the balance sheet dates and were denominated in RMB.

As at 31 December 2021, 2022 and 2023, the ageing analysis of the long-term trade receivables based on the invoice date is as follows:

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Up to 1 year | – | – | 5,691 |

The long-term trade receivables have been discounted, so their carrying amounts approximated their fair values as at the balance sheet dates and were denominated in RMB.

## 22 Prepayments, Deposits and Other Receivables

***The Group***

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Included in non-current assets** | | | |
| *Other receivables* | | | |
| Deposits — non-current portion *(a)* | 40,603 | 37,777 | 14,839 |
| Loans to a related party | – | – | 3,450 |
| Receivables from disposal of subsidiaries *(Note 11(b)(2))* | – | – | 9,302 |
| Less: provision for impairment *(Note 3.1(b))* | (587) | (579) | (740) |
| | 40,016 | 37,198 | 26,851 |
| *Prepayments* | | | |
| Prepayments for equity investments *(d)* | – | 23,100 | 600 |
| Prepayments for purchase of property, plant and equipment | 38,208 | 135,834 | 87,970 |
| Deductible value-added tax input | 25,001 | 19,185 | 15,309 |
| Prepayments for intangible assets | 2,051 | 2,249 | 2,157 |
| | 65,260 | 180,368 | 106,036 |
| **Total** | 105,276 | 217,566 | 132,887 |

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Included in current assets** | | | |
| *Other receivables* | | | |
| Other receivables from related parties *(Note 39(d))* | – | – | 236 |
| Deposits-current portion *(a)* | 19,663 | 15,426 | 23,465 |
| Advances to employees | 1,342 | 1,816 | 618 |
| Loans to a third party | – | 3,600 | – |
| Receivables from disposal of subsidiaries *(Note 11(b)(2))* | – | – | 2,360 |
| Others | 438 | 458 | 829 |
| | 21,443 | 21,300 | 27,508 |
| Less: provision for impairment *(Note 3.1(b))* | (38) | (80) | (80) |
| | 21,405 | 21,220 | 27,428 |
| *Prepayments* | | | |
| Prepayment to a related party *(Note 39(d))* | 24,700 | 4,546 | 3,240 |
| Prepayment to suppliers *(b)* | 61,665 | 53,774 | 5,217 |
| Deductible value-added tax input *(c)* | 36,851 | 14,273 | 23,601 |
| Prepayment for **[REDACTED]** | **[REDACTED]** | **[REDACTED]** | **[REDACTED]** |
| Prepaid expenses | 13,224 | 11,248 | 13,590 |
| | 140,265 | 89,548 | 58,659 |
| **Total** | 161,670 | 110,768 | 86,087 |

*The Company*

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Included in non-current assets** | | | |
| *Other receivables* | | | |
| Deposits — non-current portion | 5,950 | 6,240 | 9,589 |
| Receivables from disposal of subsidiaries | – | – | 9,302 |
| Loans to related party | – | – | 3,450 |
| Less: provision for impairment | (49) | (52) | (232) |
| | 5,901 | 6,188 | 22,109 |
| *Prepayments* | | | |
| Prepayment for equity investments *(d) (Note 26(i)))* | – | 23,100 | 14,910 |
| Prepayments for purchase of property, plant and equipment | 12,211 | 111,595 | 74,574 |
| Deductible value-added tax input | 959 | – | – |
| | 13,170 | 134,695 | 89,484 |
| | 19,071 | 140,883 | 111,593 |
| **Included in current assets** | | | |
| *Other receivables* | | | |
| Amount due from subsidiaries | 729,464 | 746,671 | 864,791 |
| Loans to a third party | – | 3,600 | – |
| Receivables from disposal of subsidiaries | – | – | 2,360 |
| Deposit | 1 | 1,000 | 1,000 |
| Others | 16 | 194 | 63 |
| | 729,481 | 751,465 | 868,214 |
| Less: provision for impairment | (1,844) | (2,958) | (11,058) |
| | 727,637 | 748,507 | 857,156 |
| *Prepayments* | | | |
| Prepayment to suppliers | 1,509 | 32,404 | 6,332 |
| Deductible value-added tax input | 154 | – | – |
| Prepayment for **[REDACTED]** | **[REDACTED]** | **[REDACTED]** | **[REDACTED]** |
| Prepaid expenses | 311 | 941 | 1,598 |
| | 5,799 | 39,052 | 20,941 |
| | 733,436 | 787,559 | 878,097 |

(a) Deposits mainly represented security deposits for the Group's loans from financial leasing companies, rental of building and the bidding.

(b) Prepayment to suppliers mainly represented the advance payment to vendors to purchase raw material and machinery for the business.

(c) Input VAT to be deducted are mainly input VAT arisen from the acquisition of property, plant and equipment, intangible assets and materials. According to Announcement of the General Administration of Taxation and Customs of the Ministry of Finance on Policies for Deepening the Reform of Value-Added Tax (Announcement of the General Administration of Taxation and Customs of the Ministry of Finance, (2019) No. 39), enterprises with value-added tax recoverable balance can, starting from 1 April 2019, apply for the refund with a percentage of 10% of the current deductible input tax.

(d) Prepayments for equity investments represents following:

The Company entered into a share transfer agreement on September 28, 2022 to acquire 60% equity interest in the target company "Wenzhou Yiying", a limited liability company incorporated under the laws of the PRC and is primarily engaged in providing medical services, at a consideration of RMB26,400,000, which includes three instalments to be paid by the Company in accordance with certain financial performance related and non-financial performance related conditions as prescribed under the share transfer agreement. In 2022, the Company paid the first instalment amounting to RMB21,600,000, which was recorded as prepayment for equity investments as at 31 December 2022. In August 2023, based on the updated Articles of Association of Wenzhou Yiying, the Company obtained the shareholder right and Wenzhou Yiying has became the subsidiary of the Company. Subsequently, the Company paid the second instalment amounting to RMB2,400,000 under the share transfer agreement in September 2023. As at the date of business combination, both of the first and second instalments amounting to RMB24,000,000 were treated as the consideration of the transaction (Note 38(ii)). As at 31 December 2023, based on the assessment conducted by the Company's management, Wenzhou Yiying is unlikely to fulfil the financial performance related conditions and hence, the third instalment amounting to RMB2,400,000 will not be required under the share transfer agreement. Considering that the Company is unlikely to proceed with the payment for the third instalment, the total consideration of the transaction is RMB24,000,000.

The Company entered into a share transfer agreement on September 21, 2022 to acquire 4.48% equity interest in a target company "Qingying Huakang" at a consideration of RMB7,500,000. Qingying Huakang is a limited liability company incorporated under the laws of the PRC and is primarily engaged in providing medical services. The consideration shall be paid in cash in three instalments by the Company, subject to certain conditions precedent as prescribed under the share transfer agreement. In 2022, the Company paid the first instalment amounting to RMB1,500,000. As at 31 December 2022, prepayment for equity investments related to the aforementioned agreement was RMB 1,500,000. In 2023, the Company paid the second and third instalments amounting to RMB6,000,000 and Qingying Huakang has became the associate of the Company when obtaining the shareholder right (Note 12(a)).

(e) The carrying values of other receivables approximated their fair values as at the balance sheet dates and were denominated in RMB.

## 23 Financial assets at fair value through profit or loss

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current** | | | |
| Unlisted debt instruments *(Note 18)* | – | 50,341 | 53,869 |

## 24 Cash and cash equivalents and restricted cash

***The Group***

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Cash and bank balances: | | | |
| — Cash on hand | – | 27 | 5 |
| — Cash at bank | 490,007 | 343,934 | 194,936 |
| Less: restricted cash — current portion | – | (2) | (2) |
| restricted cash — non-current portion | – | (3,765) | (6,104) |
| | 490,007 | 340,194 | 188,835 |

As at 31 December 2022, cash at banks with amounts of RMB3,765,000 were pledged to bank as security deposits for long-term borrowing amounting to approximately RMB22,708,000 (Note 31).

As at 31 December 2023, cash at banks with amounts of RMB6,104,000 were pledged to bank as security deposits for long-term borrowing amounting to approximately RMB13,444,000 (Note 31).

As at 31 December 2021, 2022 and 2023, cash and cash equivalents and restricted cash of the Group were denominated in RMB.

***The Company***

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Cash and cash equivalents: | | | |
| — Cash at bank | 357,364 | 195,499 | 73,624 |
| Less: restricted cash — non-current portion | – | (3,765) | (6,104) |
| | 357,364 | 191,734 | 67,520 |

## 25 Capital

| | Number of ordinary shares of RMB1.00 each | Paid-in capital | Share capital |
|---|---|---|---|
| | | *RMB'000* | *RMB'000* |
| **As at 1 January 2021** | N/A | 97,055 | – |
| — Issue of ordinary shares upon conversion into a joint stock company (a) | 97,055,469 | (97,055) | 97,055 |
| — Capital contribution from shareholders | 15,776,475 | – | 15,777 |
| — Transfer of share premium to share capital (b) | 225,663,888 | – | 225,664 |
| **As at 31 December 2021, 2022 and 2023** | 338,495,832 | – | 338,496 |

(a) The Company changed the type of enterprise from a limited liability company to a joint stock company on 30 June 2021. The net assets of the Company as of the conversion date, amounting to RMB861,156,000 were converted into 97,055,469 ordinary shares of RMB1.00 each.

(b) In August 2021, the registered capital of the Company was increased to RMB338,496,000 by way of conversion of reserved capital into share capital according to the then existing shareholding structure.

## 26 Treasure Stock and Reserve

The following table shows a breakdown of the balance sheet line items "treasury stock" and "reserves" and their movements during the respective years. A description of the nature and purpose of each reserve is provided below the table.

***The Group***

| | | Reserves | | | |
|---|---|---|---|---|---|
| | Treasury stock | Share premium | Capital reserves | Share-based payment reserves | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **As at 1 January 2021** | (896,702) | – | 934,244 | 15,036 | 949,280 |
| Capital contributions from an investor (b) | – | – | 3,057 | – | 3,057 |
| Derecognition of financial instruments to investors (c) | 896,702 | – | 177,094 | – | 177,094 |
| Issue of ordinary shares upon conversion into a joint stock company | – | 764,100 | (1,114,395) | (17,549) | (367,844) |
| Capital contributions from series D investors | – | 597,582 | – | – | 597,582 |
| Transfer of capital reserve to share premium | – | (225,664) | – | – | (225,664) |
| Share-based payment | – | – | – | 289,774 | 289,774 |
| **As at 31 December 2021** | – | 1,136,018 | – | 287,261 | 1,423,279 |
| **As at 1 January 2022** | – | 1,136,018 | – | 287,261 | 1,423,279 |
| Share-based payment | – | – | – | 3,153 | 3,153 |
| **As at 31 December 2022** | – | 1,136,018 | – | 290,414 | 1,426,432 |

| | | Reserves | | | | |
|---|---|---|---|---|---|---|
| | Treasury stock | Share premium | Capital reserves | Financial assets at FVOCI | Share-based payment reserves | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 1 January 2023** | – | 1,136,018 | – | – | 290,414 | 1,426,432 |
| Share-based payment | – | – | – | – | 2,557 | 2,557 |
| Transactions with non-controlling interests *(i) (note 37)* | – | – | (30,197) | – | – | (30,197) |
| Financial assets in FVOCI | – | – | – | 3,182 | – | 3,182 |
| **As at 31 December 2023** | – | 1,136,018 | (30,197) | 3,182 | 292,971 | 1,401,974 |

(i) *Note:* The Company entered into a share transfer agreement in December 2023 for acquisition of remaining 49% equity interest in a subsidiary Hainan Rimag Sunshine Medical Investment Management Co. Ltd. ("**Hainan Rimag**") at a consideration of RMB15,900,000. The Company already paid RMB14,310,000 in 2023 while the completion of the transaction was still subject to certain financial performance conditions in 2024 which is not under the Company's control. Hence the full consideration for purchasing non-controlling shareholdings is debited to equity with the remaining unpaid consideration of RMB1,590,000, which is also subject to certain financial performance conditions in 2024, recorded in other payables and accruals(Note 30) as at 31 December 2023.

***The Company***

| | | Reserves | | | |
|---|---|---|---|---|---|
| | Treasury stock | Share premium | Capital reserves | Share-based payment reserves | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 1 January 2021** | (896,702) | – | 934,244 | 5,034 | 939,278 |
| Capital contributions from an investor (b) | – | – | 3,057 | – | 3,057 |
| Derecognition of financial instruments to investors (c) | 896,702 | – | 177,094 | – | 177,094 |
| Issue of ordinary shares upon conversion into a joint stock company | – | 764,100 | (1,114,395) | (17,549) | (367,844) |
| Capital contributions from series Dinvestors | – | 597,582 | – | – | 597,582 |
| Transfer of capital reserve to share premium | – | (225,664) | – | – | (225,664) |
| Share-based payment | – | – | – | 172,753 | 172,753 |
| **As at 31 December 2021** | – | 1,136,018 | – | 160,238 | 1,296,256 |
| **As at 1 January 2022** | – | 1,136,018 | – | 160,238 | 1,296,256 |
| Share-based payment | – | – | – | 1,977 | 1,977 |
| **As at 31 December 2022** | – | 1,136,018 | – | 162,215 | 1,298,233 |

| | | Reserves | | | | |
|---|---|---|---|---|---|---|
| | Treasury stock | Share premium | Capital reserves | Financial assets at FVOCI | Share-based payment reserves | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 1 January 2023** | – | 1,136,018 | – | – | 162,215 | 1,298,233 |
| Share-based payment | – | – | – | – | 1,503 | 1,503 |
| Addition of financial instruments at FVOCI | – | – | – | 3,204 | – | 3,204 |
| **As at 31 December 2023** | – | 1,136,018 | – | 3,204 | 163,718 | 1,302,940 |

(a) The Group recorded treasury stock to reflect the carrying amount of the financial instruments with preferred rights at the date of issuance of series A financing to series C3 financing. Further details are described in Note 33.

(b) On 26 February 2021, a shareholder of the Company transferred 0.5379% equity interest of the Company to a third party("**Assignee**") with a consideration of RMB13,189,000. Per equity transfer agreement, the Assignee paid supplementary subscription with RMB3,057,000 to the Company.

(c) On 28 February 2021, upon termination of the preferred rights of the Investor with preferred rights, all the treasury stock was derecognised and the difference between the derecognition of the financial instruments with preferred rights and the treasury stock was credited to the capital reserves. Further details are described in Note 33.

## 27 Share-based Payments

Expenses arising from equity-settled share-based payments transactions were as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Share Incentive Plan (a) | 223,415 | 3,215 | 2,600 |
| Share-based payments to strategic investors (b) | 67,702 | – | – |
| | 291,117 | 3,215 | 2,600 |

Share-based payments expenses recognised for the years ended 31 December 2021, 2022 and 2023 were as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Administrative expenses | 262,671 | 3,194 | 2,586 |
| Selling and distribution expenses | 28,442 | 17 | 11 |
| Cost of sales | 1 | 1 | 1 |
| Research and development expenses | 3 | 3 | 2 |
| | 291,117 | 3,215 | 2,600 |

***(a) Share Incentive Plan***

*2017 Share Incentive Plan*

In March 2017, shares of the Company were granted by Mr. Wang Shihe through Nanchang Rimag Sunshine Enterprise Management Center (Limited Partnership) ("**Nanchang Rimag**") to 4 eligible employees (the "**Grantees**") under the 2017 Share Incentive Plan. Under this plan 160,000 shares (being 480,000 Shares as subsequently adjusted immediately following the Company's capital increase in August 2021) of RMB1.00 each will be vested after five-year service period. The Grantees paid approximately RMB240,000 in total at an exercise price of RMB1.5 each share to Nanchang Rimag on the grant date. If an employee ceases to be employed by the Company within this period, the awarded shares will be forfeited.

The fair value of the shares granted to employees on the grant date, March 2017, as determined by a professional valuation firm was RMB3.78 per share. The significant inputs into the Black-Scholes valuation model were listed as below:

| | As at March 2017 |
|---|---|
| Expected volatility | 55.12% |
| Risk-free interest rate | 3.30% |

*Shared-based Payment for Talent Introduction Plan*

In March 2017, February 2018 and July 2020, shares of the Company were granted by Mr. Wang Shihe through Nanchang Rimag to 5 Grantees under Talent Introduction Plan. Under this plan, 1,700,000 shares (being 5,100,000 Shares as subsequently adjusted immediately following the Company's capital increase in August 2021) of RMB1.20 to RMB2.50 each was granted to the employees. The Grantees paid approximately RMB2,350,000 in total at an exercise price of RMB1.20 to RMB2.50 each share to Nanchang Rimag on the grant date. No vesting condition or service period is required for the transfer.

The fair value of the shares granted to employees on the grant date, March 2017, February 2018 and July 2020 as determined by a professional valuation firm was RMB3.78 per share. The significant inputs into the Black-Scholes valuation model were listed as below:

| | As at | | |
|---|---|---|---|
| | April 2017 | February 2018 | July 2020 |
| Expected volatility | 55.12% | 53.27% | 42.41% |
| Risk-free interest rate | 3.30% | 3.85% | 2.44% |

*2018 Share Incentive Plan*

In March 2018, shares of the Company were granted by Mr. Wang Shihe through Nanchang Rimag to 6 Grantees under the 2018 Share Incentive Plan. Under this plan, 220,000 shares (being 660,000 Shares as subsequently adjusted immediately following the Company's capital increase in August 2021) of RMB1.50 to RMB1.80 each will be vested after five-year service period. The Grantees paid approximately RMB348,000 in total at an exercise price of RMB1.50 to RMB1.80 each share to Nanchang Rimag on the grant date. If an employee ceases to be employed by the Company within this period, the awarded shares will be forfeited.

The fair value of the shares granted to employees on the grant date, March 2018, as determined by a professional valuation firm was RMB8.95 per share. The significant inputs into the Black-Scholes valuation model were listed as below:

| | As at March 2018 |
|---|---|
| Expected volatility | 53.27% |
| Risk-free interest rate | 3.85% |

*2019 Share Incentive Plan*

In March 2019, shares of the Company were granted by Mr. Wang Shihe through Nanchang Rimag to 11 Grantees under the 2019 Share Incentive Plan. Under this plan, 390,000 shares (being 1,170,000 Shares as subsequently adjusted immediately following the Company's capital increase in August 2021 (Note 26)) of RMB1.50 to RMB1.80 each will be vested after five-year service period. The Grantees paid approximately RMB630,000 in total at an exercise price of RMB1.50 to RMB1.80 each share to Nanchang Rimag on the grant date. If an employee ceases to be employed by the Company within this period, the awarded shares will be forfeited.

The fair value of the shares granted to employees on the grant date, March 2019 as determined by a professional valuation firm was RMB19.28 per share. The significant inputs into the Black-Scholes valuation model were listed as below:

| | As at March 2019 |
|---|---|
| Expected volatility | 50.00% |
| Risk-free interest rate | 2.97% |

*2020 Share Incentive Plan*

In August 2020, new shares of the Company were issued and granted to 49 Grantees under the 2020 Share Incentive Plan through Beijing Rimag Enterprise Management Center (Limited Partnership) ("**Beijing Rimag**"). Under this plan, 2,766,080 shares (being 8,328,240 Shares as subsequently adjusted immediately following the Company's capital increase in August 2021) of RMB28.08 each will be vested after three-year service period. The Grantees paid approximately RMB77,672,000 in total at an exercise price of RMB28.08 each share to Beijing Rimag on the grant date. If an employee ceases to be employed by the Company within this period, the awarded shares will be forfeited.

The fair value of the shares granted to employees on the grant date, August 2020 as determined by a professional valuation firm was RMB28.55 per share. The significant inputs into the Black-Scholes valuation model were listed as below:

| | As at August 2020 |
|---|---|
| Expected volatility | 42.41% |
| Risk-free interest rate | 2.44% |

*2021 Share Incentive Plan*

In December 2021, shares of the Company were granted by Mr. Wang Shihe to 20 Grantees under the 2021 Share Incentive Plan. Under this plan, 20,000,001 shares of RMB1.00 to RMB9.36 each. The Grantees paid approximately RMB78,450,000 in total at an exercise price of RMB1.00 to RMB9.36 each share to Nanchang Rimag on the grant date. No vesting condition or service period is required for the transfer.

The fair value of the shares granted to employees on the grant date, December 2021 as determined by a professional valuation firm was RMB14.66 per share. The fair value per share was determined using recent market transaction price.

Movements in the number of equity interests shares of the Company granted and the respective weighted average grant date fair value were as follows:

| | Number of shares granted under the Share Incentive Scheme | Average exercise price value per share option |
|---|---|---|
| | | *RMB* |
| As at 1 January 2020 | 4,245,020 | 20.34 |
| Addition shares arising from transfer capital reserve to share capital | 8,490,040 | 6.78 |
| Granted during the year ended 31 December 2021 | 20,000,001 | 3.92 |
| Vested during the year | (20,000,001) | 3.92 |
| Outstanding as at 31 December 2021 and 1 January 2022 | 12,735,060 | 6.78 |
| Vested during the year | (600,000) | 0.50 |
| Outstanding as at 31 December 2022 and 1 January 2023 | 12,135,060 | 7.09 |
| Vested during the year | (10,223,883) | 8.16 |
| Outstanding as at 31 December 2023 | 1,911,177 | 1.37 |

***(b) Share-based Payments to Strategic Investors:***

In connection with the Series D1 financing, the Company issued 9,840,346 common shares to Series D1 strategic investors at a fixed price of RMB37.09 per share, which equaled to a total consideration of RMB365,000,000.

For the years ended 31 December 2021, the differences between the considerations and the fair values as at the date of issuance of common shares to the strategic investors were RMB67,702,000, which was recognised as share-based payments in profit or loss with corresponding increase in share-based payment reserves within equity.

## 28 Dividend

No dividends have been paid or declared by the Company during each of the years ended 31 December 2021, 2022 and 2023.

## 29 Trade Payables

*The Group*

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade payables — Third parties | 27,026 | 19,264 | 23,482 |

The ageing analysis of trade payable as at 31 December 2021, 2022 and 2023 based on invoice date was as follows:

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Up to 1 year | 24,187 | 16,549 | 20,018 |
| 1–2 years | 2,753 | 1,093 | 2,692 |
| 2–3 years | 86 | 1,536 | – |
| Over 3 year | – | 86 | 772 |
| | 27,026 | 19,264 | 23,482 |

*The Company*

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade payables — Third parties | – | 7,334 | 9,271 |

The ageing analysis of trade payable as at 31 December 2021, 2022 and 2023 based on invoice date was as follows:

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Up to 1 year | – | 7,334 | 8,350 |
| 1-2 years | – | – | 921 |
| | – | 7,334 | 9,271 |

## 30 Other payables and accruals

***The Group***

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Other payables due to related parties** *(Note 39(d))* | 5,436 | 5,945 | 702 |
| Employee benefits payables | 30,192 | 22,210 | 23,004 |
| Payables for purchases of property, plant and equipment | 6,572 | 3,805 | 21,960 |
| Tax payables | 8,793 | 15,739 | 2,682 |
| Marketing expenses payable | 3,515 | 2,064 | 2,291 |
| Accrued expenses | 1,836 | 4,034 | 1,365 |
| Payables for deposits | 2,507 | 2,507 | 2,508 |
| **[REDACTED]** | **[REDACTED]** | **[REDACTED]** | **[REDACTED]** |
| Redemption liability *(Note 26(i))* | – | – | 1,590 |
| Other payables | 4,753 | 5,828 | 7,830 |
| | 64,855 | 69,532 | 75,869 |

The fair value of trade payables approximated to their carrying amounts as at 31 December 2021, 2022 and 2023 due to their short maturities.

***The Company***

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Other payables due to subsidiaries | 2,445 | 2,415 | 16,015 |
| Payables for purchases of property, plant and equipment | – | – | 10,443 |
| Tax payables | – | 6,394 | 1,383 |
| Employee benefits payable | 902 | 1,345 | 1,304 |
| **[REDACTED]** | **[REDACTED]** | **[REDACTED]** | **[REDACTED]** |
| Payables for deposits | 1,509 | 1,509 | 1,509 |
| Other payables | 1,244 | 348 | 572 |
| | 7,351 | 19,411 | 43,163 |

The fair value of trade payables approximated to their carrying amounts as at 31 December 2021, 2022 and 2023 due to their short maturities.

## 31 Borrowings

### *The Group*

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current:** | | | |
| Long-term bank borrowings, secured *(b)* | 38,690 | 76,140 | 55,904 |
| Long-term bank borrowings, unsecured | 6,621 | 3,933 | – |
| Loans from financial leasing companies, secured *(c)* | 291,033 | 228,211 | 130,302 |
| Less: Current portion of long-term bank borrowings, secured *(b)* | (12,900) | (33,080) | (28,324) |
| Current portion of long-term bank borrowings, unsecured | (2,687) | (2,910) | – |
| Current portion of loans from financial leasing companies, secured *(c)* | (112,709) | (107,147) | (72,916) |
| | 208,048 | 165,147 | 84,966 |
| **Current:** | | | |
| Short-term bank borrowings, secured *(a)* | 45,000 | 44,000 | 8,280 |
| Short-term bank borrowings, unsecured | – | – | 15,000 |
| Current portion of long-term bank borrowings, secured *(b)* | 12,900 | 33,080 | 28,324 |
| Current portion of long-term bank borrowings, unsecured | 2,687 | 2,910 | – |
| Current portion of loans from financial leasing companies, secured *(c)* | 112,709 | 107,147 | 72,916 |
| Loans from a third party, unsecured *(d)* | 829 | – | 522 |
| | 174,125 | 187,137 | 125,042 |
| **Total borrowings** | 382,173 | 352,284 | 210,008 |

*(a) Short-term Bank Borrowings, Secured*

(i) As at 31 December 2021, the secured Group's short-term bank borrowings included:

Bank borrowings of RMB10,000,000 were guaranteed by Mr. Wang Shihe and his spouse, Mr. Liu Jianping and his spouse, and the Company.

Bank borrowings of RMB10,000,000 were guaranteed by Mr. Wang Shihe and his spouse and a financing guarantee company.

Bank borrowings of RMB20,000,000 were guaranteed by the Company, and Mr. Wang Shihe and his spouse.

Bank borrowings of RMB5,000,000 were guaranteed by Mr. Wang Shihe and his spouse, Mr. Liu Jianping and his spouse and a financing guarantee company.

(ii) As at 31 December 2022, the secured Group's short-term bank borrowings included:

Bank borrowings of RMB19,000,000 were guaranteed by Mr. Wang Shihe and his spouse and the Company.

Bank borrowings of RMB10,000,000 were guaranteed by Mr. Wang Shihe and his spouse and a financing guarantee company.

Bank borrowings of RMB5,000,000 were guaranteed by Mr. Wang Shihe and his spouse and the Company.

Bank borrowings of RMB10,000,000 were guaranteed by Mr. Wang Shihe and his spouse. The aforesaid guarantee was released in April 2023.

(iii) As at 31 December 2023, the secured Group's short-term bank borrowings included:

Bank borrowings of RMB6,680,000 were guaranteed by Mr. Zhou Xiaoyan (as vice president of the Group's internet hospital) and were secured by the pledge of the right to receive the income derived from imaging solution services. The aforementioned guarantee will be released by 2027 according to the contract terms.

Bank borrowings of RMB1,600,000 were derived from factoring without resource to trade receivables of a subsidiary of the Group.

*(b) Long-term Bank Borrowings, Secured*

(i) As at 31 December 2021, the secured Group's long-term bank borrowings included:

Bank borrowings of approximately RMB22,250,000 were secured by the pledge of the right to receive imaging center service fee of a subsidiary of the Group and machineries (Note 16), and were also guaranteed by the Company, Mr. Gu Junjun (as former supervisor of the Group), and Mr. Wang Shihe and his spouse.

Bank borrowings of approximately RMB16,440,000 were secured by the pledge of 100% equity of a subsidiary of the Group and the Group's machineries (Note 16), and were also guaranteed by the Company and a subsidiary of the Group.

(ii) As at 31 December 2022, the secured Group's long-term bank borrowings included:

Bank borrowings of RMB9,000,000 were secured by the pledge of the trade receivable amounting to RMB10,000,000 from a third party and were guaranteed by the Company, Mr. Wang Shihe and his spouse.

Bank borrowings of approximately RMB22,708,000 were secured by the pledge of the restricted cash amounting to approximately RMB3,765,000, and were guaranteed by Mr. Gu Junjun and Mr. Zhou Xiaoyan (as vice president of the Group's internet hospital).

Bank borrowings of approximately RMB18,641,000 were secured by the pledge of right to imaging center services of a subsidiary of the Group from 23 June 2021 to 22 June 2027, and machineries (Note 16), and were guaranteed by Mr. Wang Shihe.

Bank borrowings of approximately RMB16,850,000 were secured by the pledge of the right to receive imaging center service fee of a subsidiary of the Group and machineries (Note 16), and were also guaranteed by the Company, Mr. Gu Junjun and Mr. Wang Shihe and his spouse.

Bank borrowings of approximately RMB8,941,000 were secured by the pledge of 100% equity of a subsidiary of the Group and the Group's machineries (Note 16), and were also guaranteed by the Company and a subsidiary of the Group.

(iii) As at 31 December 2023, the secured Group's long-term bank borrowings included:

Bank borrowings of RMB6,000,000 were secured by the pledge of the right to receive imaging center service fee of the Group and were guaranteed by the the Company.

Bank borrowings of approximately RMB13,444,000 were secured by the pledge of the restricted cash amounting to approximately RMB6,104,000, and were guaranteed by Mr. Zhou Xiaoyan (as vice president of the Group's internet hospital). The aforementioned guarantee will be released by 2027 according to the contract terms.

Bank borrowings of approximately RMB25,412,000 were secured by the pledge of right to receive imaging center service fee and machineries (Note 16) of the Group, and were also guaranteed by the Company.

Bank borrowings of approximately RMB1,440,000 were secured by the pledge of 100% equity of a subsidiary of the Group and the Group's machineries (Note 16) of the Group and were guaranteed by the Company.

Bank borrowings of approximately RMB9,608,000 were guaranteed by Mr. Zhou Xiaoyan (as vice president of the Group's internet hospital). The aforementioned guarantee will be released by 2028 according to the contract terms.

*(c) Loans from financial leasing companies, secured*

(i) As at 31 December 2021, the secured Group's loans from financial leasing companies included:

Loans from financial leasing companies of RMB61,258,000 were secured by the pledge of equity interests of a subsidiary of the Group, the right to receive imaging center service fee and machineries, and were also guaranteed by Mr. Wang Shihe and his spouse, and the Company.

Loans from financial leasing companies of RMB55,027,000 were secured by the pledge of equity interests of a subsidiary of the Group and were also guaranteed by Mr. Wang Shihe and his spouse, Mr. Gu Junjun and his spouse, and the Company.

Loans from financial leasing companies of RMB53,294,000 were secured by the pledge of equity interests of a subsidiary of the Group, the right to receive imaging center service fee and machineries, and were also guaranteed by Mr. Wang Shihe, Mr. Gujunjun and the Company.

Loans from financial leasing companies of RMB46,453,000 were secured by the pledge of equity interests of a subsidiary of the Group and machineries, and were also guaranteed by Mr. Wang Shihe, Mr. Gu Junjun and the Company.

Loans from financial leasing companies of RMB37,970,000 were secured by the pledge of equity interests of a subsidiary of the Group, the right to receive imaging center service fee and machineries, and were also guaranteed by Mr. Wang Shihe, Mr. Gu Junjun, the Company, and a subsidiary of the Group.

Loans from financial leasing companies of RMB15,382,000 were secured by the pledge of machineries and were also guaranteed by Mr. Wang Shihe, Mr. Gu Junjun and the Company.

Loans from financial leasing companies of RMB5,403,000 were secured by the pledge of equity interests of a subsidiary of the Group and were also guaranteed by Mr. Wang Shihe and his spouse, the Company and a shareholder of a subsidiary of the Group.

Loans from financial leasing companies of RMB5,262,000 were secured by the pledge of equity interests of a subsidiary of the Group and were also guaranteed by Mr. Wang Shihe and the Company.

Loans from financial leasing companies of RMB3,776,000 were secured by the pledge of equity interests of a subsidiary of the Group and were also guaranteed by Mr. Wang Shihe and his spouse, Mr. Gu Junjun and his spouse, the Company and certain shareholders of a subsidiary of the Group.

Loans from financial leasing companies of RMB3,463,000 were secured by the pledge of equity interests of a subsidiary of the Group and machineries, and were also guaranteed by Mr. Wang Shihe and his spouse, the Company and a shareholder of a subsidiary of the Group.

Loans from financial leasing companies of RMB2,302,000 were secured by the pledge of equity interests of a subsidiary of the Group and were also guaranteed by Mr. Wang Shihe, Mr. Gu Junjun and the Company.

Loans from financial leasing companies of RMB1,443,000 were secured by the pledge of equity interests of a subsidiary of the Group and guaranteed by Mr. Wang Shihe, Mr. Gu Junjun and the Company.

(ii) As at 31 December 2022, the secured Group's loans from financial leasing companies included:

Loans from financial leasing companies of RMB38,970,000 were secured by the pledge of equity interests of a subsidiary of the Group, the right to receive imaging center service fee and machineries, and were also guaranteed by Mr. Wang Shihe, Mr. Gu Junjun and the Company.

Loans from financial leasing companies of RMB38,207,000 were secured by the pledge of equity interests of a subsidiary of the Group and were also guaranteed by Mr. Wang Shihe and his spouse and the Company.

Loans from financial leasing companies of RMB37,722,000 were secured by the pledge of equity interests of a subsidiary of the Group, the right to receive imaging center service fee and machineries, and were also guaranteed by Mr. Wang Shihe and his spouse, and the Company.

Loans from financial leasing companies of RMB32,939,000 were secured by the pledge of equity interests of a subsidiary of the Group and were also guaranteed by Mr. Wang Shihe and his spouse, Mr. Gu Junjun and his spouse, and the Company.

Loans from financial leasing companies of RMB26,164,000 were secured by the pledge of equity interests of a subsidiary of the Group and machineries, and were also guaranteed by Mr. Wang Shihe, Mr. Gu Junjun and the Company.

Loans from financial leasing companies of RMB24,319,000 were secured by the pledge of equity interests of a subsidiary of the Group and machineries, and were also guaranteed by Mr. Wang Shihe and the Company.

Loans from financial leasing companies of RMB22,021,000 were secured by the pledge of equity interests of a subsidiary of the Group, the right to receive imaging center service fee and machineries, and were also guaranteed by Mr. Wang Shihe, Mr. Gu Junjun, the Company, and a subsidiary of the Group.

Loans from financial leasing companies of RMB3,792,000 were secured by the pledge of equity interests of a subsidiary of the Group and were also guaranteed by Mr. Wang Shihe and his spouse, the Company and a shareholder of a subsidiary of the Group.

Loans from financial leasing companies of RMB2,390,000 were secured by the pledge of equity interests of a subsidiary of the Group and machineries, and were also guaranteed by Mr. Wang Shihe and his spouse, the Company and a shareholder of a subsidiary of the Group.

Loans from financial leasing companies of RMB502,000 were secured by the pledge of equity interests of a subsidiary of the Group and guaranteed by Mr. Wang Shihe, Mr. Gu Junjun and the Company.

Loans from financial leasing companies of RMB456,000 were secured by the pledge of machineries and were also guaranteed by Mr. Wang Shihe and his spouse, and the Company.

Loans from financial leasing companies of RMB405,000 were secured by the pledge of equity interests of a subsidiary of the Group and were also guaranteed by Mr. Wang Shihe and his spouse, Mr. Gu Junjun and his spouse, the Company and certain shareholders of a subsidiary of the Group.

Loans from financial leasing companies of RMB324,000 were secured by the pledge of equity interests of a subsidiary of the Group and were also guaranteed by Mr. Wang Shihe, Mr. Gu Junjun and the Company.

(iii) As at 31 December 2023, the secured Group's loans from financial leasing companies included:

Loans from financial leasing companies of RMB44,411,000 were secured by the pledge of shares of a subsidiary of the Group and were also guaranteed by the Company.

Loans from financial leasing companies of RMB32,010,000 were secured by the pledge of shares of a subsidiary of the Group, the right to receive imaging center service fee and machineries (Note 16) and were also guaranteed by the Company, and a subsidiary of the Group.

Loans from financial leasing companies of RMB24,690,000 were secured by the pledge of shares of a subsidiary of the Group and machineries (Note 16) and were also guaranteed by the Company and a subsidiary of the Group.

Loans from financial leasing companies of RMB1,154,000 were secured by the pledge of shares of a subsidiary of the Group and the right to receive imaging center service fee and machineries (Note 16), and were also guaranteed by the Company.

Loans from financial leasing companies of RMB4,095,000 were secured by the pledge of machineries (Note 16) and were also guaranteed by the Company, and a subsidiary of the Group.

Loans from financial leasing companies of RMB325,000 were secured by the pledge of machineries (Note 16) and were also guaranteed by the Company.

Loans from financial leasing companies of RMB5,516,000 were secured by the pledge of shares of a subsidiary of the Group and machineries (Note 16) and were also guaranteed by a subsidiary of the Group.

Loans from financial leasing companies of RMB17,559,000 were secured by the pledge of shares of a subsidiary of the Group and machineries (Note 16) and were also guaranteed by the Company.

Loans from financial leasing companies of RMB542,000 were secured by the pledge of machineries (Note 16) and were also guaranteed by a subsidiary of the Group.

*(d) Loan from a Third Party, Unsecured*

As at 31 December 2021, the Group had a short-term borrowing from a minority shareholder of the Group with the amount of RMB829,000 respectively. The borrowings bore an effective interest rate of 12% per annum. The borrowing was fully repaid in July 2022.

As at 31 December 2023, the Group had a short-term borrowing from a minority shareholder of the Group with the amount of RMB522,000. The borrowings bore an effective interest rate of 12% per annum.

*(e) Repayment Periods*

The Group's borrowings as at the balance sheet dates during the Track Record Period were repayable as follows:

| | As at 31 December 2021 | | As at 31 December 2022 | | As at 31 December 2023 | |
|---|---|---|---|---|---|---|
| | Bank Borrowings | Others | Bank Borrowings | Others | Bank Borrowings | Others |
| Up to 1 year | 60,587 | 113,538 | 79,990 | 107,146 | 51,604 | 73,438 |
| Between 1 and 2 years | 15,810 | 89,834 | 26,112 | 85,459 | 22,328 | 39,107 |
| Between 2 and 5 years | 13,914 | 88,490 | 17,971 | 35,606 | 5,252 | 18,279 |
| Total | 90,311 | 291,862 | 124,073 | 228,211 | 79,184 | 130,824 |

The weighted average effective interest rates at each balance sheet date were as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| Bank borrowings | 5.33% | 5.19% | 4.94% |
| Loans from financial leasing companies | 9.45% | 9.40% | 8.82% |
| Loans from a third party, unsecured | 12.00% | 12.00% | 2.07% |

*(f) Other Disclosures*

(i) Fair Values

The carrying amounts for the majority of the borrowings approximated their fair values as they were carried at floating interest rates.

(ii) Risk Exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in Note 3.1.

*The Company*

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current:** | | | |
| Long-term bank borrowings, secured *(b)* | – | 22,708 | 23,052 |
| Less: Current portion of long-term bank borrowings, secured *(b)* | – | (12,500) | (13,444) |
| | – | 10,208 | 9,608 |
| **Current:** | | | |
| Short-term bank borrowings, secured *(a)* | – | 10,000 | 6,680 |
| Short-term bank borrowings, unsecured *(a)* | – | – | 10,000 |
| Current portion of long-term bank borrowings, secured *(b)* | – | 12,500 | 13,444 |
| | – | 22,500 | 30,124 |
| Total borrowings | – | 32,708 | 39,732 |

*(a) Short-term bank borrowings, secured*

(i) As at 31 December 2022, the secured Company's short-term bank borrowings included:

Bank borrowings of RMB10,000,000 were guaranteed by Mr. Wang Shihe and his spouse. The aforesaid guarantee was released in April 2023.

(ii) As at 31 December 2023, the secured Company's short-term bank borrowings included:

Bank borrowings of RMB6,680,000 were guaranteed by Mr. Zhou Xiaoyan (as vice president of the Group's internet hospital) and were secured by the pledge of the right to receive the income derived from imaging solution services. The aforementioned guarantee will be released by 2027 according to the contract terms.

*(b) Long-term bank borrowings, secured*

(i) As at 31 December 2022, the secured Company's long-term bank borrowings included:

Bank borrowings of approximately RMB22,708,000 were secured by the pledge of the restricted cash amounting to approximately RMB3,765,000, and were guaranteed by Mr. Gu Junjun and Mr. Zhou Xiaoyan (as vice president of the Group's internet hospital).

(ii) As at 31 December 2023, the secured Company's long-term bank borrowings included:

Bank borrowings of approximately RMB13,444,000 were secured by the pledge of the restricted cash amounting to approximately RMB6,104,000, and were guaranteed by Mr. Zhou Xiaoyan (as vice president of the Group's internet hospital). The aforementioned guarantee will be released by 2027 according to the contract terms.

Bank borrowings of approximately RMB9,608,000 were guaranteed by Mr. Zhou Xiaoyan (as vice president of the Group's internet hospital). The aforementioned guarantee will be released by 2028 according to the contract terms.

*(c) Repayment periods*

The Company's borrowings as at the balance sheet dates during the Track Record Period were repayable as follows:

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | Bank Borrowings | Bank Borrowings | Bank Borrowings |
| Up to 1 year | – | 22,500 | 30,124 |
| Between 1 and 2 years | – | 10,208 | 9,608 |
| **Total** | – | 32,708 | 39,732 |

The weighted average effective interest rates at each balance sheet date were as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| Bank borrowings | N/A | 5.14% | 5.16% |

## 32 Deferred Income Tax

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Deferred income tax assets *(a)* | 4,680 | 7,197 | 24,208 |
| Deferred income tax liabilities *(b)* | (2,375) | (2,151) | (4,414) |
| | 2,305 | 5,046 | 19,794 |

### *(a) Deferred Income Tax Assets*

| | As at 31 December | | |
|---|---|---|---|
| | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Deferred income tax assets: | | | |
| — to be recovered within 12 months | 3,632 | 805 | 3,262 |
| — to be recovered more than 12 months | 32,114 | 23,461 | 45,540 |
| | 35,746 | 24,266 | 48,802 |

| | As at 31 December | | |
|---|---|---|---|
| | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| The balance comprises temporary differences attributable to: | | | |
| Tax losses | 2 | 98 | 8,586 |
| Property, plant and equipment | 4,406 | 5,644 | 11,572 |
| Lease liabilities | 30,905 | 17,012 | 24,793 |
| Loss allowance of provision | 159 | 707 | 3,600 |
| Accrued expense | 274 | 805 | 244 |
| Financial assets at FVOCI | – | – | 7 |
| Total deferred income tax assets | 35,746 | 24,266 | 48,802 |
| Set-off of deferred income tax liabilities pursuant to set-off provisions | (31,066) | (17,069) | (24,594) |
| Net deferred income tax assets | 4,680 | 7,197 | 24,208 |

The movements in deferred income assets were as follows:

| | Tax losses | Property, plant and equipment | Lease liabilities | Loss allowance of provision | Accrued expense | Financial assets at FVOCI | Total |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Deferred tax assets arising from | | | | | | | |
| **At 1 January 2021** | 610 | 2,721 | 34,672 | 43 | – | – | 38,046 |
| (Charged)/Credited to profit or loss *(Note 13)* | (608) | 1,685 | (3,767) | 116 | 274 | – | (2,300) |
| **At 31 December 2021 and 1 January 2022** | 2 | 4,406 | 30,905 | 159 | 274 | – | 35,746 |
| Credited/(Charged) to profit or loss *(Note 13)* | 96 | 1,238 | (13,893) | 548 | 531 | – | (11,480) |
| **At 31 December 2022 and 1 January 2023** | 98 | 5,644 | 17,012 | 707 | 805 | – | 24,266 |
| Credited/(Charged) to profit or loss *(Note 13)* | 8,488 | 5,928 | 7,781 | 2,893 | (561) | – | 24,529 |
| Charged to other comprehensive loss | – | – | – | – | – | 7 | 7 |
| **At 31 December 2023** | 8,586 | 11,572 | 24,793 | 3,600 | 244 | 7 | 48,802 |

***Deferred tax assets not recognised***

As at 31 December 2021, 2022 and 2023, the Group has not recognised deferred tax assets of certain entities in respect of their respective cumulative tax losses and temporary differences of RMB546,347,000 and RMB575,331,000 and RMB494,908,000 respectively, in accordance with the accounting policy set out in Note 2.21, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

### *(b) Deferred Income Tax Liabilities*

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Deferred income tax liabilities: | | | |
| — to be recovered within 12 months | 14,221 | 7,915 | 11,453 |
| — to be recovered more than 12 months | 19,220 | 11,305 | 17,555 |
| | 33,441 | 19,220 | 29,008 |

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| The balance comprises temporary differences attributable to: | | | |
| Right-of-use assets | 31,066 | 17,069 | 24,594 |
| Intangible assets — fair value added | 2,375 | 2,151 | 3,346 |
| Financial assets at FVOCI | – | – | 1,068 |
| Total deferred income tax liabilities | 33,441 | 19,220 | 29,008 |
| Set-off of deferred income tax liabilities pursuant to set-off provisions | (31,066) | (17,069) | (24,594) |
| Net deferred income tax liabilities | 2,375 | 2,151 | 4,414 |

The movements in deferred income liabilities assets were as follows:

| | Right-of-use assets | Intangible assets – fair value added | Financial assets at FVOCI | Total |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Deferred tax liability arising from | | | | |
| **At 1 January 2021** | 34,663 | – | – | 34,663 |
| Credited to profit or loss *(Note 13)* | (3,597) | (75) | – | (3,672) |
| Acquisition of a subsidiary *(Note 38(i))* | – | 2,450 | – | 2,450 |
| **At 31 December 2021 and 1 January 2022** | 31,066 | 2,375 | – | 33,441 |
| Credited to profit or loss *(Note 13)* | (13,997) | (224) | – | (14,221) |
| **At 31 December 2022 and 1 January 2023** | 17,069 | 2,151 | – | 19,220 |
| Charged/(Credited) to profit or loss *(Note 13)* | 7,525 | (130) | – | 7,395 |
| Charged to other comprehensive loss | – | – | 1,068 | 1,068 |
| Acquisition of a subsidiary *(Note 38(ii))* | – | 1,325 | – | 1,325 |
| **At 31 December 2023** | 24,594 | 3,346 | 1,068 | 29,008 |

## 33 Financial instruments issued to investors

### *The Group and the Company*

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Financial instruments issued to investors | – | – | – |

The financial instruments issued to investors represent the paid-in capital of the Company with redemption rights held by certain investors. The Group recognised the financial instruments issued to investors as financial liabilities considering that all triggering events for the key redemption rights that could be exercised by Series A Investors, Series B Investors and Series C Investors are collectively referred as "Investor with Preferred Rights" (more details about the preferred rights are set out below or in the later part of this note), are out of the control of the Company and these financial instruments do not meet the definition of equity for the Company. The financial liabilities were initially measured at present value of redemption amount and subsequently measured at amortised cost. Interests from the financial instruments were charged to finance cost.

The movements of financial instruments issued to investors for the years ended 31 December 2021, 2022 and 2023 were as follows:

| | Financial instruments issued to investors |
|---|---|
| | *RMB'000* |
| **As at 1 January 2021** | 1,059,616 |
| Charged to finance costs | 14,180 |
| Derecognition of financial instruments issued to investors | (1,073,796) |
| **As at 31 December 2021, 2022 and 2023** | – |

***Series A Financing***

On 2 August 2016, the Company entered into an investment agreement with a series A investor, pursuant to which the Company issued and allotted approximately 3,435,000 shares, representing approximately 15.00% of the equity interests of the Company, to the series A investor, at a consideration of RMB70,000,000. Series A investor was granted certain preferred rights upon capital contribution. The proceeds of RMB70,000,000 were received by the Company in December 2016.

***Series B1 Financing***

On 8 November 2017, the Company entered into an investment agreement with a series B1 investor, pursuant to which the Company issued and allotted approximately 980,365 shares, representing approximately 1.64% of the equity interests of the Company, to series B1 investor, at a consideration of RMB20,000,000. Series B1 investor were granted certain preferred rights upon capital contribution. The proceeds of RMB20,000,000 were received by the Company in November 2017.

***Series B2 Financing***

On 8 January 2018, the Company entered into an investment agreement with certain series B2 investors, pursuant to which the Company issued and allotted approximately 13,725,484 shares, representing approximately 18.67% of the equity interests of the Company, to series B2 investors, at a consideration of RMB280,000,000. Series B2 investors were granted certain preferred rights upon capital contribution. The proceeds of RMB280,000,000 were received by the Company in January 2018.

***Series B+ Financing***

On 12 September 2018, the Company entered into an investment agreement with certain series B+ investors, pursuant to which the Company issued and allotted approximately 4,901,959 shares, representing approximately 6.25% of the equity interests of the Company, to series B+ investors, at a consideration of RMB130,000,000. Series B+ investors were granted certain preferred rights upon capital contribution. The proceeds of RMB130,000,000 were received by the Company in September 2018.

***Series C1 Financing***

On 3 July 2019, the Company entered into an investment agreement with a series C1 investor, pursuant to which the Company issued and allotted approximately 6,429,801 shares, representing approximately 7.43% of the equity interests of the Company, to series C1 investors, at a consideration of RMB180,484,420. Series C1 investor were granted certain preferred rights upon capital contribution. The proceeds of RMB180,484,420 were received by the Company in July 2019.

***Series C2 Financing***

On 1 March 2020, the Company entered into an investment agreement with a series C2 investor, pursuant to which the Company issued and allotted approximately 2,850,020 shares, representing approximately 3.09% of the equity interests of the Company, to series C2 investors, at a consideration of RMB80,000,000. Series C2 investor were granted certain preferred rights upon capital contribution. The proceeds of RMB80,000,000 were received by the Company in April 2020.

***Series C3 Financing***

On 1 April 2020, the Company entered into an investment agreement with a series C3 investor, pursuant to which the Company issued and allotted approximately 4,852,773 shares, representing approximately 5.00% of the equity interests of the Company, to series C3 investors, at a consideration of RMB136,217,277. Series C3 investor were granted certain preferred rights upon capital contribution. The proceeds of RMB136,217,277 were received by the Company in April 2020.

Series B1 investor, series B2 investors and series B+ investors are collectively referred as "Series B Investors". Series C1 investor, series C2 investors and series C3 investors are collectively referred as "Series C Investors".

In accordance with investment agreements with Investor with Preferred Rights, these investors had been granted with certain preferred rights (the "**Preferred Rights**") upon capital contribution. These Preferred Rights mainly included the followings:

***Redemption Right***

Investor with Preferred Rights have a right to require the Company to redeem their investment if (i) the Company failed to become a **[REDACTED]** company before 31 December 2023; (ii) Company and its existing shareholders have committed a major breach to the agreements and such breach is not remedied within 30 days.

The redemption amount of Investor with Preferred Rights is calculated as the original investment principal from Investor with Preferred Rights, plus an annual simple rate of 10% of the original investment principal for a period of time commencing from the delivery date to the actual payments date of the settlement (calculated as 365 days in a calendar year).

The redemption rights held by Investor with Preferred Rights upon no successful **[REDACTED]** within a specified period and other contingent events would constitute as a Company's obligation to repurchase its own equity instruments under the situations which are beyond the Company's and the investors' control. The financial liability in connection with the obligation is therefore recognised initially at the present value of the aforementioned redemption amount based on the most likely scenario among all the possible situations, and subsequently measured at amortised cost using the effective interest method.

***Liquidation Preferences***

In the event of any liquidation, dissolution or winding up of the Company, Investor with Preferred Rights shall be entitled to receive the liquidation preference amount, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of ordinary shares of the Company.

The liquidation preference amount of Investor with Preferred Rights is calculated as the original investment principal from Investor with Preferred Rights, plus an annual simple rate of 10% of the original investment principal for a period of time commencing from the delivery date to the actual payments date of the settlement (calculated as 365 days in a calendar year) and dividend declared but undistributed profit attributable to investors.

***Termination of Preferred Rights***

The Company charged approximately RMB14,180,000 (Note 10) to finance cost in profit or loss during the years ended 31 December 2021 respectively. On 27 February 2021, the Company entered into a termination agreement to terminate the abovementioned Preferred Rights with Investor with Preferred Rights. Pursuant to the termination agreement, the financial instruments issued to investors of approximately RMB1,073,796,000 and the treasury stock of approximately RMB896,702,000 were derecognised accordingly. The difference of approximately RMB177,094,000, was credited to capital reserves.

## 34 Other Non-current Liabilities

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Payable for purchase of property, plant and equipment | 4,928 | – | 2,139 |

## 35 Cash Flow Information

### *(a) Cash Generated from Operations*

| | Year ended 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **(Loss)/profit before income tax** | (362,660) | 935 | 43,381 |
| Adjustments for | | | |
| — Finance costs — net *(Note 10)* | 61,131 | 32,608 | 21,528 |
| — Depreciation of property, plant and equipment *(Note 8)* | 125,780 | 139,758 | 151,545 |
| — Depreciation of right-of-use assets *(Note 8)* | 25,790 | 26,808 | 33,156 |
| — Amortisation of intangible assets *(Note 8)* | 1,475 | 3,017 | 3,330 |
| — Net impairment losses on financial assets *(Note 3.1(b))* | 10,886 | 3,517 | 16,874 |
| — Gains on disposal of property, plant and equipment and right-of-use assets *(Note 7)* | (8,356) | (757) | (202) |
| — Gains on disposal or liquidation of subsidiaries | – | (3,243) | (1,618) |

| | Year ended 31 December | | |
|---|---|---|---|
| | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| — Share-based payments | 291,117 | 3,215 | 2,600 |
| — Share of results of investment accounted for using equity method | 3,670 | 5,406 | 5,801 |
| — Gain on remeasurement of long-term investment | 834 | – | (118) |
| — Net fair value gains on financial assets at fair value through profit or loss | – | – | (4,548) |
| — Net impairment losses on associates and joint ventures accounted for using the equity method | – | – | 1,534 |
| Changes in working capital: | | | |
| — Contract liabilities | 4,761 | 9,569 | (60,201) |
| — Trade payable, other payables and accruals | 2,547 | 8,295 | (11,853) |
| — Trade receivables, long-term trade receivables, and other receivables and prepayments | (127,961) | (22,758) | 7,222 |
| — Inventories | (1,006) | 228 | 1,337 |
| **Net cash generated from operating activities** | 28,008 | 206,598 | 209,768 |

### *(b) Proceeds from Disposal of Properties, Plant and Equipment:*

| | Year ended 31 December | | |
|---|---|---|---|
| | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Net book value *(Note 16)* | 17,228 | 6,685 | 2,514 |
| Gains from disposals of property, plant and equipment *(Note 7)* | 8,356 | 757 | 202 |
| Movement in other receivables | 330 | (94) | (271) |
| Proceeds from the disposal | 25,914 | 7,348 | 2,445 |

### *(c) Reconciliation of Liabilities Arising from Financing Activities*

| | Liabilities from financing activities | | | | | |
|---|---|---|---|---|---|---|
| | **Bank borrowings** | **Loans from financial leasing companies** | **Loans from a third party** | **Lease liabilities** | **Financial instruments issued to investors** | **Total** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Total debt as at 1 January 2021** | 107,436 | 381,722 | 2,789 | 202,178 | 1,059,616 | 1,753,741 |
| Cash flows | (21,836) | (123,068) | (1,960) | (33,732) | – | (180,596) |
| Interest expenses | 4,711 | 32,379 | – | 11,110 | 14,180 | 62,380 |
| Termination of preferred right | – | – | – | – | (1,073,796) | (1,073,796) |
| Lease addition | – | – | – | 7,597 | – | 7,597 |
| **Total debt as at 31 December 2021** | 90,311 | 291,033 | 829 | 187,153 | – | 569,326 |
| Cash flows | 28,463 | (85,576) | (829) | (35,362) | – | (93,304) |
| Interest expenses | 5,299 | 22,754 | – | 9,888 | – | 37,941 |
| Lease addition | – | – | – | 21,685 | – | 21,685 |
| Lease termination | – | – | – | (52,527) | – | (52,527) |
| **Total debt as at 31 December 2022** | 124,073 | 228,211 | – | 130,837 | – | 483,121 |
| Cash flows | (49,734) | (109,461) | 522 | (34,331) | – | (193,004) |
| Interest expenses | 4,845 | 11,552 | – | 8,815 | – | 25,212 |
| Lease addition | – | – | – | 60,970 | – | 60,970 |
| Acquisiton of a subsidiary *(Note 38(ii))* | – | – | – | 11,369 | – | 11,369 |
| Lease termination | – | – | – | (1,649) | – | (1,649) |
| **Total debt as at 31 December 2023** | 79,184 | 130,302 | 522 | 176,011 | – | 386,019 |

## 36 Commitments

### *(a) Capital Commitments*

Significant capital expenditure commitments are set out below:

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Contracted but not recognised as liabilities | | | |
| — Commitments for acquisition of property, plant and equipment and intangible assets | 14,206 | 16,770 | 10,987 |

## 37 Transactions with non-controlling interests

### *(i) Transactions with Qiqihar Rimag Medical's non-controlling interests*

On 8 February 2023, the Company acquired an additional 15% of the issued shares of Qiqihar Rimag Medical for RMB18,000,000. Immediately prior to the purchase, the carrying amount of the existing 15% non-controlling interest in Qiqihar Rimag Medical Imaging Diagnosis Center Co., Ltd. was RMB6,623,000. The Group recognised a decrease in non-controlling interests of RMB6,623,000 and a decrease in equity attributable to owners of the parent of RMB11,377,000. The Company held 73% equity interest in Qiqihar Rimag Medical after the transaction. The effect on the equity attributable to the owners of Qiqihar Rimag Medical during the year is summarised as follows:

Details of the purchase consideration, the net assets acquired are as follows:

| | Year ended 31 December |
|---|---|
| | 2023 |
| | *RMB'000* |
| Carrying amount of non-controlling interests acquired | 6,623 |
| Consideration paid to non-controlling interests | (18,000) |
| Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity | (11,377) |

***(ii) Transactions with Hubei Zhiying's non-controlling interests***

On 7 August 2023, the Company acquired an additional 10% of the issued shares of Hubei Zhiying for RMB5,000,000. Immediately prior to the purchase, the carrying amount of the existing 10% non-controlling interest in Hubei Zhiying was RMB2,512,000. The Group recognised a decrease in non-controlling interests of RMB2,512,000 and a decrease in equity attributable to owners of the parent of RMB2,488,000. The Company held 90% equity interest in Hubei Zhiying after the transaction.

Details of the purchase consideration, the net assets acquired are as follows:

| | Year ended 31 December |
|---|---|
| | 2023 |
| | *RMB'000* |
| Carrying amount of non-controlling interests acquired | 2,512 |
| Consideration paid to non-controlling interests | (5,000) |
| Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity | (2,488) |

***(iii) Transactions with Qiqihar Nianzishan Rimag's non-controlling interests***

On 3 November 2023, the Company acquired an additional 7% of the issued shares of Qiqihar Nianzishan Rimag for RMB770,000. Immediately prior to the purchase, the carrying amount of the existing 7% non-controlling interest in Qiqihar Nianzishan Rimag was RMB338,000. The Group recognised a decrease in non-controlling interests of RMB338,000 and a decrease in equity attributable to owners of the parent of RMB432,000. The Company held 100% equity interest in Qiqihar Nianzishan Rimag after the transaction.

Details of the purchase consideration, the net assets acquired are as follows:

| | Year ended 31 December |
|---|---|
| | 2023 |
| | *RMB'000* |
| Carrying amount of non-controlling interests acquired | 338 |
| Consideration paid to non-controlling interests | (770) |
| Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity | (432) |

There were no transactions with non-controlling interests in 2021 and 2022.

## 38 Business combination

### *(i) Acquisition of Hubei Zhiying*

*(a) Summary of Acquisition*

During 2021, the Group had a step acquisition of Hubei Zhiying, a medical services enterprise. On 8 February 2021, the Group acquired 15% of equity interest of the target company, holding 40% of equity interest of the target company. And on 12 August 2021, the Group further acquired 40% of equity interest of the target company, holding 80% of equity interest of the target company in total and realizing control. The acquisition has significantly increased the Group's complements of the Group's existing medical service division.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

| | *RMB'000* |
|---|---|
| Purchase consideration | |
| Transfer from an investment accounted for using the equity method *(Note 12)* | 15,239 |
| Cash paid (b) | 16,000 |
| | 31,239 |

The assets and liabilities recognised as a result of the acquisition are as follows:

| | Fair value |
|---|---|
| | *RMB'000* |
| Cash | 7,742 |
| Trade receivables | 5,310 |
| Inventories | 248 |
| Plant and equipment | 6,290 |
| Intangible assets: license | 4,800 |
| Intangible assets: client relationships | 5,000 |
| Intangible assets: others | 157 |
| Trade and other payables | (2,630) |
| Deferred income tax liability | (2,450) |
| Employment benefit | (342) |
| Net identifiable assets acquired | 24,125 |
| Less: non-controlling interests | (4,825) |
| Add: goodwill | 11,939 |
| Net assets acquired | 31,239 |

The goodwill is attributable to the workforce and the high profitability of the acquired business. It will not be deductible for tax purposes.

(i) Revenue and profit contribution

The acquired business contributed revenues of RMB5,421,000 and net profit of negative RMB198,000 to the Group for the period from 1 September to 31 December 2021.

If the acquisition had occurred on 1 January 2021, consolidated pro-forma revenue and profit for the year ended 31 December 2021 would have been RMB598,398,000 and negative RMB383,245,000 respectively. These amounts have been calculated using the subsidiary's results and adjusting them for: the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2021, together with the consequential tax effects.

**(b) Purchase Consideration — Cash Outflow**

| | *RMB'000* |
|---|---|
| Consideration paid in cash | 16,000 |
| Less: cash and cash equivalent balances acquired | (7,742) |
| Net outflow of cash-investing activities | 8,258 |

***(ii) Acquisition of Wenzhou Yiying***

*(a) Summary of acquisition*

On 5 August 2023, the Group acquired 60% of equity interest of Wenzhou Yiying, a medical services enterprise. The acquisition has significantly increased the Group's complements of the Group's existing medical service division.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

| | *RMB'000* |
|---|---|
| Purchase consideration | |
| Cash prepaid in 2022 *(Note 22(d))* | 21,600 |
| Cash paid in 2023 *(b)* | 2,400 |
| | 24,000 |

The assets and liabilities recognised as a result of the acquisition are as follows:

| | Fair value |
|---|---|
| | *RMB'000* |
| Cash | 96 |
| Trade receivables | 1,430 |
| Prepayments, deposits and other receivables | 43 |
| Inventories | 14 |
| Right-of-use assets | 10,919 |
| Plant, propety and equipment | 41,200 |
| Intangible assets: license | 5,300 |
| Intangible assets: others | 190 |
| Trade and other payables | (12,287) |
| Lease liabilities | (11,369) |
| Deferred income tax liability | (1,325) |
| Other payables and accruals | (6,365) |
| Net identifiable assets acquired | 27,846 |
| Less: non-controlling interests | (11,138) |
| Add: goodwill | 7,292 |
| Net assets acquired | 24,000 |

The goodwill is attributable to the workforce and the high profitability of the acquired business. It will not be deductible for tax purposes.

(i) Revenue and profit contribution

The acquired business contributed revenues of RMB2,922,000 and net profit of negative RMB1,865,000 to the Group for the period from 1 August to 31 December 2023.

If the acquisition had occurred on 1 January 2023, consolidated pro-forma revenue and profit for the year ended 31 December 2023 would have been RMB932,051,000 and RMB57,848,000 respectively. These amounts have been calculated using the subsidiary's results and adjusting them for: the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2023, together with the consequential tax effects.

*(b) Purchase consideration cash outflow*

| | *RMB'000* |
|---|---|
| Consideration paid in cash | 24,000 |
| Less: cash and cash equivalent balances acquired | (96) |
| Net outflow of cash-investing activities | 23,904 |

## 39 Related Party Transactions

Parties are considered to be related in one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the Track Record Period, and balances arising from related party transactions as at 31 December 2021, 2022 and 2023 respectively.

The major related parties that had transactions and balances with the Group were as follows:

### *(a) Related Parties of the Company and the Group*

| Name of related parties | Relationship |
|---|---|
| Yinghe (Shanghai) Medical Technology Co., Ltd. (影核(上海)醫療科技有限公司) *(i)* | Associate |
| Shanghai Shihe Intelligent Electronic Technology Co., Ltd. (上海實和智能電子科技有限公司) *(Note 12(b(ii)))* | Joint venture |
| Hanji Health Management (Shanghai) Co., Ltd. (漢吉健康管理(上海)有限公司) | Associate |
| Shanghai Zhengying Medical Imaging Diagnosis Center Co., Ltd. (上海正影醫學影像診斷中心有限公司) *(ii)* | Associate |
| Ningde Jiaotou Yimai Sunshine Medical Imaging Diagnosis Center Co., Ltd. (寧德市交投一脈陽光醫學影像診斷中心有限公司) *(iii)* | Associate |
| Beijing Yimai Wanfang Clinic Co., Ltd. (北京一脈萬方診所有限公司) | Associate |
| Beijing Qingying Huakang Technology Co., Ltd. (北京清影華康科技有限公司) *(Note 22(d))* | Associate |
| Ganzhou Tiangao Rimag Medical Imaging Co., Ltd. (贛州天羔一脈陽光醫學影像有限公司) *(iv)* | Associate |
| Hubei Zhiying Rimag Medical Technology Co., Ltd. (湖北智影一脈陽光醫療科技有限公司) *(v)* | Joint venture |
| Henan General Yellow River Medical Co., Ltd. (河南通用黃河醫療有限公司) *(vi)* | Joint venture |
| Jiangxi Tianyue Technology Co., Ltd. (江西天越科技有限公司) *(vii)* | A company controlled by a Director |
| Wuhan Rong Commune Medical Equipment Co., Ltd. (武漢融公社醫療器械有限公司) *(viii)* | A company controlled by a Director |
| Jiangxi Zhongtong Bite Medical Information Technology Co., Ltd. (江西中通比特醫學信息技術有限公司) *(ix)* | A company controlled by a Director |

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the Track Record Period, and balances arising from related party transactions as at the respective balance sheet dates.

(i) In June 2023, Yinghe (Shanghai) Medical Technology Co., Ltd. was no longer a related party of the Group because it was transferred from an associate to the financial asset at FVOCI.

(ii) In April 2022, the Gorup acquired 15% of equity interest of Shanghai Zhengying Medical Imaging Diagnosis Center Co., Ltd., which was transferred to a related party of the Group as an associate.

(iii) In May 2021, Ningde Jiaotou Yimai Sunshine Medical Imaging Diagnosis Center Co., Ltd. was established by a subsidiary of the Group together with a third party, which then was transferred to a related party of the Group as an associate.

(iv) In June 2021, Ganzhou Tiangao was established by a subsidiary of the Group together with a third party, which then was transferred to a related party of the Group as an associate. The Group held 35% of equity interest of Ganzhou Tiangao. In August 2023, the Group acquired remaing 65% of equity interst of Ganzhou Tiangao, and it became the subsidiary of the Group.

(v) Hubei Zhiying was transferred from a joint venture to a subsidiary from 12 August 2021 (Note 38(a)).

(vi) In August 2021, Henan General Yellow River Medical Co., Ltd. was established by a subsidiary of the Group together with a third party, which then was transferred to a related party of the Group as a joint venture. In January 2022, the Group disposed the aforesaid subsidiary, and Henan General Yellow River Medical Co., Ltd. was no longer a related party of the Group.

(vii) In November 2021, Mr. Wang, being the beneficial owner of Jiangxi Tianyue Technology Co., Ltd., resigned from the Group as a director. Therefore, Jiangxi Tianyue Technology Co., Ltd. was no longer a related party of the Group.

(viii) In November 2021, Mr. Chen, being the beneficial owner of Wuhan Rong Commune Medical Equipment Co., Ltd., appointed as the chief executive officer of the Group. Therefore, Wuhan Rong Commune Medical Equipment Co., Ltd. was transferred to a related party of the Group.

(ix) In September 2021, Mr. Wang, who had significant influence of Jiangxi Zhongtong Bite Medical Information Technology Co., Ltd. ("**Zhongtong Bite**"), ceased to have any shareholding interest in Zhongtong Bite and neither held directorship or chief executive role in Zhongtong Bite. In addition, Mr. Wang resigned from the Group as a director in November 2021. Therefore, Zhongtong Bite was no longer a related party of the Group.

### *(b) Transactions with Related Parties*

| | Year ended 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Sales of services and goods** | | | |
| Ningde Jiaotou Yimai Sunshine Medical Imaging Diagnosis Center Co., Ltd. | 1,948 | 11,337 | 22,155 |
| Beijing Yimai Wanfang Clinic Co., Ltd. | 136 | 207 | 1,048 |
| Shanghai Zhengying Medical Imaging Diagnosis Center Co., Ltd.. | – | 24,126 | 141 |
| Henan General Yellow River Medical Co., Ltd. | 6,311 | – | – |
| Yinghe (Shanghai) Medical Technology Co., Ltd.. | 16 | 79 | – |
| Ganzhou Tiangao Rimag Medical Imaging Co., Ltd. | – | 2,832 | – |
| | 8,411 | 38,581 | 23,344 |

| | Year ended 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Purchase of services and products** | | | |
| Hanji Health Management (Shanghai) Co., Ltd. | – | – | 2,357 |
| Shanghai Zhengying Medical Imaging Diagnosis Center Co., Ltd. | – | – | 179 |
| Shanghai Shihe Intelligent Electronic Technology Co., Ltd. | 1,171 | 521 | 162 |
| Wuhan Rong Commune Medical Equipment Co., Ltd. | 25,482 | 43,156 | – |
| Jiangxi Zhongtong Bite Medical Information Technology Co., Ltd. | 53 | – | – |
| Jiangxi Tianyue Technology Co., Ltd. | 892 | – | – |
| Hubei Zhiying Rimag Medical Technology Co., Ltd. | – | – | – |
| Yinghe (Shanghai) Medical Technology Co., Ltd. | – | 442 | – |
| | 27,598 | 44,119 | 2,698 |
| **Purchase of Right-of-Use Assets** | | | |
| Jiangxi Tianyue Technology Co., Ltd. | 1,915 | – | – |
| **Interest expense** | | | |
| Jiangxi Tianyue Technology Co., Ltd. | 91 | – | – |

### *(c) Key Management Compensation*

Key management includes Directors (executive and non-executive), chief executive officer, the Company secretary, and the executive president of imaging hospital. The compensation paid or payable to key management for employee services is as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| — Salaries, wages and bonuses | 2,303 | 3,597 | 4,137 |
| — Pension costs-defined contribution plans | 63 | 77 | 166 |
| — Housing fund, medical insurance and other social insurance | 50 | 58 | 238 |
| — Share-based payments expenses | 97,211 | 64 | 14 |
| | 99,627 | 3,796 | 4,555 |

For the year ended 31 December 2021, 2022 and 2023, the salaries, bonus and other welfares disclosed above include RMB266,000, RMB326,000 and RMB282,000 payables which were unpaid as at year end and are included in Other payables and accruals (Note 30).

***(d) Balances with Related Parties***

| | As at 31 December | | |
|---|---|---|---|
| | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Trade related** | | | |
| **Trade receivables and long-term trade receivables** | | | |
| Shanghai Zhengying Medical Imaging Diagnosis Center Co., Ltd. *(i)* | – | 27,133 | 23,907 |
| Ningde Jiaotou Yimai Sunshine Medical Imaging Diagnosis Center Co., Ltd. | 1,292 | 495 | 2,207 |
| Yinghe (Shanghai) Medical Technology Co., Ltd | 16 | – | – |
| Hubei Zhiying Rimag Medical Technology Co., Ltd. | – | – | – |
| Beijing Yimai Wanfang Clinic Co., Ltd. | 26 | 183 | 409 |
| Henan General Yellow River Medical Co., Ltd. | 117 | – | – |
| Less: allowance for expected credit losses *(Note 3.1(b))* | (6) | (157) | (848) |
| | 1,445 | 27,654 | 25,675 |

(i) The amounts due from Shanghai Zhengying Medical Imaging Diagnosis Center Co., Ltd. were the long-term trade receivables derived from instalment sales.

| | As at 31 December | | |
|---|---|---|---|
| | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-trade related** | | | |
| **Other receivable and prepayments** | | | |
| *— Other receivable* | | | |
| Shanghai Zhengying Medical Imaging Diagnosis Center Co., Ltd. *(i)* | – | – | 3,450 |
| *— Prepayments* | | | |
| Hanji Health Management (Shanghai) Co., Ltd. *(ii)* | – | 4,200 | 3,200 |
| **Trade related** | | | |
| **Other receivable and prepayments** | | | |
| *— Other receivable* | | | |
| Ningde Jiaotou Yimai Sunshine Medical Imaging Diagnosis Center Co., Ltd. | – | – | 236 |
| *— Prepayments* | | | |
| Shanghai Zhengying Medical Imaging Diagnosis Center Co., Ltd.. | – | – | 40 |
| Wuhan Rong Commune Medical Equipment Co., Ltd. | 24,700 | 346 | – |
| Less: allowance for expected credit losses *(Note 3.1(b))* | – | – | (12) |
| | 24,700 | 4,546 | 6,914 |

(i) The amounts due from related parties of RMB3,450,000 are unsecured, bear an effective interest rate of 5% per annum, and will be repayable in 2025 according to the contract.

(ii) The outstanding contracts related to non-trade balances of prepayments will be settled in 2024.

| | As at 31 December | | |
|---|---|---|---|
| | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Trade related** | | | |
| **Other payable and accruals** | | | |
| Wuhan Rong Commune Medical Equipment Co., Ltd. | – | – | 689 |
| **Non-trade related** | | | |
| **Other payable and accruals** | | | |
| Wuhan Rong Commune Medical Equipment Co., Ltd. | 5,376 | 5,445 | – |
| Shanghai Shihe Intelligent Electronic Technology Co., Ltd. | 60 | – | 13 |
| Yinghe (Shanghai) Medical Technology Co., Ltd. | – | 500 | – |
| | 5,436 | 5,945 | 702 |

## 40 Benefits and interests of directors

### *(a) Benefits and Interests of Directors*

The remuneration of each director of the Company paid/payable by the Group for the year ended 31 December 2021, 2022 and 2023 are set out as follows:

| Name of Directors | Basic salaries | Bonuses | Welfare, medical and other expenses | Share-based payment | Total |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Year ended 31 December 2021** | | | | | |
| **Chairman** | | | | | |
| Mr. Xu Ke | 391 | – | – | – | 391 |
| **Directors** | | | | | |
| Mr. Liu Senlin | – | – | – | – | – |
| Mr. Xu Zhongchao | – | – | – | – | – |
| Mr. Ding Yiming | – | – | – | – | – |
| Mr. Feng Xie | 463 | – | 8 | 22,080 | 22,551 |
| Ms. He Yingfei | 490 | 98 | 11 | 33,098 | 33,697 |
| Mr. Yin Hang | – | – | – | – | – |
| Ms. Wang Yinuo | – | – | – | – | – |
| Mr. Cao Dong | – | – | – | – | – |
| | 1,344 | 98 | 19 | 55,178 | 56,639 |
| **Year ended 31 December 2022** | | | | | |
| **Chairman** | | | | | |
| Mr. Xu Ke | 728 | – | – | – | 728 |
| **Directors** | | | | | |
| Ms. He Yingfei | 599 | 80 | 12 | 64 | 755 |
| Mr. Feng Xie | 601 | 38 | 12 | – | 651 |
| Mr. Liu Senlin | – | – | – | – | – |
| Mr. Ding Yiming | – | – | – | – | – |
| Ms. Wang Yinuo | – | – | – | – | – |
| Mr. Xu Zhongchao | – | – | – | – | – |
| Mr. Yin Hang | – | – | – | – | – |
| Mr. Cao Dong | – | – | – | – | – |
| | 1,928 | 118 | 24 | 64 | 2,134 |

| Name of Directors | Basic salaries | Bonuses | Welfare, medical and other expenses | Share-based payment | Total |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Year ended 31 December 2023** | | | | | |
| **Chairman** | | | | | |
| Mr. Xu Ke | 727 | 252 | – | – | 979 |
| **Directors** | | | | | |
| Mr. Chen Zhaoyang *(Note 2)* | 644 | 168 | 109 | – | 921 |
| Ms. He Yingfei | 641 | 144 | 63 | 14 | 862 |
| Mr. Feng Xie | 602 | 193 | 101 | – | 896 |
| Mr. Liu Senlin | – | – | – | – | – |
| Mr. Mao Xiaojun *(Note 2)* | – | – | – | – | – |
| Mr. Ding Yiming *(Note 1)* | – | – | – | – | – |
| Ms. Wang Yinuo *(Note 1)* | – | – | – | – | – |
| Mr. Xu Zhongchao *(Note 1)* | – | – | – | – | – |
| Mr. Yin Hang *(Note 1)* | – | – | – | – | – |
| Mr. Cao Dong *(Note 1)* | – | – | – | – | – |
| | 2,614 | 757 | 273 | 14 | 3,658 |

*Note 1:* Mr. Ding Yiming, Ms. Wang Yinuo, Mr. Xu Zhongchao, Mr. Yin Hang and Mr. Cao Dong resigned as the directors of the company on 10 May 2023.

*Note 2:* Mr. Chen Zhaoyang and Mr. Mao Xiaojun were appointed as the director of the company on 11 May 2023.

### *(b) Directors' Retirement Benefits*

There were no retirement benefits paid to or receivable by any Director in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries during the Track Record Period.

### *(c) Directors' Termination Benefits*

There were no termination benefits paid to or receivable by any Director during the Track Record Period.

### *(d) Consideration Provided to Third Parties for Making Available Directors' Services*

No payment was made to the Directors for making available the services of them as a Director of the Company during the Track Record Period.

### *(e) Information About Loans, Quasi-loans and Other Dealings in Favour of Directors*

Other than those disclosed in note 39(c), there were no loans, quasi-loans and other dealings entered into between the Group and the Directors and in favour of the Directors during the Track Record Period.

### *(f) Directors' Material Interests in Transactions, Arrangements or Contracts*

Other than those as disclosed in note 39(b) and note 40, there are no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Track Record Period.

## 41 Contingencies

As at 31 December 2021, 2022 and 2023, save as disclosed in the Historical Financial Information in respect of bank borrowing guarantee (Note 31), the Group and the Company had no other significant contingencies.

## 42 Subsequent Events

There are no material subsequent events undertaken by or impacted on the Company or the Group subsequent to 31 December 2023 and up to the date of this report.

## III Subsequent Financial Statements

No audited financial statements have been prepared by the Company or any of the companies comprising the Group in respect of any period subsequent to 31 December 2023 and up to the date of this report.