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 Joint Sponsors 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]

[To insert the firm's letterhead]

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ARRAIL GROUP LIMITED, MORGAN STANLEY ASIA LIMITED AND UBS SECURITIES HONG KONG LIMITED

Introduction

We report on the historical financial information of Arrail Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-[●], which comprises the consolidated balance sheets as at 31 March 2019, 2020 and 2021 and 30 September 2021, the company balance sheets as at 31 March 2019, 2020 and 2021 and 30 September 2021, and the consolidated income statements, the consolidated statements of comprehensive loss, the consolidated statements of changes in deficit in equity and the consolidated statements of cash flows for each of the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2021 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the "Document") in connection with the initial [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of 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 March 2019, 2020 and 2021 and 30 September 2021 and the consolidated financial position of the Group as at 31 March 2019, 2020 and 2021 and 30 September 2021 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.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated income statement, the consolidated statement of comprehensive loss, the consolidated statement of changes in deficit in equity and the consolidated statement of cash flows for the six months ended 30 September 2020 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the presentation and preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board ("IAASB"). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, 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 38 to the Historical Financial Information which states that no dividends have been paid by Arrail Group Limited 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 the 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 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 Income Statements

		Year ended 31 March			Six months ended 30 September	
	Note	**2019**	**2020**	**2021**	**2020**	**2021**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue	*6*	1,080,291	1,099,868	1,515,127	720,321	841,339
Cost of sales	*7*	(916,519)	(988,477)	(1,150,707)	(537,514)	(653,882)
Gross profit		163,772	111,391	364,420	182,807	187,457
Selling and distribution expenses	*7*	(105,576)	(84,825)	(79,122)	(37,350)	(38,377)
Administrative expenses	*7*	(103,878)	(112,680)	(130,330)	(71,433)	(103,018)
Research and development expenses	*7*	(19,111)	(27,495)	(27,311)	(8,674)	(10,319)
Net (impairment loss)/reversal of impairment loss on financial assets	*3.1.2*	(14,782)	(16,706)	(5,476)	(2,087)	4,523
Other (losses)/gains – net	*9*	(4,468)	(3,129)	2,286	2,782	2,810
Operating (loss)/profit		(84,043)	(133,444)	124,467	66,045	43,076
Finance income	*10*	8,796	9,326	7,581	4,438	5,979
Finance costs	*10*	(37,458)	(48,011)	(51,914)	(23,790)	(32,251)
Finance costs – net		(28,662)	(38,685)	(44,333)	(19,352)	(26,272)
Share of net (loss)/profit of associates and joint ventures accounted for using the equity method		(9,939)	(2,716)	2,602	267	829
Re-designation to Series E preferred shares from issued ordinary and preferred shares	*25*	–	–	(196,712)	–	–
Fair value change of convertible redeemable preferred shares	*29*	(192,818)	(146,049)	(424,289)	(215,234)	(428,109)
Fair value change of bond	*29.1*	–	–	(16,677)	(5,309)	(22,650)
Fair value change of warrants	*29.2*	–	–	(26,802)	(7,527)	(13,686)
Fair value change of derivative liabilities	*29.3*	–	–	–	–	(1,129)
Fair value difference between termination of the warrants and recognition of derivative liabilities	*29.3*	–	–	–	–	(11,136)
Loss before income tax		(315,462)	(320,894)	(581,744)	(181,110)	(459,077)
Income tax credit/(expenses)	*12*	11,293	(4,931)	(16,018)	(6,812)	(5,110)
Loss for the year/period		(304,169)	(325,825)	(597,762)	(187,922)	(464,187)
Loss attributable to:						
Owners of the Company		(301,178)	(316,854)	(599,420)	(189,524)	(468,429)
Non-controlling interests		(2,991)	(8,971)	1,658	1,602	4,242
		(304,169)	(325,825)	(597,762)	(187,922)	(464,187)
Loss per share for loss attributable to owners of the Company (expressed in RMB per share)						
Basic and diluted loss per share, for class 1 and class 2 ordinary shares	*13*	(102.70)	(108.04)	(205.36)	(64.62)	(167.72)

Consolidated Statements of Comprehensive Loss

	Note	Year ended 31 March			Six months ended 30 September	
		2019	**2020**	**2021**	**2020**	**2021**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Loss for the year/period		(304,169)	(325,825)	(597,762)	(187,922)	(464,187)
Other comprehensive income/(loss)						
Items that will not be reclassified to profit or loss						
Fair value change of convertible redeemable preferred shares due to own credit risk	*29*	17,382	31,326	4,457	21,147	(25,197)
Fair value change of bond due to own credit risk	*29.1*	–	–	(4,711)	(5,998)	(26)
Currency translation differences		(107,652)	(101,318)	179,729	89,179	31,989
Other comprehensive (loss)/income for the year/period, net of tax		(90,270)	(69,992)	179,475	104,328	6,766
Total comprehensive loss for the year/period		(394,439)	(395,817)	(418,287)	(83,594)	(457,421)
Total comprehensive loss attributable to:						
Owners of the Company		(391,448)	(386,846)	(419,945)	(85,196)	(461,663)
Non-controlling interests		(2,991)	(8,971)	1,658	1,602	4,242
		(394,439)	(395,817)	(418,287)	(83,594)	(457,421)

Consolidated Balance Sheets

		As at 31 March			As at 30 September
	Note	**2019**	**2020**	**2021**	**2021**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS					
Non-current assets					
Property, plant and equipment	*14*	330,479	312,154	260,842	286,150
Right-of-use assets	*15(a)*	608,882	595,950	595,114	630,315
Intangible assets	*16*	34,051	32,024	26,607	28,341
Goodwill	*17*	89,416	96,062	98,467	98,467
Deferred tax assets	*28*	30,778	34,303	28,630	30,036
Prepayments	*18*	2,441	11,972	19,002	4,170
Investments accounted for using the equity method	*11*	13,569	11,508	14,116	15,675
Financial assets at fair value through profit or loss	*23*	–	–	30,000	30,000
Other receivables	*22*	179,335	188,900	185,015	102,979
Total non-current assets		1,288,951	1,282,873	1,257,793	1,226,133
Current assets					
Inventories	*20*	38,455	37,500	39,036	51,850
Prepayments	*18*	78,040	71,440	104,976	125,950
Trade and other receivables	*22*	111,745	105,017	155,935	238,801
Financial assets at fair value through profit or loss	*23*	12,324	77,104	51,004	6,034
Restricted cash	*24(b)*	144,097	156,439	65,706	97,304
Time deposits with original maturity over three months	*24(b)*	33,667	–	–	2,000
Cash and cash equivalents	*24(a)*	168,457	172,618	676,304	1,120,584
Total current assets		586,785	620,118	1,092,961	1,642,523
Total assets		1,875,736	1,902,991	2,350,754	2,868,656

		As at 31 March			As at 30 September
	Note	**2019**	**2020**	**2021**	**2021**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
DEFICIT IN EQUITY					
Share capital	*25*	9,938	9,938	9,447	24,882
Reserves	*26*	140,959	71,380	239,184	230,515
Accumulated losses		(1,829,231)	(2,146,085)	(2,748,503)	(3,216,932)
Deficit in equity attributable to owners of the Company		(1,678,334)	(2,064,767)	(2,499,872)	(2,961,535)
Non-controlling interests		41,801	36,664	43,295	50,154
Total deficit in equity		(1,636,533)	(2,028,103)	(2,456,577)	(2,911,381)
LIABILITIES					
Non-current liabilities					
Borrowings	*27*	–	33,600	23,868	12,050
Lease liabilities	*15(a)*	526,393	509,590	511,007	551,131
Contract liabilities	*6(b)*	11,180	13,697	11,878	24,531
Deferred tax liabilities	*28*	4,138	3,843	3,125	2,630
Convertible redeemable preferred shares	*29*	2,230,268	–	–	4,072,152
Total non-current liabilities		2,771,979	560,730	549,878	4,662,494
Current liabilities					
Trade and other payables	*30*	278,332	266,470	294,668	324,877
Contract liabilities	*6(b)*	163,983	236,263	209,521	193,302
Current tax liabilities		4,451	5,891	9,565	8,957
Borrowings	*27*	168,636	254,400	194,623	189,507
Lease liabilities	*15(a)*	124,888	143,936	132,140	119,972
Convertible redeemable preferred shares	*29*	–	2,463,404	3,178,465	–
Bond	*29.1*	–	–	167,345	184,569
Warrants	*29.2*	–	–	71,126	–
Derivative liabilities	*29.3*	–	–	–	96,359
Total current liabilities		740,290	3,370,364	4,257,453	1,117,543
Total liabilities		3,512,269	3,931,094	4,807,331	5,780,037
Total deficit in equity and liabilities		1,875,736	1,902,991	2,350,754	2,868,656

Company Balance Sheets

	Note	As at 31 March			As at 30 September
		2019	2020	2021	2021
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS					
Non-current assets					
Other receivables	*22*	86,731	90,400	82,819	–
Investments in subsidiaries	*19*	280,019	320,147	342,131	337,658
Total non-current assets		366,750	410,547	424,950	337,658
Current assets					
Other receivables	*22*	440,115	450,871	387,516	442,006
Prepayments		–	–	1,957	3,159
Time deposits with original maturity over three months	*24(b)*	33,667	–	–	–
Cash and cash equivalents	*24(a)*	68,760	59,420	413,074	908,898
Total current assets		542,542	510,291	802,547	1,354,063
Total assets		909,292	920,838	1,227,497	1,691,721
DEFICIT IN EQUITY					
Share capital	*25*	9,938	9,938	9,447	24,882
Reserves	*26*	179,019	137,880	266,074	249,826
Accumulated losses		(1,548,060)	(1,693,693)	(2,349,533)	(2,828,936)
Total deficit in equity		(1,359,103)	(1,545,875)	(2,074,012)	(2,554,228)
LIABILITIES					
Non-current liabilities					
Convertible redeemable preferred shares	*29*	2,230,268	–	–	4,072,152
Total non-current liabilities		2,230,268	–	–	4,072,152
Current liabilities					
Other payables	*30*	38,127	3,309	51,918	77,438
Convertible redeemable preferred shares	*29*	–	2,463,404	3,178,465	–
Warrants	*29.2*	–	–	71,126	–
Derivative liabilities	*29.3*	–	–	–	96,359
Total current liabilities		38,127	2,466,713	3,301,509	173,797
Total liabilities		2,268,395	2,466,713	3,301,509	4,245,949
Total deficit in equity and liabilities		909,292	920,838	1,227,497	1,691,721

Consolidated Statements of Changes in Deficit in Equity

	Note	Attributable to owner of the Company					
		Share capital	Reserves	Accumulated losses	Total	Non-controlling interests	Total equity
		RMB'000 *(Note 25)*	*RMB'000* *(Note 26)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 April 2018 (unaudited)		9,938	231,117	(1,528,053)	(1,286,998)	37,029	(1,249,969)
Comprehensive loss							
Loss for the year		–	–	(301,178)	(301,178)	(2,991)	(304,169)
Other comprehensive income/(loss)							
Fair value change on convertible redeemable preferred shares due to own credit risk	*29*	–	17,382	–	17,382	–	17,382
Currency translation differences		–	(107,652)	–	(107,652)	–	(107,652)
Total comprehensive loss for the year		–	(90,270)	(301,178)	(391,448)	(2,991)	(394,439)
Transactions with equity holders							
Share-based compensation		–	1,291	–	1,291	–	1,291
Acquisition of a subsidiary	*16*	–	–	–	–	4,746	4,746
Contribution from non-controlling shareholders		–	–	–	–	4,150	4,150
Dividends to non-controlling shareholders		–	–	–	–	(1,133)	(1,133)
Others		–	(1,179)	–	(1,179)	–	(1,179)
Balance at 31 March 2019		9,938	140,959	(1,829,231)	(1,678,334)	41,801	(1,636,533)
Balance at 1 April 2019		9,938	140,959	(1,829,231)	(1,678,334)	41,801	(1,636,533)
Comprehensive loss							
Loss for the year		–	–	(316,854)	(316,854)	(8,971)	(325,825)
Other comprehensive income/(loss)							
Fair value change on convertible redeemable preferred shares due to own credit risk	*29*	–	31,326	–	31,326	–	31,326
Currency translation differences		–	(101,318)	–	(101,318)	–	(101,318)
Total comprehensive loss for the year		–	(69,992)	(316,854)	(386,846)	(8,971)	(395,817)
Transactions with equity holders							
Share-based compensation		–	445	–	445	–	445
Acquisition of subsidiaries	*31(a)*	–	–	–	–	2,173	2,173
Contribution from non-controlling shareholders		–	–	–	–	2,200	2,200
Dividends to non-controlling shareholders		–	–	–	–	(539)	(539)
Others		–	(32)	–	(32)	–	(32)
Balance at 31 March 2020		9,938	71,380	(2,146,085)	(2,064,767)	36,664	(2,028,103)

		Attributable to owner of the Company					
	Note	**Share capital**	**Reserves**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
		RMB'000 *(Note 25)*	*RMB'000* *(Note 26)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 April 2020		9,938	71,380	(2,146,085)	(2,064,767)	36,664	(2,028,103)
Comprehensive (loss)/income							
Loss for the year		–	–	(599,420)	(599,420)	1,658	(597,762)
Other comprehensive income/(loss)							
Fair value change on convertible redeemable preferred shares due to own credit risk	*29*	–	4,457	–	4,457	–	4,457
Fair value change on bond due to own credit risk	*29.1*	–	(4,711)	–	(4,711)	–	(4,711)
Currency translation differences		–	179,729	–	179,729	–	179,729
Total comprehensive income/(loss) for the year		–	179,475	(599,420)	(419,945)	1,658	(418,287)
Transactions with equity holders							
Issuance of shares upon fulfilment of vesting conditions of share based compensation		327	(327)	–	–	–	–
Re-designation to Series E Preferred Shares from issued ordinary shares		(818)	(9,729)	–	(10,547)	–	(10,547)
Purchase of additional interests		–	–	(2,998)	(2,998)	–	(2,998)
Acquisition of a subsidiary	*31(c)*	–	–	–	–	997	997
Non-controlling interests acquired	*37(a)*	–	(3,131)	–	(3,131)	(474)	(3,605)
Non-controlling interests disposed	*37(b)*	–	2,402	–	2,402	968	3,370
Contribution from non-controlling shareholders		–	–	–	–	3,586	3,586
Dividends to non-controlling shareholders		–	–	–	–	(104)	(104)
Others		–	(886)	–	(886)	–	(886)
Balance at 31 March 2021		9,447	239,184	(2,748,503)	(2,499,872)	43,295	(2,456,577)

	Note	Attributable to owner of the Company				Non-controlling interests	Total equity
		Share capital	Reserves	Accumulated losses	Total		
		RMB'000 *(Note 25)*	*RMB'000* *(Note 26)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 April 2021		9,447	239,184	(2,748,503)	(2,499,872)	43,295	(2,456,577)
Comprehensive (loss)/income							
Loss for the period		–	–	(468,429)	(468,429)	4,242	(464,187)
Other comprehensive (loss)/income							
Fair value change of convertible redeemable preferred shares due to own credit risk	*29*	–	(25,197)	–	(25,197)	–	(25,197)
Fair value change of bond due to own credit risk	*29.1*	–	(26)	–	(26)	–	(26)
Currency translation differences		–	31,989	–	31,989	–	31,989
Total comprehensive income/(loss) for the period		–	6,766	(468,429)	(461,663)	4,242	(457,421)
Transactions with equity holders							
Issuance of ordinary shares for restrictive share unit scheme		15,435	(15,435)	–	–	–	–
Non-controlling interests disposed	*37(b)*	–	–	–	–	2,800	2,800
Dividends to non-controlling shareholders		–	–	–	–	(183)	(183)
Balance at 30 September 2021		24,882	230,515	(3,216,932)	(2,961,535)	50,154	(2,911,381)
Balance at 1 April 2020		9,938	71,380	(2,146,085)	(2,064,767)	36,664	(2,028,103)
Comprehensive (loss)/income							
Loss for the period		–	–	(189,524)	(189,524)	1,602	(187,922)
Other comprehensive income/(loss)							
Fair value change of convertible redeemable preferred shares due to own credit risk		–	21,147	–	21,147	–	21,147
Fair value change of bond due to own credit risk		–	(5,998)	–	(5,998)	–	(5,998)
Currency translation differences		–	89,179	–	89,179	–	89,179
Total comprehensive income/(loss) for the period		–	104,328	(189,524)	(85,196)	1,602	(83,594)
Transactions with equity holders							
Non-controlling interests acquired	*37(a)*	–	1,332	–	1,332	(3,675)	(2,343)
Non-controlling interests disposed	*37(b)*	–	(276)	–	(276)	1,396	1,120
Contribution from non-controlling shareholders		–	–	–	–	1,500	1,500
Dividends to non-controlling shareholders		–	–	–	–	(104)	(104)
Balance at 30 September 2020 (unaudited)		9,938	176,764	(2,335,609)	(2,148,907)	37,383	(2,111,524)

Consolidated Statements of Cash Flows

	Note	Year ended 31 March			Six months ended 30 September	
		2019	2020	2021	2020	2021
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Cash flows from operating activities						
Cash generated from operations	*32(a)*	140,454	161,605	250,259	125,467	152,847
Income tax paid		(3,645)	(7,311)	(7,389)	(772)	(7,619)
Net cash generated from operating activities		136,809	154,294	242,870	124,695	145,228
Cash flows from investing activities						
Receipt/(payment) for acquisition of subsidiaries, net of cash acquired	*16, 31*	1,000	(11,143)	(1,951)	–	–
Payments for investments in associates and joint ventures		(22,960)	(655)	(6)	–	(900)
Payments for property, plant and equipment		(152,944)	(57,840)	(29,367)	(19,446)	(44,278)
Payments for financial assets at fair value through profit or loss		(184,020)	(289,110)	(1,134,830)	(670,530)	(40,150)
Payments for intangible assets		(575)	(1,341)	(475)	(397)	(4,908)
Loans to employees		(23,853)	(11,980)	–	–	–
Repayment of loans to employees		–	53	1,595	550	2,406
Placement of pledged deposits		(144,317)	(153,816)	(67,927)	–	(31,598)
Redemption of pledged deposits from bank		68,680	150,244	149,997	–	–
Proceeds from sale of financial assets at fair value through profit and loss		176,313	224,984	1,137,068	542,043	85,413
Proceeds from sale of property, plant and equipment		1,121	1,267	3,298	2,529	1,802
(Payment)/receipt of time deposits with original maturity over three months		(33,667)	33,667	–	–	(2,000)
Interest received		5,913	6,076	4,351	2,979	3,657
Net cash (used in)/generated from investing activities		(309,309)	(109,594)	61,753	(142,272)	(30,556)
Cash flows from financing activities						
Proceeds from borrowings		168,636	298,000	297,858	121,728	69,134
Repayment of borrowings		(7,000)	(178,636)	(367,367)	(75,493)	(87,585)
Proceeds from issuance of convertible redeemable preferred shares		–	–	296,867	–	475,585
Proceeds from issuance of bond and warrants		–	–	200,000	200,000	–
Principal elements of lease payments		(97,885)	(121,329)	(156,576)	(66,473)	(86,578)
Dividends paid to non-controlling shareholders		(1,133)	(539)	(104)	(104)	(183)
Capital contribution from non-controlling shareholders		4,150	2,200	3,586	1,500	–
Transaction costs on issuance of Series E convertible redeemable preferred shares		–	–	–	–	(9,170)
Interest paid		(32,324)	(43,543)	(56,751)	(22,778)	(27,833)
Net cash generated from/(used in) financing activities		34,444	(43,847)	217,513	158,380	333,370
Net (decrease)/increase in cash and cash equivalents		(138,056)	853	522,136	140,803	448,042
Cash and cash equivalents at the beginning of the year/period		290,385	168,457	172,618	172,618	676,304
Effects of exchange rate changes on cash and cash equivalents		16,128	3,308	(18,450)	(6,981)	(3,762)
Cash and cash equivalents at the end of the year/period	*24(a)*	168,457	172,618	676,304	306,440	1,120,584

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION AND REORGANISATION

1.1 General information

Arrail Group Limited (the "Company") was incorporated in the British Virgin Islands (the "BVI") on 23 May 2001 as a company limited by shares. On 16 November 2020, the Company discontinued as a company incorporated under the BVI Business Companies Act 2004 (as amended) and was registered by way of continuation as an exempted company limited by shares under the Companies Act (Cap.22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. Accordingly, the registered office of the Company was changed from P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI, to 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, the Cayman Islands.

The Company is an investment holding company and together with its subsidiaries (the "Group"), is principally engaged in the provision of dental services (including general dentistry, orthodontics and implantology) through operations of dental clinics and hospitals in the People's Republic of China (the "PRC") (the "[**REDACTED**] Business").

1.2 Reorganisation of the Group

As at 1 April 2018, the beginning of the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2021 ("Track Record Period"), and before the completion of the Reorganisation, the [**REDACTED**] Business was mainly operated by a number of operating entities or clinics held by (i) Shanghai Yazheng Medical Consulting Co., Ltd. ("Shanghai Yazheng"), (ii) Shanghai Shengbin Medical Consulting Service Co., Ltd. ("Shanghai Shengbin"), (iii) Beijing Shengbin Science Trade Co., Ltd. ("Beijing Shengbin"), (iv) Hangzhou Shengbin Health Management Consulting Co., Ltd. ("Hangzhou Shengbin") and (v) Shenzhen Ruijian Consulting Management Co., Ltd. ("Shenzhen Ruijian") (collectively, the "Five Operating Entities"), and their subsidiaries in the PRC. The Company controlled these operating entities via a series of contractual arrangements (the "Previous Contractual Arrangements") signed between Beijing Ruier Shengbin Medical Technology Co., Ltd. ("Beijing Ruier" or the "WFOE", an indirectly wholly owned subsidiary of the Company), the Five Operating Entities and their respective nominee shareholders.

In preparation for the [**REDACTED**] of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited (the "[**REDACTED**]") and to streamline the corporate structure, the Group underwent a reorganisation (the "Reorganisation") within the Group which principally involved the following:

(a) Acquisitions of operating entities by Beijing Ruier

As mentioned above, the operating entities were controlled by the Company via the Previous Contractual Arrangements before the Reorganisation. According to the List of Special Management Measures for the Market Entry of Foreign Investment (《外商投資准入特別管理措施(負面清單)》) (the "Negative List"), medical institutions fall within the "restricted" investment category, and therefore may not be held 100% by foreign investors, and foreign investments are restricted to the form of joint venture. The provision of dental medical services is subject to foreign investment restriction in accordance with the Negative List. As part of the Reorganisation, Beijing Ruier acquired the maximum equity interests (i.e. 70% (other than medical institutions in Sichuan Province, where foreign investors are allowed to hold up to 90% equity interest) in 12 major operating entities to the extent possible under the prevailing PRC laws and regulations and put them under the respective regional management platforms. The remaining interest in the 12 operating entities that were controlled by the Company are then held by Shenzhen Ruijian, which is legally wholly owned by Ms Zou Lifang as nominee shareholder.

(b) New Contractual Arrangements

On 20 August 2020, Beijing Ruier, Shenzhen Ruijian, Ms Zou Lifang, each of the 12 operating entities (the "VIE Entities") entered into a series of contractual arrangements (the "New Contractual Arrangements") pursuant to which the Group is able to:

(i) receive substantially all of the economic interest returns generated by Shenzhen Ruijian in consideration for the business support and consultancy services provided by Beijing Ruier;

(ii) obtain an irrevocable, unconditional and exclusive right to purchase all or any part of the equity interests in and/or assets of Shenzhen Ruijian held at present or in the future for a consideration equivalent to the lowest price permitted under the PRC laws at the time of purchase. The nominee shareholder and Shenzhen Ruijian agreed to refund all amount received in the transfer of equity interests or assets, as the case maybe, to Beijing Ruier;

(iii) exercise the equity holders' voting rights of Shenzhen Ruijian; and,

(iv) obtain a pledge over all of nominee shareholder's equity interest in Shenzhen Ruijian to Beijing Ruier as a security to guarantee the performance of the contractual obligations and payment of outstanding debts under the New Contractual Arrangements.

As a result of the New Contractual Arrangements, the Group is considered to control Shenzhen Ruijian as it has rights to exercise power over Shenzhen Ruijian, receive variable returns from its involvement with Shenzhen Ruijian, and have the ability to affect those returns through its power over Shenzhen Ruijian. Consequently, the Company regarded Shenzhen Ruijian as controlled entity and consolidated the financial position and results of operations of Shenzhen Ruijian in the consolidated financial statements of the Group.

In June 2021, given the New Contractual Arrangements have been taken effect, the relevant parties over the Previous Contractual Arrangements entered into a termination agreement and dismantled the Previous Contractual Arrangements.

1.3 Subsidiaries

The Company's major subsidiaries (including controlled and structured entities) during the Track Record Period are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the entities within the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name	Place of incorporation/ establishment and kind of legal entity	Date of incorporation/ establishment	Particulars of issued/ paid-in capital	Total aggregate effective interest of the Company held via direct or indirect equity interest held, and via Previous Contractual Arrangements and New Contractual Arrangements					Principal activities
				As at 31 March			As at 30 September	Latest practicable date	
				2019	2020	2021	2021		
Subsidiaries									
Direct equity interest held:									
Arrail Dental Limited *(b)*	The BVI, limited liability company	3 April 1998	USD2,820,000	100%	100%	100%	100%	[●]	Investment holding
Equity interest held via its subsidiaries:									
Arrail Institute of Advanced Dentistry (AIAD) Limited *(c)*	Hong Kong, limited liability company	21 February 2013	USD1,282	–	–	100%	100%	[●]	Investment holding
Beijing Ruicheng Hospital Management Co., Ltd. *(d)*	The PRC, limited liability company	23 July 2009	RMB6,000,000	100%	100%	100%	100%	[●]	Provision of dental services
Chongqing Jiuyue Dental Clinic Co., Ltd. *(e)*	The PRC, limited liability company	27 November 2013	RMB8,600,000	100%	100%	100%	100%	[●]	Provision of dental services
Chongqing Ruisheng Dental Clinic Co., Ltd.	The PRC, limited liability company	10 March 2004	RMB8,329,400	85%	85%	85%	85%	[●]	Provision of dental services
Chongqing Ruitai Dental Hospital Co., Ltd. *(g)*	The PRC, limited liability company	28 June 2017	RMB5,000,000	88%	88%	88%	88%	[●]	Provision of dental services
VIE Entities entities/equity interest held via its subsidiaries (a):									
Beijing Arrail Shengbin Medical Technology Co., Ltd. *(h)*	The PRC, limited liability company	25 March 1999	USD33,000,000	100%	100%	100%	100%	[●]	Wholesale of medical materials
Ruiershengbin (Shanghai) Finance Leasing Co., Ltd. *(i)*	The PRC, limited liability company	12 March 2015	USD60,000.000	100%	100%	100%	100%	[●]	Provision of financing services
Beijing Shengbin Science Trade Co., Ltd. *(j)*	The PRC, limited liability company	17 December 1997	RMB1,000,000	100%	100%	100%	100%	[●]	Provision of dental services
Shanghai Yazheng Medical Consulting Co., Ltd. *(k)*	The PRC, limited liability company	24 May 2002	RMB3,000,000	100%	100%	100%	100%	[●]	Provision of dental services

Name	Place of incorporation/ establishment and kind of legal entity	Date of incorporation/ establishment	Particulars of issued/ paid-in capital	Total aggregate effective interest of the Company held via direct or indirect equity interest held, and via Previous Contractual Arrangements and New Contractual Arrangements					Principal activities
				As at 31 March			As at 30 September	Latest practicable date	
				2019	2020	2021	2021		
Shanghai Shengbin Medical Consulting Service Co., Ltd. *(l)*	The PRC, limited liability company	26 September 2001	RMB5,000,000	100%	100%	100%	100%	[●]	Provision of dental services
Shanghai Ruiguan Dental Clinic Co., Ltd. *(m)*	The PRC, limited liability company	25 April 2014	RMB1,000,000	100%	100%	100%	100%	[●]	Provision of dental services
Shanghai Ruiyun Dental Clinic Co., Ltd. *(n)*	The PRC, limited liability company	9 August 2015	RMB3,500,000	70%	70%	100%	100%	[●]	Provision of dental services
Shanghai Ruijun Dental Clinic Co., Ltd. *(o)*	The PRC, limited liability company	10 May 2018	RMB5,000,000	100%	100%	100%	100%	[●]	Provision of dental services
Shenzhen Rui'er Dental Medical Treatment Co., Ltd. *(p)*	The PRC, limited liability company	5 June 1995	RMB1,702,372	100%	100%	100%	100%	[●]	Provision of dental services
Shenzhen Ruijian Dental Clinic *(q)*	The PRC, limited liability company	24 December 2015	RMB1,500,000	100%	100%	100%	100%	[●]	Provision of dental services
Shenzhen Ruihuan Dental Clinic *(r)*	The PRC, limited liability company	29 July 2015	RMB1,500,000	100%	100%	100%	100%	[●]	Provision of dental services
Guangzhou Ruier Medical Consulting Co., Ltd. *(s)*	The PRC, limited liability company	1 August 2012	RMB180,000	100%	100%	100%	100%	[●]	Provision of dental services
Chengdu WuhouRuitaiRongcheng Dental Hospital Co., Ltd. *(t)*	The PRC, limited liability company	16 October 2014	RMB1,500,000	100%	100%	100%	100%	[●]	Provision of dental services
Shanxi Ruitaiercang Dental Hospital Co., Ltd. *(u)*	The PRC, limited liability company	15 June 2015	RMB2,500,000	60%	60%	60%	60%	[●]	Provision of dental services
Chongqing Ruitai Dental Hospital Co., Ltd. *(v)*	The PRC, limited liability company	28 June 2017	RMB5,000,000	88%	88%	88%	88%	[●]	Provision of dental services
Qingdao Ruitai Donghe Medical Management Co. Ltd. *(w)*	The PRC, limited liability company	8 February 2017	RMB3,000,000	70%	70%	70%	70%	[●]	Hospital management
Changsha Keerya Dental Hospital Co., Ltd. *(x)*	The PRC, limited liability company	28 November 2002	RMB5,000,000	60%	60%	60%	60%	[●]	Provision of dental services
Jiangyin Meijiaxin Dental Clinic Co., Ltd. *(y)*	The PRC, limited liability company	10 December 2013	RMB6,800,000	98%	98%	100%	100%	[●]	Provision of dental services
Shanghai Ruitai Jiasheng dental clinic Co., Ltd. *(z)*	The PRC, limited liability company	22 January 2019	RMB5,000,000	80%	80%	100%	100%	[●]	Provision of dental services

(a) Prior to the reorganization as described in Note 1.2, the Company did not hold direct equity interest or equity interest via its subsidiaries of some VIE Entities or their subsidiaries. Nevertheless, under the Previous Contractual Arrangements and the New Contractual Arrangements (collectively the "Contractual Arrangements") entered into with these VIE Entities and their registered owners, the Company and its other legally owned subsidiaries have had the right to exercise power over these VIE Entities, receive variable returns from its involvement in these structured entities, and have the ability to affect those returns through its power over these structured entities. As a result, they are presented as VIE Entities of the Company. Such VIE Entities became indirectly held subsidiaries upon completion of reorganization.

(b) No audited financial statements have been prepared for Arrail Dental Limited for the years ended 31 December 2018, 2019 and 2020.

(c) No audited financial statements have been prepared for Arrail Institute of Advanced Dentistry (AIAD) for the years ended 31 December 2018, 2019 and 2020.

(d) The statutory financial statements of Beijing Ruicheng Hospital Management Co., Ltd. for the years ended 31 December 2018, 2019, and 2020 prepared under China's Accounting Standards for Smaller Business Enterprises ("CASSs") were audited by Beijing Dongshen Finance & Tax Technology Co., Ltd., certified public accountants registered in the PRC.

(e) The statutory financial statements of Chongqing Jiuyue Dental Clinic Co., Ltd. for the years ended 31 December 2018, 2019, and 2020 prepared under CASSs were audited by Chongqing Shishen Certified Public Accountants, certified public accountants registered in the PRC.

(f) The statutory financial statements of Chongqing Huaxi Dental Clinic Co., Ltd. for the years ended 31 December 2018, 2019, and 2020 prepared under CASSs were audited by Chongqing Yuzi Certified Public Accountants Co., Ltd., certified public accountants registered in the PRC.

(g) The statutory financial statements of Chongqing Ruitai Dental Hospital Co., Ltd. for the years ended 31 December 2018, 2019, and 2020 prepared under CASSs were audited by Chongqing Shishen Certified Public Accountants, certified public accountants registered in the PRC.

(h) The statutory financial statements of Beijing Arrail Shengbin Medical Technology Co., Ltd. for the years ended 31 December 2018, 2019, and 2020 prepared under CASSs were audited by Beijing Dongshen Finance & Tax Technology Co., Ltd., certified public accountants registered in the PRC.

(i) No audited financial statements have been prepared for Ruiershengbin (Shanghai) Finance Leasing Co., Ltd. for the years ended 31 December 2018, 2019 and 2020.

(j) The statutory financial statements of Beijing Shengbin Science Trade Co., Ltd. for the years ended 31 December 2018, 2019, and 2020 prepared under CASSs were audited by Beijing Dongshen Finance & Tax Technology Co., Ltd., certified public accountants registered in the PRC.

(k) The statutory financial statements of Shanghai Yazheng Medical Consulting Co., Ltd. for the year ended 31 December 2018, prepared under CASSs were audited by Zhongzhun CPAs Shanghai Office, certified public accountants registered in the PRC. The statutory financial statements of Shanghai Yazheng Medical Consulting Co., Ltd. for the year ended 31 December 2019 prepared under CASSs were audited by Shanghai Shangshen Certified Public Accountants Co., Ltd., certified public accountants registered in the PRC. The audited financial statements were yet to be issued for the year ended 31 December 2020.

(l) The statutory financial statements of Shanghai Shengbin Medical Consulting Service Co., Ltd. for the year ended 31 December 2019 prepared under CASSs were audited by Zhongzhun CPAs Shanghai Office, certified public accountants registered in the PRC. The statutory financial statements of Shanghai Shengbin Medical Consulting Service Co., Ltd. for the year ended 31 December 2019 prepared under CASSs were audited by Shanghai Shi Cheng Certified Public Accountants, certified public accountants registered in the PRC. The audited financial statements were yet to be issued for the year ended 31 December 2020.

(m) The statutory financial statements of Shanghai Ruiguan Dental Clinic Co., Ltd. for the year ended 31 December 2018 prepared under CASSs were audited by Zhongzhun CPAs Shanghai Office, certified public accountants registered in the PRC. The audited financial statements were yet to be issued for the years ended 31 December 2019 and 2020.

(n) The statutory financial statements of Shanghai Ruiyun Dental Clinic Co., Ltd. for the year ended 31 December 2018 prepared under CASSs were audited by Zhongzhun CPAs Shanghai Office, certified public accountants registered in the PRC. The statutory financial statements of Shanghai Ruijun Dental Clinic Co., Ltd. for the year ended 31 December 2019 prepared under CASSs were audited by Zhongzhun CPAs Shanghai Office, certified public accountants registered in the PRC. The audited financial statements were yet to be issued for the year ended 31 December 2020.

(o) The statutory financial statements of Shanghai Ruijun Dental Clinic Co., Ltd. for the year ended 31 December 2018 prepared under CASSs were audited by Zhongzhun CPAs Shanghai Office, certified public accountants registered in the PRC. The statutory financial statements of Shanghai Ruijun Dental Clinic Co., Ltd. for the year ended 31 December 2019 prepared under CASSs were audited by Shanghai Shi Cheng Certified Public Accountants, certified public accountants registered in the PRC. The audited financial statements were yet to be issued for the year ended 31 December 2020.

(p) The statutory financial statements of Shenzhen Rui'er Dental Medical Treatment Co., Ltd. for the year ended 31 December 2018 prepared under CASSs were audited by Wongga Partners Certificated Public Accountant (SZ) General Partner, certified public accountants registered in the PRC. The audited financial statements were yet to be issued for the years ended 31 December 2019 and 2020.

(q) The statutory financial statements of Shenzhen Ruijian Dental Clinic for the year ended 31 December 2018 prepared under CASSs were audited by Wongga Partners Certificated Public Accountant (SZ) General Partner, certified public accountants registered in the PRC. The audited financial statements were yet to be issued for the years ended 31 December 2019 and 2020.

(r) The statutory financial statements of Shenzhen Ruihuan Dental Clinic for the year ended 31 December 2018 prepared under CASSs were audited by Wongga Partners Certificated Public Accountant (SZ) General Partner, certified public accountants registered in the PRC. The audited financial statements were yet to be issued for the years ended 31 December 2019 and 2020.

(s) The statutory financial statements of Guangzhou Ruier Medical Consulting Co., Ltd. for the year ended 31 December 2018 prepared under CASSs were audited by Guangzhou Mingtong Certified Public Accountants Ltd., certified public accountants registered in the PRC. The audited financial statements were yet to be issued for the years ended 31 December 2019 and 2020.

(t) The statutory financial statements of Chengdu WuhouRuitaiRongcheng Dental Hospital Co., Ltd. for the year ended 31 December 2018 prepared under CASSs were audited by Sichuan Team & Trust Certified Public Accountants, certified public accountants registered in the PRC. The statutory financial statements of Chengdu WuhouRuitaiRongcheng Dental Hospital Co., Ltd. for the year ended 31 December 2019, and 2020 prepared under CASSs were audited by Chengdu Mingchun Accountants Co., Ltd., certified public accountants registered in the PRC.

(u) No audited financial statements have been prepared for Shanxi Ruitaiercang Dental Hospital Co., Ltd. for the years ended 31 December 2018, 2019 and 2020.

(v) The statutory financial statements of Chongqing Ruitai Dental Hospital Co., Ltd. for the years ended 31 December 2018, 2019, and 2020 prepared under CASSs were audited by Chongqing Shishen Certified Public Accountants, certified public accountants registered in the PRC.

(w) The statutory financial statements of Qingdao Ruitai Donghe Medical Management Co. Ltd. for the year ended 31 December 2019 prepared under CASSs were audited by Qingdao Huahai Certified Public Accountants, certified public accountants registered in the PRC. The statutory financial statements of Qingdao Ruitai Donghe Medical Management Co. Ltd. for the year ended 31 December 2020 prepared under CASSs were audited by Qingdao Zhonghui Certified Public Accountants Co., Ltd., certified public accountants registered in the PRC. The audited financial statements were yet to be issued for the year ended 31 December 2018.

(x) The statutory financial statements of Changsha Keerya Dental Hospital Co., Ltd. for the years ended 31 December 2018, 2019, and 2020 prepared under CASSs were audited by Hunan Huifan Associate Certified Public Accountants, certified public accountants registered in the PRC.

(y) The statutory financial statements of Jiangyin Meijiaxin Dental Clinic Co., Ltd. for the year ended 31 December 2018 prepared under CASSs were audited by Shanghai Ambition Certified Public Accountants Co., Ltd., certified public accountants registered in the PRC. The statutory financial statements of Jiangyin Meijiaxin Dental Clinic Co., Ltd for the year ended 31 December 2019 prepared under CASSs were audited by Shanghai Ambition Certified Public Accountants Co., Ltd., certified public accountants registered in the PRC. The audited financial statements were yet to be issued for the year ended 31 December 2020.

(z) The statutory financial statements of Shanghai Ruitai Jiasheng dental clinic Co., Ltd. for the year ended 31 December 2019 prepared under CASSs were audited by Shanghai Ambition Certified Public Accountants Co., Ltd., certified public accountants registered in the PRC. No audited financial statements have been prepared for Shanghai Ruitai Jiasheng dental clinic Co., Ltd. for the years ended 31 December 2018, and 2020.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies applied in the preparation of the consolidated financial statements. These policies have been consistently applied throughout the Track Record Period, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), interpretations issued by International Accounting Standards Board ("IASB") applicable to companies reporting under IFRSs.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value.

The preparation of the consolidated financial statements in conformity with IFRSs 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 consolidated financial statements are disclosed in Note 4.

As of 31 March 2019, 2020 and 2021 and 30 September 2021, the Group was in a net liability position of RMB1,637 million, RMB2,028 million, RMB2,457 million and RMB2,911 million respectively. The Group assesses its liquidity by its ability to generate cash from operating activities and attract additional capital and/or finance funding. Historically, the Group has relied principally on both operational sources of cash and non-operational sources of financing from investors (e.g. issuance of convertible redeemable preferred shares and bonds) to fund its operations and business development. The Group's ability to continue as a going concern is dependent on management's ability to successfully execute its business plan, which includes increasing revenues while controlling operating expenses, as well as, generating operational cash flows and continuing to gain support from existing and new investors.

On 12 August 2021, the Company entered into an addendum to the eighth amended and restated shareholders agreement with all holders of ordinary shares and preferred convertible redeemable preferred shares (the "Preferred Shares") to modify the Redemption Commencement Date to after 31 December 2023.

The Preferred Shares are automatically converted into ordinary shares upon the closing of the qualified IPO.

Based on the above considerations, the Group's historical performance and management's operating and financing plans, the Group believes the cash and cash equivalents, time deposits, bank structured deposits and the operating and financing cash flows are sufficient to meet the cash requirements to fund planned operations and other obligations for at least the next twelve months after 31 March 2019, 2020 and 2021 and 30 September 2021. Therefore, the consolidated financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and settlement of liabilities in the normal course of business.

2.1.1 Change in accounting policy and disclosures

All effective standards, amendments to standards and interpretations, which are mandatorily effective for the annual reporting period beginning on 1 April 2021, are consistently applied to the Group throughout the Track Record Period.

2.1.2 New and amended standards and interpretation not yet adopted by the Group

Certain new accounting standards, amendments and interpretations have been issued but are not yet effective for the annual reporting period beginning on 1 April 2021 and have not been early adopted by the Group during the Track Record Period. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

		Effective for accounting periods beginning on or after
IFRS 1, IFRS 9, IFRS 16 and IAS 41 (Amendments)	Annual Improvements to IFRSs 2018 – 2020 cycle	1 January 2022
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
IAS 12 (Amendments)	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
IAS 16 (Amendments)	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
IAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
IFRS 3 (Amendments)	References to the Conceptual Framework	1 January 2022
IFRS 17	Insurance Contracts	1 January 2023
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate and Joint Venture	To be determined

The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

The Group expects that the impact to the consolidated balance sheets will not be material and deferred tax assets and deferred tax liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction will increase by approximately RMB60,963,000 respectively as at 30 September 2021 as a result of adopting the amendments. The amendment is mandatory for financial years commencing on or after 1 January 2023. At this stage, the Group does not intend to adopt the amendment before its effective date.

2.2 Principles of consolidation and equity accounting

2.2.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where 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 (see Note 2.3 below).

Inter-company 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 income statements, statements of comprehensive loss, statements of changes in deficit in equity and balance sheets 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 (see Note 2.2.4 below), after initially being recognised at cost.

2.2.3 Joint ventures

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. Investments in joint ventures are accounted for using the equity method of accounting (see Note 2.2.4 below), after initially being recognised at cost.

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 recognized 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 long-term 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

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity holders 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 deficit in equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as permitted by applicable IFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.2.6 Subsidiaries controlled through Previous Contractual Arrangements

Prior to the completion of the Reorganisation, in order to comply with the PRC laws and regulations which prohibit or restrict foreign control of medical institutions, the Group operates its medical institutions through the Five Operating Entities, whose equity interests are held by their respective nominal shareholders. The Group signed Previous Contractual Arrangements with the Five Operating Entities. The Previous Contractual Arrangements include exclusive operational service agreements, exclusive option agreements, equity pledge agreement and entrustment agreement and powers of attorney, which enable the Group to:

- govern the financial and operating policies of the PRC operating entities
- exercise equity holder voting rights of the PRC operating entities
- receive substantially all of the economic interest returns generated by the PRC operating entities in consideration for the technical support, consulting and other services provided exclusively by the WFOE, at the WFOE's discretion
- obtain an irrevocable and exclusive right to purchase part or all of the equity interests in the PRC operating entities at any time and from time to time, at the minimum consideration permitted by the relevant law in China at the time of transfer, and
- obtain a pledge over all of its equity interests from its respective nominee shareholders as collateral for all of the PRC entities' payments due to the Group to secure performance of entities' obligation under the Previous Contractual Arrangements.

Accordingly, the Group has rights to control these entities. As a result, they are presented as entities controlled by the Group.

Upon completion of the Reorganisation, the PRC operating entities became indirectly hold subsidiaries.

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.

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.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements 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, who is responsible for allocating resources and assessing performance of the operating segment and making strategic decisions. The chief operating decision-maker has been identified as the board of directors.

2.6 Foreign currency translation

2.6.1 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"). The functional currency of the Company is USD as USD is the primary denominated currency of the Company's financing. The Company's primary subsidiaries were incorporated in mainland China and these subsidiaries considered RMB as their functional currency. As the major operations of the Group are within mainland China, the Group determined to present its consolidated financial statements in RMB (unless otherwise stated).

2.6.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year/period end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses are presented in the consolidated income statements within "other (losses)/gains – net".

2.6.3 Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement and statement of comprehensive loss are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income/(loss).

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income/(loss).

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. 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 derecognized. All other repairs and maintenance are charged to profit or loss during the Track Record Period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

–	Medical equipment	3-10 years
–	Office equipment and furniture	5 years
–	Motor vehicles	5 years
–	Leasehold improvements	the shorter of the useful life or the lease term

Property, plant and equipment arising from a business acquisitions is depreciated over the remaining 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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other (losses)/gains – net" in the consolidated income statements.

2.8 Intangible assets

2.8.1 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the aggregate purchase consideration transferred, the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired. 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 (if any). 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 ("CGUs") for the purpose of impairment testing. The allocation is made to those CGUs or CGUs 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.

2.8.2 Other intangible assets

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring the specific software into usage. Costs associated with maintaining computer software programs are recognised as expense as incurred.

Separately acquired service contracts are measured on initial recognition at cost. Service contracts are subsequently carried at cost less accumulated amortisation and impairment losses (if any).

Brands and licenses, non-competitive agreements and customer relationships acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are carried at cost less accumulated amortisation and impairment losses (if any).

Estimated useful life is determined to be the shorter of the period of contractual rights or the estimated period during which such intangible assets can bring economic benefits to the Group.

The Group amortises intangible assets with a finite useful life using the straight-line method over the following periods:

Software	5 years
Service contracts	2-4 years
Brands and licenses	5-10 years
Non-competitive agreements and customer relationships	1-4 years

The Group estimates the useful life of the brand and license to be between 5 and 10 years based on the contract term of the brand and the expected useful life of the license.

2.8.3 Research and development

Research expenditures are recognised as an expense as incurred. Costs incurred on the development phase of an internal project are capitalized as intangible assets when all of the recognition criteria are met, including (a) it is technically feasible to complete the intangible asset so that it will be available for use or sale; (b) management intends to complete the intangible asset and use or sell it; (c) there is an ability to use or sell the intangible asset; (d) it can be demonstrated how the intangible asset will generate probable future economic benefits; (e) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and (f) the expenditure attributable to the intangible asset during its development can be reliably measured. Other development costs that do not meet those criteria are expensed as incurred. There were no development costs meeting those criteria and capitalised as intangible assets as at 31 March 2019, 2020 and 2021 and 30 September 2021.

2.9 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets, including property, plant and equipment, right-of-use assets, and intangible assets (including brand and licenses), 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 inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.10 Investments and other financial assets

2.10.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, ("FVPL"), and
- those to be measured at amortised cost.

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

Regular way purchases and sales of financial assets are recognised on the 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.

2.10.2 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at 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 consolidated income statements.

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 two 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 consolidated income statements and presented net within other (losses)/gains – net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statements.

- FVPL: Assets that do not meet the criteria for amortised cost are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in consolidated income statements and presented net within other (losses)/gains – net in the period in which it arises.

2.10.3 Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, 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.

While cash and cash equivalents, time deposits with original maturities over three months and restricted cash are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is 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 company or the counterparty.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

2.13 Trade receivables

Trade receivables are amounts due from customers for goods sold and service performed in the ordinary course of business. If collection of trade 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 receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 3.1.2 for the description of the Group's impairment policies.

2.14 Cash and cash equivalents and restricted cash

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks and time deposits with original maturities within three months.

Time deposits with original maturities over three months and cash that is restricted from withdrawal, from use or from being pledged as security is reported separately on the face of the consolidated balance sheets, and is not included in the total cash and cash equivalents in the consolidated statements of cash flows.

2.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group 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.

Shares held by the Company's restrictive share unit scheme (the "RSU Plan") are disclosed as treasury shares and deducted from contributed equity.

The re-designation of ordinary shares held by certain management and shareholders to Series E Preferred Shares was accounted for as deemed repurchase of ordinary shares and deemed issuance of Series E Preferred Shares. The deemed repurchase of ordinary shares is measured at fair value of ordinary shares and debited to share capital and reserves accordingly, and the deemed issuance of Series E Preferred Shares is measured at fair value of the Preferred Shares issued. The difference between fair value of ordinary shares and Preferred Shares is recognised as share-based compensation expenses according to IFRS 2 since the holders of ordinary shares deemed to be repurchased are management or existing shareholders of the Group.

Preferred Shares are classified as financial liabilities, see Note 2.17 and Note 3.3.

2.16 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Convertible redeemable preferred shares

Preferred shares issued by the Company are redeemable at the option of the holder upon occurrence of certain events. These instruments can also be converted into ordinary shares of the Company at any time at the option of the holders, or automatically upon occurrence of an Qualified Initial Public Offering (the "QIPO") of the Company. For details, refer to Note 29.

The Group designated the Preferred Shares as financial liabilities at fair value through profit or loss. They are initially recognised at fair value. Any directly attributable transaction costs are recognised in profit or loss. Fair value changes relating to market risk are recognised in profit or loss, the component of fair value changes relating to the Company's own credit risk is recognised in other comprehensive income/(loss). Amounts recorded in other comprehensive income/(loss) related to own credit risk are not subject to recycling in profit or loss, but are transferred to accumulated losses when realised.

The Preferred Shares are classified as non-current liabilities unless the Preferred Shares' holders can demand the Company to redeem the Preferred Shares within 12 months after the end of the each reporting period.

2.18 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried 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 pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated balance sheets 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 consolidated income statements 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 end of the reporting period.

2.18.1 Bond

During the Track Record Period, the Company issued a bond to a bond holder (the "Holder") which is accounted for at fair value through profit or loss, with fair value changes recognised in profit or loss, except for the portion attributable to own credit risk change that should be charged to other comprehensive income/(loss). Amounts recorded in other comprehensive income/(loss) related to own credit risk are not subject to recycling in profit or loss, but are transferred to accumulated losses when realised.

The bond is classified as a non-current liability unless the Company has an obligation to settle the liability within 12 months after the end of the reporting period.

2.18.2 Warrants

The Group issued warrants as an upfront payment for issuing a bond (Note 2.18.1). The warrants can be exercised and settled with (1) class 1 ordinary shares of the Company, (2) cash determined by the underlying equity value of the Company, at the option of the holder. The warrants are initially and subsequently measured at fair value. Any changes in fair value of warrants are recognised in profit or loss.

2.18.3 Derivative liabilities

The Group recognised derivative liabilities as the result of the termination of warrants. The derivative liabilities can be settled either through (1) a predetermined amount of cash, or (2) re-entering into the warrants (Note 2.18.2), depending if the QIPO or trade sales occurs before 31 December 2022. The derivative liabilities are initially and subsequently measured at fair value. Any changes in fair value of derivative liabilities are recognised in profit or loss.

2.19 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.

Other borrowing costs are expensed in the period in which they are incurred.

2.20 Current and deferred income tax

The income tax expense or credit for the period is the tax payable 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 unused tax losses.

2.20.1 Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries 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. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2.20.2 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 income 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. 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 income 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 liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and when the deferred income tax balances relate to the same taxation authority. Current income 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 income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income/(loss) or directly in equity. In this case, the tax is also recognised in other comprehensive income/(loss) or directly in equity, respectively.

2.21 Employee benefits

2.21.1 Short-term obligations

Liabilities for wages, salaries, bonuses and other allowances that are expected to be settled wholly within 12 months after the end of the period in which the employees render 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 payable in the consolidated balance sheets.

2.21.2 Pension obligations

The Company's subsidiaries incorporated in the PRC contribute based on certain percentage of the salaries of the employees to a defined contribution retirement benefit plan organised by relevant government authorities in the PRC on a monthly basis. The government authorities undertake to assume the retirement benefit obligations payable to the existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred. Assets of the plans are held and managed by government authorities and are separate from those of the Group.

2.22 Share-based compensation

Share-based compensation benefits are provided to employees via the Company's RSU Plan.

Restrictive share unit awards ("RSUs")

The fair value of RSUs granted under the Company's RSU Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the RSUs granted:

- Including any market performance conditions (for example, an entity's share price);
- Excluding the impact of any service and non-market performance vesting conditions (for example, 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 (for example, the requirement for employees to save or holding shares for a specified period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of RSUs that are expected to vest based on the non-market performance conditions 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.

If the terms of an equity-settled award are modified, an additional expense is recognised for any modification that increases the total fair value of the share-based compensation arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

2.23 Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts.

Revenue from rendering of dental services is recognised over time because the Group's performance does not create an asset with an alternative use and the Group have an enforceable right to payment for performance completed to date.

(a) Revenue from the rendering of orthodontics and implantology services is recognised over time, using an input method to measure progress towards complete satisfaction of the service. The input method recognises revenue on the basis of staff costs and/or costs of inventories, consumables and customised products, when appropriate, relative to the total expected costs to complete the respective service. When the payments received from customers exceed the services rendered, a contract liability is recognised.

(b) Revenue from the rendering of other dental services is recognised when the services have been rendered given that such dental services are generally completed within a very short period of time.

For revenue from rendering of dental services that the Group have no enforceable right to payment for performance completed to date, revenue is recognised at a point in time when the performance obligation is satisfied by transferring control of the service to the customer.

Revenue from sales of goods is recognised when control of the goods has transferred, being when the goods are delivered to the customers.

For contracts where the period between the payment by the customer and the transfer of the promised service exceeds one year, the transaction price is adjusted for the effects of a financing component, if significant.

The Group recognise as an asset (i) the incremental costs of obtaining a contract with a customer; and (ii) the costs incurred to fulfil a contract which relate directly to the contract, generate resources that will be used in satisfying the contract and are expected to be recovered. These assets are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

2.24 Loss per share

2.24.1 Basic loss per share

Basic loss per share is calculated by dividing:

- the loss 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/period, adjusted for bonus elements in ordinary shares issued during the year/period and excluding treasury shares.

2.24.2 Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic loss 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.

2.25 Leases

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.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal 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.

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.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all 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 months or less. Low-value assets comprise small items of office equipment and furniture.

Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 30 June 2020 with earlier application permitted and shall be applied retrospectively.

During the years ended 31 March 2020 and 2021 and the six months ended 30 September 2020, certain monthly lease payments for the Group's leases have been reduced or waived by the lessors as a result of the COVID-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 April 2019 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the pandemic during the years ended 31 March 2020 and 2021 and the six months ended 30 September 2020.

2.26 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.27 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 the consolidated income statements over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the consolidated income statements on a straight-line basis over the expected lives of the related assets.

2.28 Finance income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets, see Note 9 below.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 10 below.

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, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

3.1.1 Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions or recognised assets and liabilities denominated in a currency other than the functional currency of the Group's entities.

The Group operates mainly in the PRC with most of the transactions settled in RMB. The management considers that the business is not exposed to significant foreign exchange risk as there are no significant assets or liabilities of the Group denominated in the currencies other than the respective functional currencies of the Group's entities.

(ii) Interest rate risk

The Group's interest rate risk primarily arises from borrowings. Borrowings carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk. The Group has not entered into any interest rate swap arrangements but will, however, continue to monitor interest rate risk exposure and will consider hedging significant interest rate risk exposure should the need arise.

As at 31 March 2019, 2020 and 2021 and 30 September 2021, the Group's borrowings at floating rates amounted to nil, RMB60,000,000 and RMB37,111,000 and RMB29,159,000, respectively. If the floating interest rates on borrowings had been 100 basis points higher/lower with all other variables held constant, the loss before income tax for the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2021 would have increased/decreased by nil, RMB600,000, RMB371,000 and RMB292,000, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

3.1.2 Credit risk

Credit risk mainly arises from cash and cash equivalents, time deposits with original maturity over three months, restricted cash as well as credit exposures to customers and other counterparties, including outstanding receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheets.

(i) Risk management

Credit risk is managed on a group basis.

The credit risk of cash and cash equivalents, time deposits with original maturity over three months and restricted cash is limited because the counterparties are state-owned banks or reputable commercial banks located in the PRC or Hong Kong which are high credit quality financial institutions with Moody's credit ratings ranging from A1 to Baa2.

For trade receivables and other receivables, if customers or debtors are independently rated, these ratings are used. If there is no independent rating, the Group assesses the credit quality of the customers and debtors, taking into account of their financial positions, past experience and other factors.

For the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2020 and 2021, the Group has no significant concentrations of credit risk as no revenue from the Group's sales to a single customer amounted to 10% or more of the Group's revenue.

(ii) Impairment of financial assets

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

- cash and cash equivalents, restricted cash and time deposits
- trade receivables, and
- other receivables.

Cash and cash equivalents, restricted cash and time deposits

The Group expects that there is no significant credit risk associated with cash and cash equivalents, restricted cash and time deposits with original maturity over three months since they are substantially deposited at state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

Trade receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared risk characteristics.

The management calculates the expected credit losses based on the customers' historical credit loss information and further incorporates forward-looking adjustments, which are derived using linear regression, to reflect management's forecasts of macroeconomic factors in different scenarios, including Consumer Price Index ("CPI"), Producer Price Index ("PPI") and Gross Domestic Products ("GDP") of the PRC in which it provides services, as this affects the customers' ability to settle the receivables.

The loss allowances of trade receivables as at 31 March 2019, 2020 and 2021 and 30 September 2021 were determined on a collective basis as follows:

	Up to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	12 to 15 months	Over 15 months	Total
As at 31 March 2019							
Corporate clients and commercial insurance companies							
Expected loss rate	1%	2%	3%	16%	26%	96%	27%
Gross carrying amount *(RMB'000)*	10,933	10,087	12,126	1,170	586	11,914	46,816
Loss allowance *(RMB'000)*	(142)	(158)	(365)	(189)	(152)	(11,488)	(12,494)
Local medical insurance bureaus							
Expected loss rate	2%	100%	100%	100%	100%	100%	8%
Gross carrying amount *(RMB'000)*	4,247	109	85	10	–	38	4,489
Loss allowance *(RMB'000)*	(99)	(109)	(85)	(10)	–	(38)	(341)
Local public hospitals							
Expected loss rate	2%	4%	29%	100%	100%	100%	7%
Gross carrying amount *(RMB'000)*	1,547	1,184	186	33	37	11	2,998
Loss allowance *(RMB'000)*	(35)	(42)	(54)	(33)	(37)	(11)	(212)

	Up to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	12 to 15 months	Over 15 months	Total
As at 31 March 2020							
Corporate clients and commercial insurance companies							
Expected loss rate	1%	3%	10%	14%	19%	97%	28%
Gross carrying amount *(RMB'000)*	15,992	7,120	5,551	1,108	207	10,263	40,241
Loss allowance *(RMB'000)*	(191)	(241)	(542)	(152)	(40)	(10,006)	(11,172)
Local medical insurance bureaus							
Expected loss rate	4%	91%	100%	100%	100%	100%	55%
Gross carrying amount *(RMB'000)*	797	877	103	43	13	42	1,875
Loss allowance *(RMB'000)*	(33)	(802)	(103)	(43)	(13)	(42)	(1,036)
Local public hospitals							
Expected loss rate	10%	10%	25%	100%	100%	100%	21%
Gross carrying amount *(RMB'000)*	753	1,421	512	175	35	51	2,947
Loss allowance *(RMB'000)*	(73)	(146)	(128)	(175)	(35)	(51)	(608)
As at 31 March 2021							
Corporate clients and commercial insurance companies							
Expected loss rate	1%	3%	10%	15%	19%	97%	18%
Gross carrying amount *(RMB'000)*	38,143	11,189	882	8,910	5,422	11,135	75,681
Loss allowance *(RMB'000)*	(330)	(280)	(86)	(1,292)	(1,019)	(10,745)	(13,752)
Local medical insurance bureaus							
Expected loss rate	1%	86%	100%	100%	100%	100%	8%
Gross carrying amount *(RMB'000)*	8,270	634	17	–	–	39	8,960
Loss allowance *(RMB'000)*	(85)	(545)	(17)	–	–	(39)	(686)
Local public hospitals							
Expected loss rate	14%	19%	34%	98%	100%	100%	28%
Gross carrying amount *(RMB'000)*	1,600	1,149	619	170	93	148	3,779
Loss allowance *(RMB'000)*	(227)	(214)	(211)	(167)	(93)	(148)	(1,060)
As at 30 September 2021							
Corporate clients and commercial insurance companies							
Expected loss rate	1%	5%	6%	10%	23%	82%	20%
Gross carrying amount *(RMB'000)*	36,665	9,462	1,792	2,622	2,084	13,772	66,397
Loss allowance *(RMB'000)*	(457)	(452)	(109)	(274)	(475)	(11,359)	(13,126)

	Up to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	12 to 15 months	Over 15 months	Total
Local medical insurance bureaus							
Expected loss rate	7%	84%	100%	100%	100%	100%	15%
Gross carrying amount *(RMB'000)*	7,070	721	49	–	–	52	7,892
Loss allowance *(RMB'000)*	(509)	(603)	(49)	–	–	(52)	(1,213)
Local public hospitals							
Expected loss rate	9%	16%	24%	100%	100%	100%	29%
Gross carrying amount *(RMB'000)*	329	576	2,149	–	–	336	3,390
Loss allowance *(RMB'000)*	(30)	(94)	(507)	–	–	(336)	(967)

The opening loss allowances for trade receivables reconcile to the closing loss allowances as follows:

	As at 31 March			As at 30 September
	2019	2020	2021	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Opening loss allowance	11,245	13,047	12,816	15,498
Increase/(decrease) in loss allowance recognised in profit or loss during the year/period	1,802	4,061	2,682	(192)
Receivables written off during the year/period as uncollectible	–	(4,292)	–	–
Closing loss allowance	13,047	12,816	15,498	15,306

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other receivables

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision
Performing	Receivables whose credit risk is in line with original expectations	12 month expected losses; where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime (stage 1)

Category	Group definition of category	Basis for recognition of expected credit loss provision
Underperforming	Receivables for which a significant increase in credit risk has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime expected losses (stage 2)
Non-performing (credit impaired)	Interest and/or principal repayments are 90 days past due	Lifetime expected losses (stage 3)
Write-off	Interest and/or principal repayments are two years past due or there is no reasonable expectation of recovery	Asset is written off

Other receivables include loans to related parties and employees, rental deposits, etc. The Group accounts for their credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of debtors, and adjusts for forward-looking macroeconomic data. The Group provides for credit losses against other receivables as follows:

Group internal credit rating as at 31 March 2019	Equivalent internal rating	Expected credit loss rate	Gross carrying amount at default (stage 1)	Gross carrying amount at default (stage 2)	Gross carrying amount at default (stage 3)
			RMB'000	*RMB'000*	*RMB'000*
High	AA+	0.5%	30,812	–	–
	AA	1.1%	40,324	–	–
	A	2.8%	183,537	–	–
Moderate	BB	8.3%	200	–	–
	B	19.8%	694	–	–
Low	C	54.8%	131	–	–
Credit impaired	D	100.0%	–	–	19,638

Group internal credit rating as at 31 March 2020	Equivalent internal rating	Expected credit loss rate	Gross carrying amount at default (stage 1)	Gross carrying amount at default (stage 2)	Gross carrying amount at default (stage 3)
			RMB'000	*RMB'000*	*RMB'000*
High	AA+	0.8%	51,661	–	–
	AA	1.5%	53,403	–	–
	A	3.1%	159,921	–	–
Moderate	BB	7.6%	1,385	–	–
	B	24.5%	2,075	–	–
Low	C	54.8%	–	–	–
Credit impaired	D	100.0%	–	–	737

Group internal credit rating as at 31 March 2021	**Equivalent internal rating**	**Expected credit loss rate**	**Gross carrying amount at default (stage 1)**	**Gross carrying amount at default (stage 2)**	**Gross carrying amount at default (stage 3)**
			RMB'000	*RMB'000*	*RMB'000*
High	AA+	0.8%	71,645	–	–
	AA	1.1%	56,808	–	–
	A	4.3%	135,626	–	–
Moderate	BB	6.8%	7,795	–	–
	B	23.5%	2,568	2,250	–
Low	C	54.8%	96	–	–
Credit impaired	D	100.0%	–	–	1,546

Group internal credit rating as at 30 September 2021	**Equivalent internal rating**	**Expected credit loss rate**	**Gross carrying amount at default (stage 1)**	**Gross carrying amount at default (stage 2)**	**Gross carrying amount at default (stage 3)**
			RMB'000	*RMB'000*	*RMB'000*
High	AA+	0.8%	167,844	–	–
	AA	1.1%	49,073	–	–
	A	2.5%	59,086	–	–
Moderate	BB	4.2%	4,306	–	–
	B	28.8%	1,930	1,775	–
Low	C	46.7%	–	–	–
Credit impaired	D	100.0%	–	–	1,368

No significant changes to estimation techniques or assumptions were made during the Track Record Period.

The opening loss allowances for other receivables reconcile to the closing loss allowances as follows:

	Performing	**Underperforming**	**Non-performing**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Opening loss allowance as at 1 April 2018	12,532	–	–	12,532
New financial assets originated or purchased	12,542	–	–	12,542
Individual financial assets transferred to non-performing (credit impaired financial assets)	(19,638)	–	19,638	–
Recoveries	(624)	–	–	(624)
Change in risk parameters	1,062	–	–	1,062
Loss allowance as at 31 March 2019	5,874	–	19,638	25,512
New financial assets originated or purchased	11,745	–	–	11,745
Individual financial assets transferred to non-performing (credit impaired financial assets)	(11,514)	–	11,514	–
Write-offs	–	–	(30,645)	(30,645)
Recoveries	(92)	–	(170)	(262)
Change in risk parameters	762	–	400	1,162

	Performing	Underperforming	Non-performing	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loss allowance as at 31 March 2020	6,775	–	737	7,512
New financial assets originated or purchased	1,768	–	–	1,768
Individual financial assets transferred to under-performing	(529)	529	–	–
Individual financial assets transferred to non-performing (credit impaired financial assets)	(823)	–	823	–
Recoveries	–	–	(14)	(14)
Change in risk parameters	1,040	–	–	1,040
Loss allowance as at 31 March 2021	8,231	529	1,546	10,306
New financial assets originated or purchased	3,011	–	–	3,011
Individual financial assets transferred to non-performing (credit impaired financial assets)	–	–	–	–
Recoveries	(7,589)	(112)	(823)	(8,524)
Change in risk parameters	443	94	645	1,182
Loss allowance as at 31 September 2021	4,096	511	1,368	5,975

The gross carrying amount of other receivables, and thus the maximum exposure to loss, is as follows:

	As at 31 March			As at 30 September
	2019	2020	2021	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Performing	255,698	268,445	274,538	282,239
Underperforming	–	–	2,250	1,775
Non-performing	19,638	737	1,546	1,368
Other receivables written off	–	30,645	–	–
Total gross other receivables	275,336	299,827	278,334	285,382
Less: Loss allowance	(25,512)	(7,512)	(10,306)	(5,975)
Less: Write-off	–	(30,645)	–	–
Other receivables net of expected credit losses	249,824	261,670	268,028	279,407

Net impairment losses/(reversal of impairment losses) on financial assets recognized in profit or loss

During the Track Record Period, the following losses were recognized in profit or loss in relation to impaired financial assets:

	Year ended 31 March			Six months ended 30 September	
	2019	**2020**	**2021**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* **(unaudited)**	*RMB'000*
Impairment losses/(reversal of impairment losses) on trade receivables	1,802	4,061	2,682	392	(192)
Impairment losses/(reversal of impairment losses) on other receivables	12,980	12,645	2,794	1,695	(4,331)
Net impairment losses/(reversal of impairment losses) on financial assets	14,782	16,706	5,476	2,087	(4,523)

3.1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate liquid assets such as cash and cash equivalents, short-term time deposits and investments in bank structured deposits or to retain adequate financing arrangements to meet the Group's liquidity requirements.

(i) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of each year/period of the Track Record Period:

	As at 31 March			As at 30 September
	2019	**2020**	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Floating-rate bank loan facilities				
Expiring within one year	–	–	–	98,794
Expiring beyond one year	–	60,000	82,889	–
	–	60,000	82,889	98,794
Fixed-rate bank loan facilities				
Expiring within one year	–	117,000	123,040	53,906
Expiring beyond one year	168,636	12,000	150,000	170,000
	168,636	129,000	273,040	223,906

The bank loan facilities may be drawn in RMB and have an average maturity of 1.5 years, 1.1 years, 1.2 years and 0.96 year as at 31 March 2019, 2020 and 2021 and 30 September 2021.

(ii) Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 March 2019						
Trade payables	131,707	–	–	–	131,707	131,707
Other payables and accruals (excluding employee benefits payable and other taxes payable)	87,051	–	–	–	87,051	87,051
Borrowings	172,624	–	–	–	172,624	168,636
Lease liabilities	153,491	142,815	295,163	235,221	826,690	651,281
Convertible redeemable preferred shares	–	2,230,268	–	–	2,230,268	2,230,268
	544,873	2,373,083	295,163	235,221	3,448,340	3,268,943
At 31 March 2020						
Trade payables	124,123	–	–	–	124,123	124,123
Other payables and accruals (excluding employee benefits payable and other taxes payable)	72,819	–	–	–	72,819	72,819
Borrowings	263,315	30,034	–	–	293,349	288,000
Lease liabilities	180,466	132,956	267,433	220,093	800,948	653,526
Convertible redeemable preferred shares	2,463,404	–	–	–	2,463,404	2,463,404
	3,104,127	162,990	267,433	220,093	3,754,643	3,601,872
At 31 March 2021						
Trade payables	121,320	–	–	–	121,320	121,320
Other payables and accruals (excluding employee benefits payable and other taxes payable)	87,151	–	–	–	87,151	87,151
Borrowings	205,118	19,318	3,381	–	227,817	218,491
Lease liabilities	166,865	140,356	248,372	219,104	774,697	643,147
Convertible redeemable preferred shares	3,178,465	–	–	–	3,178,465	3,178,465
Bond	205,897	–	–	–	205,897	167,345
Warrants	71,126	–	–	–	71,126	71,126
	4,035,942	159,674	251,753	219,104	4,666,473	4,487,045

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 30 September 2021						
Trade payables	114,872	–	–	–	114,872	114,872
Other payables and accruals (excluding employee benefits payable and other taxes payable)	95,676	–	–	–	95,676	95,676
Borrowings	189,507	13,637	–	–	203,144	201,557
Lease liabilities	172,305	143,173	265,906	233,115	814,499	671,103
Convertible redeemable preferred shares	–	–	4,072,152	–	4,072,152	4,072,152
Bond	211,761	–	–	–	211,761	184,569
Derivative liabilities	96,359	–	–	–	96,359	96,359
	880,480	156,810	4,338,058	233,115	5,608,463	5,436,288

3.2 Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to enhance shareholders' value in the long term.

The Group monitors capital (including share capital, other reserves and Preferred Shares on an as-if-converted basis) by regularly reviewing the capital structure. As a part of this review, the Group considers the cost of capital and the risks associated with the issued share capital. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase the Company's shares. In the opinion of the directors of the Company, the Group's capital risk is low. As a result, capital risk is not significant for the Group and measurement of capital management is not a tool currently used in the internal management reporting procedures of the Group.

3.3 Fair value estimation

3.3.1 Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

The table below analyses the Group's financial instruments carried at fair value as of each balance sheet date by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

(i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(ii) Inputs other than quoted process included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and

(iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair value as at 31 March 2019:

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
Financial assets at fair value through profit or loss				
– Bank structured deposits	–	–	12,324	12,324
Liabilities				
Convertible redeemable preferred shares	–	–	2,230,268	2,230,268

The following table presents the Group's financial assets and liabilities that are measured at fair value as at 31 March 2020:

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
Financial assets at fair value through profit or loss				
– Bank structured deposits	–	–	77,104	77,104
Liabilities				
Convertible redeemable preferred shares	–	–	2,463,404	2,463,404

The following table presents the Group's financial assets and liabilities that are measured at fair value as at 31 March 2021:

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
Financial assets at fair value through profit or loss				
– Unlisted debt instruments	–	–	30,000	30,000
– Bank structured deposits	–	–	51,004	51,004
	–	–	81,004	81,004
Liabilities				
Convertible redeemable preferred shares	–	–	3,178,465	3,178,465
Bond	–	–	167,345	167,345
Warrants	–	–	71,126	71,126
	–	–	3,416,936	3,416,936

The following table presents the Group's financial assets and liabilities that are measured at fair value as at 30 September 2021:

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
Financial assets at fair value through profit or loss				
– Unlisted debt instruments	–	–	30,000	30,000
– Bank structured deposits	–	–	6,034	6,034
	–	–	36,034	36,034
Liabilities				
Convertible redeemable preferred shares	–	–	4,072,152	4,072,152
Bond	–	–	184,569	184,569
Derivative liabilities	–	–	96,359	96,359
	–	–	4,353,080	4,353,080

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between Level 1, 2, and 3 for recurring fair value measurements during the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2021.

The changes in level 3 instruments of Preferred Shares, Bond, Warrants and Derivative Liabilities for the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2021 are presented in Note 29, Note 29.1, Note 29.2 and Note 29.3, respectively.

The following table presents the changes in level 3 items of financial assets at fair value through profit or loss for the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2021.

	Financial assets at fair value through profit or loss – bank structured deposits	Financial assets at fair value through profit or loss – debt instruments	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 April 2018	4,003	–	4,003
Additions	184,020	–	184,020
Redemptions	(176,313)	–	(176,313)
Gains recognised in other losses – net	614	–	614
At 31 March 2019	12,324	–	12,324
Includes unrealised gains recognised in profit or loss attributable to balances held at the end of the reporting period	54	–	54
At 1 April 2019	12,324	–	12,324
Additions	289,110	–	289,110
Redemptions	(224,984)	–	(224,984)
Gains recognised in other losses – net	654	–	654
At 31 March 2020	77,104	–	77,104
Includes unrealised gains recognised in profit or loss attributable to balances held at the end of the reporting period	204	–	204
At 1 April 2020	77,104	–	77,104
Additions	1,104,830	30,000	1,134,830
Redemptions	(1,137,068)	–	(1,137,068)
Gains recognised in other losses – net	6,138	–	6,138
At 31 March 2021	51,004	30,000	81,004
Includes unrealised gains recognised in profit or loss attributable to balances held at the end of the reporting period	264	–	264
At 1 April 2021	51,004	30,000	81,004
Additions	40,150	–	40,150
Redemptions	(85,413)	–	(85,413)
Gains recognised in other losses – net	293	–	293
At 30 September 2021	6,034	30,000	36,034
Includes unrealised gains recognised in profit or loss attributable to balances held at the end of the reporting period	34	–	34

3.3.2 Valuation techniques and processes

The Group has a team that manages the valuation of level 3 instruments for financial reporting purpose. The team manages the valuation of the investments on a case by case basis. At least once every year, the team would use valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

The valuation of level 3 instruments mainly includes bank structured deposits measured at FVPL (Note 23), unlisted debt instruments at fair value through profit or loss (Note 23), Preferred Shares (Note 29), Bond (Note 29.1), Warrants (Note 29.2) and Derivative Liabilities (Note 29.3). As these instruments are not traded in an active market, their fair values have been determined by using various applicable valuation techniques, including discounted cash flows and market approach etc. Major assumptions used in the valuation and the sensitivity analysis for Preferred Shares, Bond, Warrants and Derivative Liabilities are presented in Note 29, Note 29.1, Note 29.2 and Note 29.3, respectively.

3.3.3 Valuation inputs and relationships to fair value

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

	Fair value as at 31 March			Fair value as at 30 September	Significant unobservable inputs	Range of inputs as at 31 March			Range of inputs as at 30 September	Relationship of significant unobservable inputs to fair value
	2019	2020	2021	2021		2019	2020	2021	2021	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*						
Bank structured deposits measured at FVPL	12,324	77,104	51,004	6,034	Expected rate of return	2.75%-4.95%	2.75%-3.85%	2.75%-4.24%	1.54%-4.69%	The higher the expected rate of return, the higher the fair value
Unlisted debt instrument at FVPL	–	–	30,000	30,000	Rate of volatility	–	–	51%	51%	The lower the volatility, the higher the fair value

The Group's bank structured deposits were mainly investment products purchased from reputable financial institutions in the PRC with floating rates. The returns on all of these bank structured deposits were not guaranteed, hence their contractual cash flows did not qualify for solely payments of principal and interest. Therefore, they were measured at fair value through profit or loss. None of these investments were past due. Changes in fair values of bank structured deposits were analysed at the end of each reporting period by the Group's management. The fair values were determined based on the expected cash flows discounted using an expected rate of return (based on management's judgement). The relevant fair value gains/(losses) were minimal because of short term maturity. From the perspective of cash management and risk control, the Group diversified its investment portfolio and mainly purchased low-risk products from reputable financial institutions and preferred those products with high-liquidity.

If the expected rate of return had decreased/increased by 100 basis points with all other variables held constant, the fair value of bank structured deposits measured at FVPL would have decreased/increased by approximately RMB123,000, RMB771,000, RMB510,000 and RMB60,000 as at 31 March 2019, 2020 and 2021 and 30 September 2021, respectively.

If the expected volatility had decreased/increased by 5% with all other variables held constant, the fair value of unlisted debt instrument at FVPL would have increased/decreased by approximately RMB690,000 and RMB690,000 as at 31 March 2021 and 30 September 2021, respectively.

3.3.4 Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost approximate their fair values since either the instruments are with short maturities or the rate of interest receivable/payable is close to the current market rate.

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 entity and that are believed to be reasonable under the circumstances.

(a) Contractual Arrangements

The Group conducts a substantial portion of the business through the VIE Entities in the PRC due to regulatory restrictions on the foreign ownership in the Group's medical institutions in the PRC. The Directors assessed whether or not the Group has control over the VIE Entities, has rights to variable returns from its involvement with the VIE Entities and has the ability to affect those returns through its power over the operating entities. After assessment, the Directors concluded that the Group has control over the VIE Entities as a result of the Contractual Arrangement and accordingly the financial position and their operating results of the VIE Entities are included in the Group's consolidated financial statements throughout the year/period or since the respective dates of incorporation/ establishment, whichever is the shorter period.

Nevertheless, the Contractual Arrangement may not be as effective as direct legal ownership in providing the Group with direct control over the VIE Entities and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the VIE Entities. The Directors, based on the advice of the PRC Legal Advisers, consider that save as otherwise disclosed, each agreement under the Contractual Arrangements is legal, valid and binding upon the parties thereto under the current PRC laws and regulations.

(b) Estimation of revenue recognition

The Group applied judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers. Revenue from the rendering of orthodontics and implantology services is to be recognised over time because the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date. The Group determined that the input method is the best method for measuring the progress of orthodontics and implantology services because there is a direct relationship between the Group's effort (i.e., staff costs and/or costs of inventories, consumables and customised products incurred, when appropriate) and the transfer of services to the customer. The Group recognises revenue on the basis of the staff costs and/or cost of inventories, consumables and customised products, when appropriate, expended relative to the total expected costs to complete the service. Judgements are required in the determination of the estimate of the total expected costs to complete the service.

(c) Estimation of fair value of financial assets and financial liabilities

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions including credit risk, volatility and liquidity risks associated with the instruments at the end of each reporting period, which are subject to uncertainty and might materially differ from the actual results. Changes in these assumptions and estimates could materially affect the respective fair value of these financial assets and liabilities (Note 3.3).

(d) Estimation of the useful life and depreciation of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation for the Group's property, plant and equipment based on the asset's expected utility to the Group, the asset management policy of the Group may involve the disposal of assets after a specified time or after consumption of a specified proportion of the future economic benefits embodied in the asset. Therefore, the useful life of an asset may be shorter than its economic life. The estimation of the useful life of the asset is a matter of judgement based on the experience of the Group with similar assets.

(e) Estimation of the useful life and amortisation of intangible assets

The Group's management determines the estimated useful lives and related amortisation for the Group's intangible assets with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. Management will revise the amortisation charges where useful lives are different from that of previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in useful lives and therefore amortisation expense in future periods.

(f) Estimation of goodwill impairment

The Group tests whether goodwill has suffered any impairment on an annual basis, or whenever events or changes in circumstances indicate that it might be impaired. As at 31 March 2019, 2020 and 2021 and 30 September 2021, the recoverable amount of cash-generating units (CGUs) was determined based on fair value less cost of disposal calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a six calendar year period.

Cash flows beyond the six calendar year period are extrapolated using the estimated growth rates stated in note 17. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

Details of impairment charge, key assumptions and impact of possible changes in key assumptions are disclosed in Note 17.

(g) Credit loss allowance for trade receivables, other receivables and other financial assets

Under IFRS 9, the expected credit loss of trade receivables, other receivables and other 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 calculate the loss allowances, 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 Note 3.1.2.

(h) Recoverability of non-financial assets

Other non-financial assets including property and equipment, right-of-use assets and intangible assets (including brand and licenses) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The recoverable amount of CGU is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management with an estimation of terminal value.

(i) Business combinations

During the Track Record Period, the Group acquired the 51.22% interest of the businesses of two clinics and 100% equity interest of a company in PRC at an aggregate cash consideration of RMB17,000,000. Details of the acquisitions are set out in Note 31. In accordance with IFRS 3, the identifiable assets acquired and liabilities and contingent liabilities assumed should be measured at fair value at the acquisition date in order to determine the difference between the cost of acquisition and the fair value of the Group's share of net assets acquired, which should then be recognised as goodwill on the consolidated balance sheets.

The directors of the Company had principally made reference to the valuation results made by an external valuer appointed by the Company to determine the fair value of the net assets acquired at the acquisition date. In the absence of an active market for the above acquisition transaction undertaken by the Group, the directors of the Company has made estimates from a variety of sources, in order to determine the fair value of identifiable assets and liabilities in the above acquisition transactions. For the fair value of the intangible assets for brands, non-competitive agreements and customer relationship, the directors of the Company had made their estimates according to valuation results assessed by an external valuer appointed by the Company. As the result, the Group recognised the excess of the acquisition costs over the fair value of the net assets acquired amounting to approximately RMB6,646,000 and RMB2,405,000 in relation to the above acquisition transaction as goodwill for the years ended 31 March 2020 and 2021, respectively (see Note 31 for details of this acquisition transaction).

(j) Current and deferred income tax

There are many 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 tax assets and liabilities in the period in which such determination is made.

5 SEGMENT INFORMATION

The Group's business activities, being mainly the provision of dental services (including general dentistry, orthodontics and implantology) through the operations of dental clinics and hospitals in the PRC, are regularly evaluated by the board of directors of the Group. The Group's business activities were previously operated and managed as a single segment, prior to 30 September 2021.

The Group has adopted the new business group structure due to a change in the internal reporting structure effective for the six months ended 30 September 2021 and the comparative segment information has been reclassified to conform to the reporting format under the current internal reporting structure. Management has determined the operating segments based on the reports reviewed by the board of directors for the purpose of making decisions about resource allocation and performance assessment. Segments by business group comprise Arrail Dental and Rytime Dental.

The Management assesses the performance of the operating segments based on a measure of operating profit/(loss). The measurement basis excludes the effects of allocation of certain income and expenses from headquarter, (impairment losses)/reversal of impairment losses on financial assets, share of net (loss)/profit of investments accounted for using the equity method, fair value changes of financial instruments and finance income and costs. There were no separate segment assets and segment liabilities information provided to the board of directors of the Group, as they does not use this information to allocate resources to or evaluate the performance of the operating segments.

	Years ended 31 March						Six months ended 30 September			
	2019		2020		2021		2020		2021	
	Revenue	Operating loss	Revenue	Operating loss	Revenue	Operating profit	Revenue	Operating profit	Revenue	Operating profit
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000	RMB'000
Arrail Dental	633,694	(15,497)	588,501	(47,367)	767,219	94,961	367,034	42,755	432,188	39,077
Rytime Dental	446,597	(1,142)	511,367	(18,259)	747,908	99,075	353,287	53,111	409,151	46,620
Total	1,080,291	(16,639)	1,099,868	(65,626)	1,515,127	194,036	720,321	95,866	841,339	85,697
Unallocated:										
Headquarter and corporate expense		(52,622)		(51,112)		(64,093)		(27,734)		(47,144)
(Impairment losses)/reversal of impairment losses on financial assets		(14,782)		(16,706)		(5,476)		(2,087)		4,523
Finance income		8,796		9,326		7,581		4,438		5,979
Finance costs		(37,458)		(48,011)		(51,914)		(23,790)		(32,251)
Share of net (loss)/profit of investments accounted for using the equity method		(9,939)		(2,716)		2,602		267		829
Re-designation to Series E preferred shares from issued ordinary and preferred shares		–		–		(196,712)		–		–
Fair value changes of convertible redeemable preferred shares		(192,818)		(146,049)		(424,289)		(215,234)		(428,109)
Fair value change of bond		–		–		(16,677)		(5,309)		(22,650)
Fair value change of warrants		–		–		(26,802)		(7,527)		(13,686)
Fair value changes of derivative liabilities		–		–		–		–		(1,129)
Fair value difference between termination of the warrants and recognition of derivative liabilities		–		–		–		–		(11,136)
Loss before income tax		(315,462)		(320,894)		(581,744)		(181,110)		(459,077)

The Company is domiciled in the Cayman Islands while the Group mainly operates its business in the PRC and earns substantially all of the revenues from external customers in the PRC.

As at 31 March 2019, 2020 and 2021 and 30 September 2021, substantially all of the non-current assets of the Group were located in the PRC.

No revenue from the Group's sales to a single customer amounted to 10% or more of the Group's revenue for the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2020 and 2021.

Other segment information

	Years ended 31 March						Six months ended 30 September			
	2019		2020		2021		2020		2021	
	Arrail Dental	Rytime Dental	Arrail Dental	Rytime Dental	Arrail Dental	Rytime Dental	Arrail Dental	Rytime Dental	Arrail Dental	Rytime Dental
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000* (unaudited)	*RMB'000*	*RMB'000*
Depreciation and amortization	105,349	76,021	120,722	101,894	116,908	112,083	59,615	54,739	60,372	57,154
Addition to property, plant and equipment	49,043	114,434	24,385	36,577	21,606	10,803	15,599	7,800	24,611	36,926
Addition to right-of-use assets	74,308	173,480	74,874	48,700	74,967	71,230	36,108	8,823	73,410	41,124

6 REVENUE

(a) Revenue from contracts with customers

The breakdown of revenues by service categories during the Track Record Period is as follows:

	Year ended 31 March			Six months ended 30 September	
	2019	2020	2021	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
General Dentistry – recognised at a point in time	603,639	593,861	828,452	390,222	448,807
Orthodontics – recognised over time	222,427	244,973	342,273	176,882	199,680
Implantology – recognised over time	231,447	236,463	299,568	134,947	174,067
Others – recognised at a point in time	22,778	24,571	44,834	18,270	18,785
	1,080,291	1,099,868	1,515,127	720,321	841,339

The breakdown of revenues by geographic locations and by brands during the Track Record Period is as follows:

	Year ended 31 March			Six months ended 30 September	
	2019	2020	2021	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Northern China	483,987	473,144	637,590	301,791	357,675
Eastern China	274,000	280,702	384,664	180,267	203,342
Southern China	112,979	108,242	146,990	69,261	81,782
Western China	209,325	237,780	345,883	169,002	198,540
	1,080,291	1,099,868	1,515,127	720,321	841,339

(b) Liabilities related to contracts with customers

(i) Revenue recognised in relation to contract liabilities

The following table shows the amounts of revenue recognised in each of the financial years/periods that were included in the contract liabilities at the beginning of each of the financial years/periods:

	Year ended 31 March			Six months ended 30 September	
	2019	**2020**	**2021**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* **(unaudited)**	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of each of the years/periods:					
– Rendering dental services	126,991	163,983	236,263	96,368	163,075

(ii) Unsatisfied performance obligations

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the financial years/periods are as follows:

	As at 31 March			As at 30 September
	2019	**2020**	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts expected to be recognised as revenue:				
Within one year	163,983	236,263	209,521	193,302
After one year	11,180	13,697	11,878	24,531
	175,163	249,960	221,399	217,833

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year related to orthodontics services, of which the performance obligations are to be satisfied within two years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year.

All other 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.

7. EXPENSES BY NATURE

	Year ended 31 March			Six months ended 30 September	
	2019	**2020**	**2021**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* **(unaudited)**	*RMB'000*
Employee benefits expenses	566,444	615,422	716,704	327,775	431,840
Depreciation and amortisation	181,370	222,616	228,991	114,354	117,526
Dental materials used	167,280	181,975	233,421	110,273	127,754
Advertising and marketing expenses	55,441	46,719	38,165	17,024	16,307
Office and property management expenses	49,050	49,328	49,625	24,864	25,652
Consulting fees	38,222	34,446	56,595	30,850	33,958
Auditor's remuneration					
– Audit services	1,155	1,142	2,700	1,211	4,842
– Non-audit services	–	–	–	–	–
[**REDACTED**] (excluding auditor's remuneration)	–	–	[REDACTED]	–	[REDACTED]
Other expenses	86,122	61,829	58,098	28,620	30,042
	1,145,084	1,213,477	1,387,470	654,971	805,596

8 EMPLOYEE BENEFITS EXPENSES

	Year ended 31 March			Six months ended 30 September	
	2019	**2020**	**2021**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* **(unaudited)**	*RMB'000*
Wages, salaries, bonuses and other allowances	489,733	538,459	649,011	300,699	374,456
Social security costs and housing fund contributions *(a)*	76,711	76,963	67,693	27,076	57,384
	566,444	615,422	716,704	327,775	431,840

(a) Social security costs and housing fund contributions

The employees of the Group in the PRC are members of a state-managed pension obligations operated by the PRC Government, including social security costs and housing benefits. 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.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2020 and 2021 include 2, 1, 1, 2 and 1 director whose emoluments are reflected in the analysis shown in Note 36. The emoluments payable to the remaining 3, 4, 4, 3 and 4 individuals during the year/period are as follows:

	Year ended 31 March			Six months ended 30 September	
	2019	**2020**	**2021**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* **(unaudited)**	*RMB'000*
Wages, salaries, bonuses and other allowances	5,480	7,717	9,753	3,000	4,866
Social security costs and housing fund contributions	292	305	390	146	240
	5,772	8,022	10,143	3,146	5,106

The emoluments fell within the following bands:

	Number of individuals				
	Year ended 31 March			Six months ended 30 September	
	2019	**2020**	**2021**	**2020**	**2021**
				(unaudited)	
Emolument bands (in HK dollar)					
HK$500,001 – HK$1,000,000	–	–	–	–	–
HK$1,000,001 – HK$1,500,000	–	–	–	2	3
HK$1,500,001 – HK$2,000,000	–	–	–	1	1
HK$2,000,001 – HK$2,500,000	2	3	–	–	–
HK$2,500,001 – HK$3,000,000	1	1	2	–	–
HK$3,000,001 – HK$3,500,000	–	–	1	–	–
HK$3,500,001 – HK$4,000,000	–	–	1	–	–

9 OTHER (LOSSES)/GAINS, NET

	Year ended 31 March			Six months ended 30 September	
	2019	**2020**	**2021**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* **(unaudited)**	*RMB'000*
Net (losses)/gains on disposal of property, plant and equipment	(2,055)	(3,755)	(5,002)	(784)	592
Net fair value gains on financial assets at fair value through profit or loss	614	654	6,138	3,900	293
Net foreign exchange losses	(689)	(68)	(63)	(32)	(16)
(Accrual)/reversal of accrual for water discharge license penalties	(1,000)	(1,000)	–	–	2,000
Others	(1,338)	1,040	1,213	(302)	(59)
	(4,468)	(3,129)	2,286	2,782	2,810

10 FINANCE COSTS – NET

	Year ended 31 March			Six months ended 30 September	
	2019	2020	2021	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Finance income					
Interest income from bank deposits	5,913	6,076	4,351	2,979	2,168
Interest income from loans to related parties and employees	2,883	3,250	3,230	1,459	3,811
	8,796	9,326	7,581	4,438	5,979
Finance costs					
Interest expense on borrowings	(8,774)	(15,159)	(19,526)	(8,086)	(5,613)
Interest expense on lease liabilities	(28,684)	(32,852)	(32,388)	(15,704)	(17,468)
Transaction costs on issuance of Series E convertible redeemable preferred shares	–	–	–	–	(9,170)
	(37,458)	(48,011)	(51,914)	(23,790)	(32,251)
	(28,662)	(38,685)	(44,333)	(19,352)	(26,272)

11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the consolidated balance sheets are as follows:

	As at 31 March			As at 30 September
	2019	2020	2021	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Associates, unlisted entities	13,569	11,508	14,116	14,625
Joint ventures	–	–	–	1,050
	13,569	11,508	14,116	15,675

During the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2021, the unrecognised share of loss of associates and joint ventures accounted for under the equity method amounted to RMB15,413,000, RMB22,853,000, RMB23,065,000 and RMB23,294,000, respectively, of which RMB10,725,000, RMB16,726,000, RMB16,544,000 and RMB16,159,000, respectively were attributed from 濟南濟東.

No impairment loss on the investments accounted for using the equity method was recognised during the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2021.

Set out below are the associates and joint ventures of the Group as at 31 March 2019, 2020 and 2021 and 30 September 2021. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entities	Place of business/ country of incorporation	% of ownership interest As at 31 March 2019	2020	2021	% of ownership interest As at 30 September 2021	Nature of relationship	Principal activities
		%	%	%	%		
北京康泰健瑞牙科技術有限公司 ("北京康泰")	PRC	51	51	51	51	Joint venture	Provision of technical services in respect of dental materials
濟南濟東口腔醫院有限公司 ("濟南濟東")	PRC	45	45	45	45	Associate	Provision of dental services
福州美可普口腔醫院有限公司 ("福州美可普")	PRC	30	30	30	30	Associate	Provision of dental services
郴州科爾雅口腔醫院管理有限公司	PRC	32	31	31	31	Associate	Provision of dental services
廣州天河領航口腔門診部有限公司	PRC	–	–	20	20	Associate	Provision of dental services
重慶瑞登醫院管理中心(有限合夥) ("重慶瑞登")	PRC	–	–	–	12	Joint venture	Investment holding
重慶瑞征醫院管理中心(有限合夥) ("重慶瑞征")	PRC	–	–	–	20	Joint venture	Investment holding
重慶瑞新醫院管理中心(有限合夥) ("重慶瑞新")	PRC	–	–	–	8	Joint venture	Investment holding
重慶瑞歡醫院管理中心(有限合夥) ("重慶瑞歡")	PRC	–	–	–	60	Joint venture	Investment holding

The associates and joint ventures of the Group above have been accounted by using the equity method based on the financial information of the associates and joint ventures prepared under the accounting policies consistent with the Group.

The joint arrangements in relation to 北京康泰, 重慶瑞登, 重慶瑞征, 重慶瑞新 and 重慶瑞歡 require unanimous consent from all shareholders for all relevant activities. Each shareholder does not have direct rights to the assets and obligation for the liabilities of these entities. Therefore, these entities are classified as joint ventures.

The interests in associates and joint ventures disclosed above all belong to a number of individually immaterial associates and joint ventures that are accounted for using the equity method. The summarised financial information for all individually immaterial associates and joint venture are set out below:

	As at 31 March			As at 30 September
	2019	**2020**	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Aggregate carrying amount of individually immaterial associates and joint ventures	13,569	11,508	14,116	15,675
Aggregate amounts of the group's share of:				
Profit for the year	(9,939)	(2,716)	2,602	829
Other comprehensive income	(31)	21	–	–
Total comprehensive income	(9,970)	(2,695)	2,602	829

12 INCOME TAX (CREDIT)/EXPENSES

The income tax (credit)/expense of the Group for the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2020 and 2021 is analysed as follows:

	Year ended 31 March			Six months ended 30 September	
	2019	**2020**	**2021**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* **(unaudited)**	*RMB'000*
Current income tax					
– PRC corporate income tax	7,811	8,751	11,063	3,363	7,011
Deferred income tax *(Note 28)*	(19,104)	(3,820)	4,955	3,449	(1,901)
	(11,293)	4,931	16,018	6,812	5,110

The taxation on the Group's loss before income tax differs from the theoretical amount that would arise using the taxation rate of the PRC, the principal place of the Group's operations, as follows:

	Year ended 31 March			Six months ended 30 September	
	2019	**2020**	**2021**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* **(unaudited)**	*RMB'000*
Loss before income tax	(315,462)	(320,894)	(581,744)	(181,110)	(459,077)
Tax calculated at statutory income tax rate of 25% in mainland China	(78,866)	(80,224)	(145,436)	(45,278)	(114,769)
Tax effects of:					
– Effect of different tax rates in other jurisdictions	47,820	36,234	162,166	55,688	119,755
– Effect of preferential tax rates of certain subsidiaries	(4,065)	(3,208)	(12,494)	(6,314)	(6,006)
– Tax losses for which no deferred tax assets was recognised	14,860	40,368	2,719	1,371	4,541
– Temporary deductible timing differences for which no deferred tax assets was recognised	957	700	560	211	(37)
– Expenses not deductible for income tax purposes	8,487	11,339	9,154	1,165	1,646
– Income not subject to tax	(486)	(278)	(651)	(31)	(20)
	(11,293)	4,931	16,018	6,812	5,110

(a) Cayman Islands

The Company is incorporated as an exempted company with limited liability under the Companies Act of the Cayman Islands and is not subject to tax on income or capital gains. Additionally, the Cayman Islands do not impose a withholding tax on payments of dividends to shareholders. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

(b) BVI

The Group's entities established under the International Business Companies Acts of BVI are exempted from BVI income tax.

(c) Hong Kong Income Tax

Entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% for taxable income earned in Hong Kong before 1 April 2018. Starting from the financial year commencing on 1 April 2018, the two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits on the first HK$2 million and 16.5% for any assessable profits in excess of HK$2 million. The subsidiary, Arrail Institute of Advanced Dentistry (AIAD) Limited, was established in Hong Kong and this tax policy is applicable. No provision for Hong Kong profits tax was made as the Group had no estimated assessable profit that was subject to Hong Kong profits tax during the Track Record Period.

(d) PRC Enterprise Income Tax ("EIT")

The income tax provision of the Group in respect of its operations in PRC was subject to statutory tax rate of 25% on the assessable profits for the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2020 and 2021 based on the existing legislation, interpretation and practices in respect thereof.

For the Group's PRC subsidiaries qualified as Small and Micro Enterprise ("SME") by the relevant government authorities, they are subject to a 50%-75% deduction of the assessable profits as well as a preferential tax rate of 20% or 10%, effective until 31 December 2022. During the Track Record Period, the majority of the Group's PRC subsidiaries meet the criteria of SMEs.

(e) Withholding tax in Mainland China ("WHT")

According to the New Corporate Income Tax Law ("New EIT Law"), beginning 1 January 2008, distribution of profits earned by companies in mainland China since 1 January 2008 to foreign investors is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies.

The Group does not have any plan in the foreseeable future to require its subsidiaries in mainland China to distribute their retained earnings, totaling RMB361,787,000, RMB480,124,000, RMB727,258,000 and RMB772,399,000 as at 31 March 2019, 2020 and 2021 and 30 September 2021, respectively, and intends to retain them to operate and expand its business in mainland China. Accordingly, no deferred income tax liability related to WHT on undistributed earnings was accrued as of the end of each Track Record Period.

13 LOSS PER SHARE

(a) Basic loss per shares

Basic loss per share for the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2020 and 2021 are calculated by dividing the loss attributable to the Company's equity holders by the weighted average number of ordinary shares outstanding during the year/period.

	Year ended 31 March			Six months ended 30 September	
	2019	**2020**	**2021**	**2020**	**2021**
				(unaudited)	
Net loss attributable to equity holders of the Company *(RMB'000)*	(301,178)	(316,854)	(599,420)	(189,524)	(468,429)
Weighted average number of class 1 ordinary shares outstanding	1,723,668	1,723,668	1,703,284	1,723,668	1,603,668
Weighted average number of class 2 ordinary shares outstanding	1,209,059	1,209,059	1,215,546	1,209,059	1,189,183
Basic loss per share, for class 1 and class 2 ordinary shares *(expressed in RMB per share)*	(102.70)	(108.04)	(205.36)	(64.62)	(167.72)

(b) Diluted loss per shares

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

During the Track Record Period, the Company had potential ordinary shares, including convertible redeemable preferred shares, warrants and derivative liabilities. As the Group incurred losses for the years ended 31 March 2019, 2020 and 2021 and for the six months ended 30 September 2020 and 2021, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, the amounts of diluted loss per share for the years ended 31 March 2019, 2020 and 2021 and for the six months ended 30 September 2020 and 2021 were the same as basic loss per share of the respective year/period.

The basic and diluted loss per share as presented above has not taken into account the proposed share subdivision pursuant to the shareholders' resolution passed on 1 December 2021 because the proposed share subdivision has not become effective as of the date of this report.

14 PROPERTY, PLANT AND EQUIPMENT

	Medical equipment	Office equipment and furniture	Motor vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost					
At 1 April 2018 (unaudited)	197,202	28,853	4,150	168,274	398,479
Additions	63,545	6,683	214	93,035	163,477
Disposals	(6,514)	(587)	–	(6,281)	(13,382)
At 31 March 2019	254,233	34,949	4,364	255,028	548,574
Additions	18,707	4,980	–	37,275	60,962
Acquisition of subsidiaries *(Note 31)*	640	192	213	3,800	4,845
Disposals	(9,320)	(1,279)	–	(5,787)	(16,386)
At 31 March 2020	264,260	38,842	4,577	290,316	597,995
Additions	17,881	3,290	167	11,071	32,409
Disposals	(21,680)	(5,344)	(207)	(9,554)	(36,785)
At 31 March 2021	260,461	36,788	4,537	291,833	593,619
Additions	17,609	3,646	1,058	39,224	61,537
Disposals	(7,658)	(2,106)	(1,002)	–	(10,766)
At 30 September 2021	270,412	38,328	4,593	331,057	644,390
Accumulated depreciation					
At 1 April 2018 (unaudited)	(87,627)	(17,162)	(3,389)	(60,865)	(169,043)
Charge for the year	(21,553)	(4,760)	(195)	(30,302)	(56,810)
Disposals	4,629	488	–	2,641	7,758
At 31 March 2019	(104,551)	(21,434)	(3,584)	(88,526)	(218,095)
Charge for the year	(26,608)	(5,814)	(283)	(46,143)	(78,848)
Disposals	6,683	1,158	–	3,261	11,102
At 31 March 2020	(124,476)	(26,090)	(3,867)	(131,408)	(285,841)

	Medical equipment	Office equipment and furniture	Motor vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Charge for the year	(28,306)	(5,332)	(239)	(41,545)	(75,422)
Disposals	15,797	4,473	140	8,076	28,486
At 31 March 2021	(136,985)	(26,949)	(3,966)	(164,877)	(332,777)
Charge for the period	(17,014)	(3,240)	(666)	(14,099)	(35,019)
Disposals	6,682	1,903	971	–	9,556
At 30 September 2021	(147,317)	(28,286)	(3,661)	(178,976)	(358,240)
Net book value					
At 31 March 2019	149,682	13,515	780	166,502	330,479
At 31 March 2020	139,784	12,752	710	158,908	312,154
At 31 March 2021	123,476	9,839	571	126,956	260,842
At 30 September 2021	123,095	10,042	932	152,081	286,150

For the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2020 and 2021, depreciation of the Group's property, plant and equipment amounting to RMB56,810,000, RMB78,848,000, RMB75,422,000, RMB38,622,000 and RMB35,019,000, respectively, have been charged to cost of sales amounting to RMB55,738,000, RMB71,360,000, RMB70,176,000, RMB36,469,000 and RMB31,806,000, respectively, to selling and distribution expenses amounting to RMB325,000, RMB362,000, RMB542,000, RMB101,000 and RMB123,000, respectively, to administrative expenses amounting to RMB701,000, RMB7,014,000, RMB4,596,000, RMB1,998,000 and RMB3,041,000, respectively, and to research and development expenses amounting to RMB46,000, RMB112,000 RMB108,000, RMB54,000 and RMB49,000, respectively.

15 LEASES

(a) Items recognised in the consolidated balance sheets

	As at 31 March			As at 30 September
	2019	2020	2021	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Right-of-use assets				
Clinics and office buildings	608,882	595,950	595,114	630,315
Lease liabilities				
Current	124,888	143,936	132,140	119,972
Non-current	526,393	509,590	511,007	551,131
	651,281	653,526	643,147	671,103

Additions to the right-of-use assets for the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2021 were RMB247,788,000, RMB123,574,000, RMB146,197,000 and RMB114,534,000, respectively.

(b) Items recognised in the consolidated income statement

	Year ended 31 March			Six months ended 30 September	
	2019	**2020**	**2021**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* **(unaudited)**	*RMB'000*
Depreciation charge of right-of-use assets					
Clinics and office buildings	115,935	136,506	147,033	72,273	79,333
Interest expense (included in finance costs, net)	28,684	32,852	32,388	15,704	17,468
Expense relating to short-term leases and leases of low value assets not included in lease liabilities	31,188	12,107	14,156	6,564	7,213

A reduction in the lease payments arising from the rent concessions of nil, RMB3,880,000, RMB3,750,000, RMB849,000 and nil has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2020 and 2021, respectively.

The total cash outflows for leases during the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2020 and 2021 was RMB157,757,000, RMB166,288,000, RMB203,120,000, RMB88,741,000 and RMB111,259,000, respectively.

The total cash outflows in financing activities for leases during the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2020 and 2021 are as follows:

	Year ended 31 March			Six months ended 30 September	
	2019	**2020**	**2021**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* **(unaudited)**	*RMB'000*
Principal elements of lease payments	97,885	121,329	156,576	66,473	86,578
Related interest paid	28,684	32,852	32,388	15,704	17,468
	126,569	154,181	188,964	82,177	104,046

The weighted average incremental borrowing rate applied to the lease liabilities for the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2020 and 2021 were 4.89%, 5.05%, 5.03%, 5.03% and 4.42% per annum, respectively.

(c) The Group's leasing activities and how these are accounted for

The Group leased various clinics and office buildings under rental contracts which are typically for fixed periods of 2 to 8 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and are not used as security for borrowing purposes.

16 INTANGIBLE ASSETS

	Service contracts	Brands and licenses	Non-competitive agreements and customer relationship	Software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost					
At 1 April 2018 (unaudited)	7,324	29,395	18,750	5,185	60,654
Acquisition of assets *(Note)*	3,746	–	–	–	3,746
Additions	–	–	–	575	575
At 31 March 2019	11,070	29,395	18,750	5,760	64,975
Acquisition of assets *(Note 31)*	–	2,725	2,200	–	4,925
Additions	–	–	–	1,340	1,340
Disposals *(Note 31)*	(2,622)	–	–	–	(2,622)
At 31 March 2020	8,448	32,120	20,950	7,100	68,618
Acquisition of assets *(Note 31)*	–	485	600	–	1,085
Additions	–	–	–	476	476
Disposals *(Note 31)*	(1,124)	–	–	–	(1,124)
At 31 March 2021	7,324	32,605	21,550	7,576	69,055
Additions	–	–	–	4,908	4,908
At 30 September 2021	7,324	32,605	21,550	12,484	73,963

	Service contracts	Brands and licenses	Non-competitive agreements and customer relationship	Software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated amortisation					
At 1 April 2018 (unaudited)	(409)	(8,529)	(11,012)	(2,349)	(22,299)
Charge for the year	(1,686)	(3,768)	(1,653)	(1,518)	(8,625)
At 31 March 2019	(2,095)	(12,297)	(12,665)	(3,867)	(30,924)
Charge for the year	(1,057)	(3,942)	(1,436)	(827)	(7,262)
Disposals *(Note 31)*	1,592	–	–	–	1,592
At 31 March 2020	(1,560)	(16,239)	(14,101)	(4,694)	(36,594)
Charge for the year	(665)	(3,639)	(1,522)	(710)	(6,536)
Disposals *(Note 31)*	682	–	–	–	682
At 31 March 2021	(1,543)	(19,878)	(15,623)	(5,404)	(42,448)
Charge for the period	(189)	(1,318)	(772)	(895)	(3,174)
At 30 September 2021	(1,732)	(21,196)	(16,395)	(6,299)	(45,622)
Net book value					
At 31 March 2019	8,975	17,098	6,085	1,893	34,051
At 31 March 2020	6,888	15,881	6,849	2,406	32,024
At 31 March 2021	5,781	12,727	5,927	2,172	26,607
At 30 September 2021	5,592	11,409	5,155	6,185	28,341

Amortisations of the Group's intangible assets has been charged to administrative expenses in the consolidated income statements.

Note Acquisition of assets

On 30 April 2018, the Company's subsidiary, Beijing Ruicheng Hospital Management Co., Ltd., obtained an intangible asset – service contracts and acquired 51.22% equity interest of Dalian Ruitai Baojia Hospital Management Co., Ltd. ("Baojia Management") for consideration of RMB8,730,000. As Baojia Management had no operations at the acquisition date, the transaction was accounted for as an acquisition of assets.

The details of the fair value of the identifiable assets acquired are as follows:

	RMB'000
Consideration	
Cash consideration	8,730
Less: Intangible asset – service contracts acquired (per above)	(3,746)
Consideration for acquiring net assets of Baojia Management	4,984
Recognised amounts of the fair value of assets acquired	
Cash and cash equivalents	9,730
Less: non-controlling interests	(4,746)
Net assets of Baojia Management acquired	4,984
Outflow of cash to acquire Baojia Management, net of cash acquired	
Cash consideration	8,730
Less: Cash and cash equivalents acquired	(9,730)
Net inflow of cash – investing activities	(1,000)

17 GOODWILL

	RMB'000
At 1 April 2018, 31 March 2019 and 1 April 2019	89,416
Acquisition of businesses *(Note 31)*	6,646
At 31 March 2020	96,062
At 1 April 2020	96,062
Acquisition of business *(Note 31)*	2,405
At 31 March 2021 and 30 September 2021	98,467

(a) Impairment tests for goodwill

For the purpose of impairment testing of goodwill, goodwill is allocated to groups of CGUs. Such groups of CGUs represent the lowest level within the Group for which the goodwill is monitored for internal management purpose.

Management considered that the Group only had one group of CGUs according to how it operated its business as at 31 March 2019, 2020 and 2021. On 30 September 2021, the Group has adopted the new business group structure due to a change in internal reporting structure. Management has determined the operating segments based on the reports reviewed by the board of directors for the purpose of making decisions about resource allocation and performance assessment, which comprise Arrail Dental and Rytime Dental. Goodwill is allocated to the two operating segments since 30 September 2021. A summary of the goodwill allocation is presented below.

	As at 30 September 2021
	RMB'000
Arrail Dental	40,893
Rytime Dental	57,574
	98,467

The impairment test is performed for the group of CGUs by engaging an independent appraiser to estimate fair value less cost of disposal ("FVLCOD") as its recoverable amount. These calculations use post-tax cash flow projections based on financial budgets prepared by management covering six calendar years. The Group believes that it is appropriate to use a period longer than five years in its cash flow projection according to the approved budget, because it captures the ramp-up and fast-growing stages of the Group's new hospitals and clinics during a period of six years, which the Group expects to experience a high growth rate. The accuracy and reliability of the information is reasonably assured by the appropriate budgeting, forecast and control processes established by the Group. Cash flows beyond the projected period are extrapolated using the estimated terminal growth rate. The management leveraged their extensive experiences in the industry and provided forecast based on past performance, their expectation of future business plans and external sources of information. The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation.

The following key assumptions were used for FVLCOD calculation of one group of CGUs as at 31 March 2019, 2020 and 2021:

	As at 31 March		
	2019	2020	2021
Compound annual growth rate of revenue in the projected period	19%	23%	27%
Terminal growth rate	3%	3%	3%
Post-tax discount rate	17%	17%	17%
FVLCOD of the group of CGUs *(in RMB million)*	2,761	3,072	3,753
Carrying amount of the group of CGUs *(in RMB million)*	1,323	1,201	1,804

The following key assumptions were used for FVLCOD calculations of the two groups of CGUs as at 30 September 2021:

	As at 30 September 2021	
	Arrail Dental	**Rytime Dental**
Compound annual growth rate of revenue in the projected period	21%	26%
Terminal growth rate	3%	3%
Post-tax discount rate	15.5%	15.5%
FVLCOD of the group of CGUs *(in RMB million)*	1,902	2,775
Carrying amount of the group of CGUs *(in RMB million)*	1,054	1,088

The compound annual growth rates of revenue and the terminal growth rate used do not exceed the industry growth forecast for the market in which the Group operates. The discount rate used is post-tax and reflects market assessments of the time value and the specific risks relating to the industry. The values assigned to the key assumptions and discount rates are consistent with external information sources.

Based on the result of the goodwill impairment testing, the estimated headroom was approximately RMB1,438 million, RMB1,871 million, RMB1,949 million as at 31 March 2019, 2020 and 2021, respectively. The estimated headrooms of Arrail Dental and Rytime Dental were approximately RMB848 million and RMB1,687 million, respectively, as at 30 September 2021. As the recoverable amount was significantly above the carrying amount, no impairment was identified in respect of goodwill as at 31 March 2019, 2020 and 2021 and 30 September 2021, respectively.

The Group performs a sensitivity analysis based on the reasonably possible changes in assumptions underlying the compound annual revenue growth rate, terminal growth rate or the post-tax discount rate. Had the estimated key assumptions during the forecast period been changed as below, the headroom would be decreased to as below:

	As at 31 March		
	2019	**2020**	**2021**
	RMB'million	*RMB'million*	*RMB'million*
Compound annual growth rate of revenue decreases by 10% from the original growth rate	78	884	800
Terminal growth rate decreases by 3% from the original growth rate	1,143	1,492	1,463
Post-tax discount rate increases by 10% from the original post-tax discount rate	141	410	105

	As at 30 September 2021	
	Arrail Dental	**Rytime Dental**
	RMB'million	*RMB'million*
Compound annual growth rate of revenue decreases by 10% from the original growth rate	210	672
Terminal growth rate decreases by 3% from the original growth rate	655	1,204
Post-tax discount rate increases by 10% from the original post-tax discount rate	372	817

The Directors and management have considered and assessed the reasonably possible changes in key assumptions above and have not identified any instances that would cause the carrying amount of the group of CGUs to exceed its recoverable amount. Therefore, it would not lead to any significant impairment of goodwill as at 31 March 2019, 2020 and 2021 and 30 September 2021, respectively.

18 PREPAYMENTS

The detailed information of prepayments during the Track Record Period is as below:

	As at 31 March			As at 30 September
	2019	**2020**	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Prepayments for construction	540	9,644	17,259	–
Incremental cost of obtaining contracts *(Note)*	1,901	2,328	1,743	4,170
	2,441	11,972	19,002	4,170
Current				
Prepayments for braces	36,777	37,620	47,597	55,414
Incremental cost of obtaining contracts *(Note)*	12,478	11,245	17,468	17,773
Prepayments for inventories other than braces	11,258	9,951	24,036	28,056
Short-term lease prepayments	11,212	7,061	4,222	11,239
Prepayments for services	6,315	5,563	9,696	10,309
[**REDACTED**] fees	–	–	[REDACTED]	[REDACTED]
	78,040	71,440	104,976	125,950
	80,481	83,412	123,978	130,120

Note: Incremental cost of obtaining contracts represents the commissions to dentists, which are calculated based on certain percentage of total contract sum of new contracts introduced by dentists. The Group recognised an asset for the incremental costs of obtaining contracts for the commissions because the Group expects to recover these costs through future fees for the goods or services to be provided. Details are set out in Note 2.22 to this report.

19 INVESTMENTS IN SUBSIDIARIES – COMPANY

The detailed information of investments in subsidiaries for the Company during the Track Record Period is as below:

	As at 31 March			As at 30 September
	2019	**2020**	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investments in subsidiaries	280,019	320,147	296,931	293,049
Deemed investment arising from issuance of warrants *(Note)*	–	–	45,200	44,609
	280,019	320,147	342,131	337,658

Note: The amount represents the deemed investment arising from the issuance of the warrants (Note 29.2) by the Company as an upfront payment for issuance of the bond (Note 29.1) by a subsidiary, which was deemed to be an investment made by the Company into its subsidiary.

20 INVENTORIES

	As at 31 March			As at 30 September
	2019	**2020**	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Dental materials	38,455	37,500	39,036	51,850

Inventories recognised as cost of sales during the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2020 and 2021 amounted to RMB167,280,000, RMB181,975,000, RMB233,421,000, RMB110,273,000 and RMB127,754,000, respectively.

21 FINANCIAL INSTRUMENTS BY CATEGORY

The detail information of financial instruments by category during the Track Record Period is as below:

	As at 31 March			As at 30 September
	2019	**2020**	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets as per consolidated balance sheets				
Financial assets measured at fair value through profit or loss:				
– Bank structured deposits *(Note 23)*	12,324	77,104	51,004	6,034
– Unlisted debt instruments *(Note 23)*	–	–	30,000	30,000
Financial assets measured at amortised cost:				
– Trade and other receivables *(Note 22)*	291,080	293,917	340,950	341,780
– Restricted cash *(Note 24(b))*	144,097	156,439	65,706	97,304
– Time deposits with original maturity over three months *(Note 24(b))*	33,667	–	–	2,000
– Cash and cash equivalents *(Note 24(a))*	168,457	172,618	676,304	1,120,584
	649,625	700,078	1,163,964	1,597,702

	As at 31 March			As at 30 September
	2019	**2020**	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Liabilities as per consolidated balance sheets				
Financial liabilities measured at fair value through profit or loss:				
– Convertible redeemable preferred shares *(Note 29)*	2,230,268	2,463,404	3,178,465	4,072,152
– Bond *(Note 29.1)*	–	–	167,345	184,569
– Warrants *(Note 29.2)*	–	–	71,126	–
– Derivative liabilities *(Note 29.3)*	–	–	–	96,359
Financial liabilities measured at amortised cost:				
– Borrowings *(Note 27)*	168,636	288,000	218,491	201,557
– Lease liabilities *(Note 15)*	651,281	653,526	643,147	671,103
– Trade and other payables	218,758	196,942	208,471	210,548
	3,268,943	3,601,872	4,487,045	5,436,288

22 TRADE AND OTHER RECEIVABLES

	As at 31 March			As at 30 September
The Group	**2019**	**2020**	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Other receivables				
Loan to an ordinary shareholder *(Note a and Note 35(c))*	89,315	93,979	87,169	–
Loans to employees *(Note b)*	29,968	42,638	41,862	39,457
Rental deposits	49,192	49,440	56,760	56,923
Others	14,733	8,459	5,958	6,599
Less: loss allowance	(3,873)	(5,616)	(6,734)	–
	179,335	188,900	185,015	102,979
Current				
Trade receivables	54,303	45,063	88,420	77,679
Other receivables				
Loan to an ordinary shareholder *(Note a and Note 35(c))*	–	–	–	86,025
Loans to related parties *(Note 35(c))*	43,738	25,522	24,665	1,253
Amounts due from related parties *(Note 35(c))*	32,090	34,027	53,242	70,150
Others	16,300	15,117	8,678	24,525
Less: loss allowance	(34,686)	(14,712)	(19,070)	(20,831)
	111,745	105,017	155,935	238,801
	291,080	293,917	340,950	341,780

The Company

	As at 31 March			As at 30 September
	2019	**2020**	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Other receivables				
Loan to an ordinary shareholder *(Note a)*	89,315	93,979	87,169	–
Less: loss allowance	(2,584)	(3,579)	(4,350)	–
	86,731	90,400	82,819	–
Current				
Other receivables				
Loan to an ordinary shareholder *(Note a)*	–	–	–	86,025
Amounts due from subsidiaries	411,145	419,196	355,677	345,433
Receivables from related parties	27,430	31,413	31,564	9,865
Others	1,540	262	275	683
	440,115	450,871	387,516	442,006
	526,846	541,271	470,335	442,006

Note a: The loan to an ordinary shareholder amounting to US$13,264,349 is secured by 396,827 class 1 ordinary shares of the Company, with interest accruing at 3% per annum, and repayable on the earlier of (i) the date falling on 12 months from the [**REDACTED**], and (ii) 31 December 2023. Such loan, which amounted to US$13,264,349 (equivalent to RMB86,025,000) as at 30 September 2021, was fully settled in October 2021.

Note b: The loans to employees are unsecured, with interest accruing at 2% per annum, and repayable after 5 years from the date of drawdown.

The carrying amounts of the Group's trade receivables were denominated in RMB and approximated their fair values. As a result, there is no exposure to foreign currency risk.

The Group generally allows a credit period of 10 to 60 days to its customers. Ageing analysis of trade receivables based on billing date is as follows:

	As at 31 March			As at 30 September
	2019	**2020**	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Up to 3 months	16,727	17,542	48,013	44,064
3 to 6 months	11,380	9,418	12,972	10,759
6 months to 1 year	13,610	7,492	10,598	6,612
1 to 2 years	6,963	5,267	5,840	4,191
Over 2 years	5,623	5,344	10,997	12,053
	54,303	45,063	88,420	77,679

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Details of which are set out in Note 3.1.2 to this report.

23 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 March			As at 30 September
	2019	**2020**	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank structured deposits – current	12,324	77,104	51,004	6,034
Unlisted debt instruments – non-current *(Note)*	–	–	30,000	30,000
	12,324	77,104	81,004	36,034

Note: On 26 March 2021, the Group acquired certain preferred shares, representing 8.22% equity interest of Hangzhou Jarvis Medical Technology Company Limited ("Hangzhou Jarvis"), for consideration of RMB30,000,000, which was close to its fair value as at 31 March 2021 and 30 September 2021.

The fair values of the unlisted debt instruments are calculated using the Backsolve Method. In this model, the fair value of the financial instruments is determined by the implied equity value derived from a timely transaction in the private company's equity. Its fair values are within level 3 of the fair value hierarchy (Note 3.3.1).

24 CASH AND BANK BALANCES

(a) Cash and cash equivalents

The Group	As at 31 March			As at 30 September
	2019	2020	2021	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and in hand	86,308	115,937	303,198	416,561
Time deposits with original maturity within three months	82,149	56,681	373,106	704,023
	168,457	172,618	676,304	1,120,584

The weighted average effective interest rates on the Group's time deposits with original maturity within three months as at 31 March 2019, 2020 and 2021 and 30 September 2021 were 2.15%, 2.02% and 0.36% and 0.36% per annum respectively.

The Company	As at 31 March			As at 30 September
	2019	2020	2021	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and in hand	965	2,739	39,968	204,875
Time deposits with original maturity within three months	67,795	56,681	373,106	704,023
	68,760	59,420	413,074	908,898

The weighted average effective interest rates on the Company's time deposits with original maturity within three months as at 31 March 2019, 2020 and 2021 and 30 September 2021 were 1.96%, 2.02% and 0.36% and 0.36% per annum respectively.

(b) Restricted cash and time deposits with original maturity over three months

The Group	As at 31 March			As at 30 September
	2019	2020	2021	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Restricted cash *(Note 27a)*	144,097	156,439	65,706	97,304
Time deposits with original maturity over three months	33,667	–	–	2,000
	177,764	156,439	65,706	99,304

The interest rates on the Group's restricted cash and time deposits with original maturity over three months as at 31 March 2019, 2020 and 2021 and 30 September 2021 were in the range of 3.00% to 3.15%, 2.64% to 2.69% and 0.10% to 0.10% and 0.10% to 0.10% per annum, respectively.

	As at 31 March			As at 30 September
The Company	**2019**	**2020**	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Time deposits with original maturity over three months	33,667	–	–	–

The interest rates on the Company's time deposits with original maturity over three months as at 31 March 2019, 2020 and 2021 and 30 September 2021 were in the range of 3.00% to 3.15%, Nil, Nil and Nil per annum, respectively.

Cash and bank balances are denominated in the following currencies:

	As at 31 March			As at 30 September
The Group	**2019**	**2020**	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
USD	263,327	218,928	530,802	1,007,314
RMB	82,094	109,945	211,045	212,282
HKD	800	184	163	292
	346,221	329,057	742,010	1,219,888

	As at 31 March			As at 30 September
The Company	**2019**	**2020**	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
USD	102,427	59,420	413,074	908,606
HKD	–	–	–	292
	102,427	59,420	413,074	908,898

25 SHARE CAPITAL

Authorised:

The Group and the Company	Number of class 1 ordinary shares	Nominal value of class 1 ordinary shares	Number of class 2 ordinary shares	Nominal value of class 2 ordinary shares
	'000	*USD'000*	*'000*	*USD'000*
As at 1 April 2018, 31 March 2019 and 2020	4,923	2,461	27,905	13,953
Increase/(decrease) of authorised share capital	1,573	787	(2,196)	(1,098)
As at 31 March 2021 and 30 September 2021	6,496	3,248	25,709	12,855

Issued:

The Group and the Company	Number of Class 1 ordinary shares	Number of class 2 ordinary shares	Number of Class 1 and class 2 ordinary shares	Nominal value of class 1 and class 2 ordinary shares	Equivalent nominal value of ordinary shares
	'000	*'000*	*'000*	*USD'000*	*RMB'000*
As at 1 April 2018, 31 March 2019 and 2020	1,724	1,209	2,933	1,467	9,938
Issuance of shares upon fulfillment of vesting conditions of share based compensation	–	100	100	50	327
Re-designation to Series E Preferred shares *(Note (a))*	(120)	(120)	(240)	(120)	(818)
As at 31 March 2021	1,604	1,189	2,793	1,397	9,447
As at 1 April 2021	1,604	1,189	2,793	1,397	9,447
Issuance of shares for restrictive share unit scheme *(Note (b))*	4,799	–	4,799	2,399	15,435
As at 30 September 2021	6,403	1,189	7,592	3,796	24,882

Upon occurrence of a liquidation event, the holders of Class 1 ordinary shares shall be entitled to receive assets and funds available for distribution before the holders of Class 2 ordinary shares after full settlement to all preference shares. Other rights and preference of Class 1 and Class 2 ordinary shares are the same.

Note:

(a) Under the Share Subscription and Share Purchase Agreement dated 8 January 2021 (the "Agreement"), certain ordinary shareholders and preferred shareholders of the Company (the "Seller of Redesignated Shares") shall sell a total of 1,819,497 ordinary and preferred shares, including 120,000 Class 1 ordinary shares, 119,876 Class 2 ordinary shares, 408,138 Series A-1 preferred shares, 729,652 Series B preferred shares and 441,831 Series C preferred shares (the "Redesignated Shares"), to a Series E preferred shareholder of the Company (the "Buyer"). Subject to the terms and conditions of the Agreement, each ordinary and preferred share to be purchased and sold shall, concurrently with the closing of the Agreement, be reclassified and designated into one Series E Preferred Share.

The consideration paid by the Buyer was close to the fair value of the Series E preferred shares at the date of redesignation. Since the redesignation did not involve all ordinary shareholders or preferred shareholders of the Company, it was not regarded as a transaction in the capacity of shareholders. The redesignation falls into the scope of share-based payment under IFRS 2, as the transaction was effectively deemed to be an issuance of Series E preferred shares by the Company in exchange for the Redesignated Shares held by the Seller of Redesignated Shares.

As the consideration received by the Company (i.e. the fair value of the Redesignated Shares at the date of redesignation) was less than the fair value of the Series E preferred shares issued, and there was no right to a benefit and no control over economic resource obtained by the Company through the redesignation, the fair value difference between the Series E Preferred Shares issued and the Redesignated Shares at date of redesignation, amounting to RMB196,712,000, was recognised as an expense in the consolidated income statements for the year ended 31 March 2021.

(b) On 25 June 2021, the board of the directors has approved to set up a platform incorporated in the BVI ("ESOP BVI") to hold incentive shares for the participants under an RSU Scheme to be adopted by the Company.

Pursuant to a resolution of the board of directors of the Company on 3 August 2021, the Company adopted the RSU Plan to attract, retain and motivate the directors, employees and such other participants of the Company. The RSU Plan is effective from the date of adoption and will govern RSUs made by the Company in respect of the 10 financial years from the grant date. The total number of RSUs which may be granted and issued under the RSU Plan will not exceed 4,798,904 Class 1 ordinary shares of the Company, being 22.42% of the total shares of the Company (on an as-converted and fully-diluted basis) of the Company immediately prior to the [**REDACTED**].

A total of 4,798,904 Class 1 Ordinary Shares was issued to the Arrail Sunshine Holdings Limited ("Arrail Sunshine"), the ESOP BVI, on 16 September 2021. As the Company has the power to govern the relevant activities of Arrail Sunshine and can derive benefits from the contributions of the eligible directors, employees and other persons (collectively, the "Grantees"), the directors of the Company consider that it is appropriate to consolidate Arrail Sunshine. Therefore, the total of 4,798,904 Class 1 ordinary shares was accounted for as treasury shares as at 30 September 2021.

26 RESERVES

The following table shows a breakdown of the balance sheet line item 'reserves' and the movements in these reserves during the year/period. A description of the nature and purpose of each reserve is provided below the table.

The Group	**Treasury shares**	**Share premium**	**Share-based compensation reserves**	**Currency translation differences** *(Note)*	**Fair value change due to own credit risk and others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 April 2018	–	114,788	3,324	42,586	70,419	231,117
Share-based compensation	–	–	1,291	–	–	1,291
Fair value change of convertible redeemable preferred shares due to own credit risk	–	–	–	–	17,382	17,382
Currency translation differences	–	–	–	(107,652)	–	(107,652)
Others	–	–	–	–	(1,179)	(1,179)
At 31 March 2019	–	114,788	4,615	(65,066)	86,622	140,959

The Group	Treasury shares	Share premium	Share-based compensation reserves	Currency translation differences *(Note)*	Fair value change due to own credit risk and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 April 2019	–	114,788	4,615	(65,066)	86,622	140,959
Share-based compensation	–	–	445	–	–	445
Fair value change of convertible redeemable preferred shares due to own credit risk	–	–	–	–	31,326	31,326
Currency translation differences	–	–	–	(101,318)	–	(101,318)
Others	–	–	–	–	(32)	(32)
At 31 March 2020	–	114,788	5,060	(166,384)	117,916	71,380
At 1 April 2020	–	114,788	5,060	(166,384)	117,916	71,380
Issuance of shares	–	4,733	(5,060)	–	–	(327)
Fair value change of convertible redeemable preferred shares due to own credit risk	–	–	–	–	4,457	4,457
Fair value change of bond due to own credit risk	–	–	–	–	(4,711)	(4,711)
Re-designation of issued ordinary shares to Series E Preferred Shares	–	(9,729)	–	–	–	(9,729)
Currency translation differences	–	–	–	179,729	–	179,729
Non-controlling interests acquired *(Note 37(a))*	–	–	–	–	(3,131)	(3,131)
Non-controlling interests disposed *(Note 37(b))*	–	–	–	–	2,402	2,402
Others	–	–	–	–	(886)	(886)
At 31 March 2021	–	109,792	–	13,345	116,047	239,184
At 1 April 2021	–	109,792	–	13,345	116,047	239,184
Issuance of shares for the RSU Plan *(Note 25 (b))*	(15,435)	–	–	–	–	(15,435)
Fair value change of convertible redeemable preferred shares due to own credit risk	–	–	–	–	(25,197)	(25,197)
Fair value change of bond due to own credit risk	–	–	–	–	(26)	(26)
Currency translation differences	–	–	–	31,989	–	31,989
At 30 September 2021	(15,435)	109,792	–	45,334	90,824	230,515

The Group	Treasury shares	Share premium	Share-based compensation reserves	Currency translation differences *(Note)*	Fair value change due to own credit risk and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 April 2020	–	114,788	5,060	(166,384)	117,916	71,380
Fair value change of convertible redeemable preferred shares due to own credit risk	–	–	–	–	21,147	21,147
Fair value change of bond due to own credit risk	–	–	–	–	(5,998)	(5,998)
Currency translation differences	–	–	–	89,179	–	89,179
Non-controlling interests acquired *(Note 37(a))*	–	–	–	–	1,332	1,332
Non-controlling interests disposed *(Note 37(b))*	–	–	–	–	(276)	(276)
At 30 September 2020 (unaudited)	–	114,788	5,060	(77,205)	134,121	176,764

Note: Currency translation differences represent the differences arising from the translation of the financial statements of companies within the Group that have a functional currency different from the reporting currency of RMB for the financial statements of the Company and the Group.

The Company	Treasury shares	Share premium	Share-based compensation reserves	Currency translation differences	Fair value change due to own credit risk and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	
At 1 April 2018	–	114,788	3,324	53,722	66,760	238,594
Share-based compensation	–	–	1,291	–	–	1,291
Fair value change of convertible redeemable preferred shares due to own credit risk	–	–	–	–	17,382	17,382
Currency translation differences	–	–	–	(78,248)	–	(78,248)
At 31 March 2019	–	114,788	4,615	(24,526)	84,142	179,019
At 1 April 2019	–	114,788	4,615	(24,526)	84,142	179,019
Share-based compensation	–	–	445	–	–	445
Fair value change of convertible redeemable preferred shares due to own credit risk	–	–	–	–	31,326	31,326
Currency translation differences	–	–	–	(72,910)	–	(72,910)
At 31 March 2020	–	114,788	5,060	(97,436)	115,468	137,880

The Company	Treasury shares	Share premium	Share-based compensation reserves	Currency translation differences	Fair value change due to own credit risk and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	
At 1 April 2020	–	114,788	5,060	(97,436)	115,468	137,880
Issuance of shares	–	4,733	(5,060)	–	–	(327)
Re-designation of issued ordinary shares to Series E Preferred Shares	–	(9,729)	–	–	–	(9,729)
Fair value change of convertible redeemable preferred shares due to own credit risk	–	–	–	–	4,457	4,457
Currency translation differences	–	–	–	133,793	–	133,793
At 31 March 2021	–	109,792	–	36,357	119,925	266,074
At 1 April 2021	–	109,792	–	36,357	119,925	266,074
Issuance of ordinary shares for the RSU Plan *(Note 25(b))*	(15,435)	–	–	–	–	(15,435)
Fair value change of convertible redeemable preferred shares due to own credit risk	–	–	–	–	(25,197)	(25,197)
Currency translation differences	–	–	–	24,384	–	24,384
At 30 September 2021	(15,435)	109,792	–	60,741	94,728	249,826
At 1 April 2020	–	114,788	5,060	(97,436)	115,468	137,880
Fair value change of convertible redeemable preferred shares due to own credit risk	–	–	–	–	21,147	21,147
Currency translation differences	–	–	–	65,113	–	65,113
At 30 September 2020 (unaudited)	–	114,788	5,060	(32,323)	136,615	224,140

27 BORROWINGS

	As at 31 March			As at 30 September
	2019	2020	2021	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Included in non-current liabilities				
Unsecured bank borrowings *(b)*	–	33,600	5,302	–
Secured other borrowings *(c)*	–	–	18,566	12,050
	–	33,600	23,868	12,050
Included in current liabilities				
Secured bank borrowings *(a)*	124,636	143,000	37,800	86,260
Unsecured bank borrowings *(b)*	44,000	111,400	143,970	90,394
Secured other borrowings *(c)*	–	–	12,853	12,853
	168,636	254,400	194,623	189,507
	168,636	288,000	218,491	201,557

(a) Secured bank borrowings

Secured bank borrowings as at 31 March 2019, 2020 and 2021 and 30 September 2021 bear annual weighted average interest rate at 4.62%, 4.60%, and 4.49% and 4.59%, respectively.

The maturity of secured bank borrowings is as follows:

	As at 31 March			As at 30 September
	2019	2020	2021	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	124,636	143,000	37,800	86,260

Secured bank borrowings of the Group which were secured by the followings:

	As at 31 March			As at 30 September
	2019	2020	2021	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Time deposits with original maturity over three months *(Note 24 (b))*	144,097	156,439	65,706	97,304

(b) Unsecured bank borrowings

Unsecured bank borrowings as at 31 March 2019, 2020 and 2021 and 30 September 2021 bear annual weighted average interest rate at 5.25%, 5.72%, and 5.35% and 4.62%, respectively.

The maturity of unsecured bank borrowings is as follows:

	As at 31 March			As at 30 September
	2019	**2020**	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	44,000	111,400	143,970	90,394
Between 1 and 2 years	–	28,800	5,302	–
Between 2 and 3 years	–	4,800	–	–
	44,000	145,000	149,272	90,394

Certain unsecured bank borrowings with additional guarantees are as follows:

	As at 31 March			As at 30 September
	2019	**2020**	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Guaranteed by Zou Qifang, a director of the Company	44,000	59,000	30,000	–

Such personal guarantees by the Company's director were released on 2 August 2021.

(c) Secured other borrowings

On 15 June 2020, the Company's subsidiaries, Beijing Shengbin Science Trade Co., Ltd. ("Beijing Shengbin") and Beijing Ruicheng Hospital Management Co., Ltd. ("Beijing Ruicheng"), entered into an agreement of sale and leaseback of property, plant, and equipment with 中關村科技租賃股份有限公司 ("中關村科技"), pursuant to which the lease principals amounted to RMB9,640,000 and RMB28,920,000, respectively, with interest accruing at 5.6% per annum, and payable quarterly within 3 years.

Based on the assessment of management of the Group, 中關村科技 did not obtain control of the assets and the transfer of assets did not satisfy the requirements of IFRS 15 to be accounted for as a sale of the assets. Therefore, the Group continued to recognise the assets and recognised borrowings equal to the transfer proceeds according to IFRS 9.

(d) Fair value

The fair values of the borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

(e) Compliance with financial covenants

The Group has complied with the financial covenants of its bank borrowings during the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2021.

28 DEFERRED INCOME TAX

The following is an analysis of the deferred tax balances presented on the consolidated balance sheets:

	As at 31 March			As at 30 September
	2019	**2020**	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets	30,778	34,303	28,630	30,036
Deferred tax liabilities	(4,138)	(3,843)	(3,125)	(2,630)
	26,640	30,460	25,505	27,406

The following are the deferred tax assets and liabilities recognised by the Group and movements thereon during the Track Record Period.

	Tax losses	**Credit loss allowance**	**Fair value changes of financial assets**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 April 2018	9,675	2,860	(4,999)	7,536
Credited to profit or loss	15,733	2,510	861	19,104
At 31 March 2019	25,408	5,370	(4,138)	26,640
At 1 April 2019	25,408	5,370	(4,138)	26,640
Credited/(charged) to profit or loss	7,867	(4,342)	295	3,820
At 31 March 2020	33,275	1,028	(3,843)	30,460
At 1 April 2020	33,275	1,028	(3,843)	30,460
(Charged)/credited to profit or loss	(6,083)	410	718	(4,955)
At 31 March 2021	27,192	1,438	(3,125)	25,505
At 1 April 2021	27,192	1,438	(3,125)	25,505
Credited/(charged) to profit or loss	1,729	(323)	495	1,901
At 30 September 2021	28,921	1,115	(2,630)	27,406

The deferred tax assets amounted to RMB975,000, RMB7,547,000, and RMB7,971,000 and RMB7,229,000, and deferred tax liabilities amounted to RMB981,000, RMB897,000, RMB722,000 and RMB690,000 as at 31 March 2019, 2020 and 2021 and 30 September 2021 respectively are expected to be recovered within 12 months. The remaining deferred tax assets and deferred tax liabilities as at 31 March 2019, 2020 and 2021 and 30 September 2021 are expected to be recovered after 12 months.

The unrecognised deferred tax assets as at 31 March 2019, 2020 and 2021 and 30 September 2021 are as the table below:

	As at 31 March			As at 30 September
	2019	2020	2021	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deductible cumulative tax losses				
To be expired within 5 years	74,986	242,558	233,195	251,359
Deductible temporary differences	15,474	14,057	17,362	18,563

29 CONVERTIBLE REDEEMABLE PREFERRED SHARES

Since the date of incorporation, the Company has completed several rounds of financing by issuing preferred shares to investors, namely, series A-1 Preferred Shares, series A-2 Preferred Shares, series B Preferred Shares, series C Preferred Shares, series D-1 Preferred Shares, series D-2 Preferred Shares, series D-3 Preferred Shares and series E Preferred Shares.

The details of the issuance are set out in the table below:

	Date of issuance	Purchase price (US$/Share)	Number of shares	Total consideration	
				USD'000	*RMB'000*
Series A-1-KPCB Preferred Shares	9 April 2010	4.21	2,077,778	8,750	59,724
Series A-1-QIMING Preferred Shares	9 April 2010	4.75	946,837	4,500	30,719
Series A-2-Xiaoming Zhang Preferred Shares	9 April 2010	4.06	64,291	261	1,783
Series A-2 Preferred Shares	9 April 2010	4.18	789,030	3,300	22,524
Series B Preferred Shares	23 August 2011	10.13	1,975,245	20,000	127,970
Series C Preferred Shares	27 March 2014	15.84	4,323,633	68,500	420,951
Series D-1 Preferred Shares	31 July 2017	30.08	1,495,836	45,000	302,738
Series D-3 Preferred Shares	29 December 2017	33.43	1,256,502	42,000	274,436
Series D-2 Preferred Shares	9 February 2018	39.20	765,312	30,000	189,582
Series E Preferred Shares *(Note)*	29 January 2021	39.08	1,819,497	71,098	467,206
Series E Preferred Shares	29 January 2021	46.47	510,010	23,700	155,740
Series E Preferred Shares	31 March 2021	46.47	430,400	20,000	131,426
Series E Preferred Shares	7 April 2021	46.47	645,601	30,000	192,955
Series E Preferred Shares	8 April 2021	46.47	257,008	11,942	76,810
Series E Preferred Shares	22 April 2021	46.47	489,795	22,760	146,390
Series E Preferred Shares	30 April 2021	46.47	198,845	9,240	59,430

Note: 1,819,497 Series E Preferred Shares represented the transfer and redesignation of the Redesignated Shares from the Sellers of the Redesignated Shares to the Buyer. Please refer to Note 25 for details.

The key terms of the Preferred Shares are summarised as follows:

(a) Dividends rights

Each holder of Preferred Shares shall be entitled to receive from the Company, out of funds legally available, non-cumulative dividends per Preferred Share held by such holder accrued at the rate which is decided and declared by the Company's board of directors, when and if declared by the board of directors, prior and in preference to holders of all other current or future class or series of shares of the Company, including the ordinary shares.

(b) Conversion feature

The Preferred Shares shall be converted into ordinary shares at the option of holders at any time after the considerations of each series of Preferred Shares were fully-paid, or automatically converted into ordinary shares at the then effective applicable conversion price upon the closing of the QIPO.

QIPO means an Initial Public Offering ("IPO") managed by a leading underwriter reasonably acceptable to Preferred Shares' holders, with the Company's pre-money market capitalization of at least US$1,000,000,000.

(c) Redemption feature

Prior to revised and restated of memorandum of association of the Company dated 29 January 2021, if there is (a) no QIPO until 31 December 2020 ("Redemption Commencement Date") or (b) occurrence of a material breach of any Transaction Documents by the Company, any Preferred Share holder (the "Requesting Holder") may, with written notice, request that the Company redeems and the Company shall redeem all or a portion of the then outstanding Preferred Shares held by such Requesting Holder (the "Redemption Shares").

After the revised and restated of memorandum of association of the Company dated 29 January 2021, the Redemption Commencement Date is modified to be (i) for series E Preferred Share holders, three years from the issuance date, or after receiving any notice of redemption by Series A – D Preferred Shares' holders; (ii) for Series A – D Preferred Shares holders, 31 December 2021.

Preferred Shares issued by the Company are redeemable at the option of the holder after the Redemption Commencement Date. If the number of shares that may then be legally redeemed by the Company is less than the number of shares requested to be redeemed (including but not limited to the lack of sufficient fund), then the number of shares redeemed from each Preferred Share holder shall be reduced on a pro rata basis (calculated on a total amount of entitlement basis). After that, the remaining shares requested to be redeemed shall be carried forward and redeemed as soon as the Company has legally available funds to do so.

The redemption price shall be paid by the Company to the Preferred Shares' holders in an amount equal to a simple six percent (6%) per annum interest of the original issue price on each Preferred Share accrued during the period from the issuance date of each Preferred Share until the date on which the redemption price is paid in full, and any accrued but unpaid dividends.

(d) Liquidation preferences

Liquidation happens if (a) there is any liquidation, dissolution or winding up, either voluntarily or involuntarily, of the Company and (b) deemed liquidation events happen. Deemed liquidation events include (i) any sale, disposition, lease or conveyance by any Group entities of all or substantially all of its assets; (ii) any merger or consolidation of any Group entities after which the holders of such Group entities' voting securities prior to such transaction own or control less than a majority of the outstanding voting securities of the surviving corporation (on an as-converted basis) or other entity on account of shares held by them prior to the transaction; or (iii) a sale of no less than a majority of the outstanding voting securities of any Group entities (on an as-converted basis). The deemed liquidation events can be waived if it is determined in writing by the majority Preferred Shares' holders that such event is not a liquidation event.

Upon the occurrence of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the assets of the Company legally available for distribution shall be distributed among the holders of the issued and outstanding shares (on an as-converted basis) in the following order and manner:

Each holder of Preferred Shares shall be entitled to receive for each Preferred Share held, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of previous Preferred Shares and ordinary shares or any other class or series of shares by reason of their ownership of such shares, the amount equal to one hundred fifty percent (150%) of the applicable preferred issue price, plus all accrued or declared but unpaid dividends on such Preferred Share. If the assets and funds available for distribution shall be insufficient to permit the payment to such holders of the full preferred preference amount, the liquidation preference amount will be paid to the preferred shareholders in the following order: first to holders of any Preferred Shares, second to holders of Class 1 ordinary shares, third to holders of Class 2 ordinary shares.

The movements of the convertible redeemable preferred shares are set out as below:

	RMB'000
At 1 April 2018 (unaudited)	1,919,112
Change in fair value	175,436
Includes: change in fair value due to own credit risk	(17,382)
Currency translation differences	135,720
At 31 March 2019	2,230,268
Total change in fair value for the year included in "Fair value change of convertible redeemable preferred shares"	192,818
At 1 April 2019	2,230,268
Change in fair value	114,723
Includes: change in fair value due to own credit risk	(31,326)
Currency translation differences	118,413
At 31 March 2020	2,463,404
Total change in fair value for the year included in "Fair value change of convertible redeemable preferred shares"	146,049
At 1 April 2020	2,463,404
Issuance of preferred shares	296,867
Reclassification of balance due to the re-designation from issued ordinary shares *(Note 25)*	10,547
Re-designation to Series E Preferred Shares from the Redesignated Shares *(Note 25)*	196,712
Change in fair value	419,832
Includes: change in fair value due to own credit risk	(4,457)
Currency translation differences	(208,897)
At 31 March 2021	3,178,465
Total change in fair value for the year included in "Fair value change of convertible redeemable preferred shares"	424,289
At 1 April 2021	3,178,465
Issuance of preferred shares	475,585
Change in fair value	453,306
Includes: change in fair value due to own credit risk	25,197
Currency translation differences	(35,204)
At 30 September 2021	4,072,152
Total change in fair value for the period included in "Fair value change of convertible redeemable preferred shares"	428,109

As at 31 March 2020 and 2021, the Preferred Shares were classified as current liabilities, on the basis that (i) Redemption Commencement Date for Series A – D Preferred Shares' holders is within one year of 31 March 2020 and 2021 respectively; and (ii) Series E Preferred Shares' holders can redeem after receiving any notice of redemption by Series A-D Preferred Shares' holders.

On 12 August 2021, the Company entered into an addendum to the eighth amended and restated shareholders agreement with all ordinary and preferred shareholders to modify the Redemption Commencement Date to after 31 December 2023. Accordingly, the Preferred Shares were classified as non-current liabilities as at 30 September 2021.

The Group applied the discount cash flow method to determine the underlying equity value of the Company and adopted an equity allocation model to determine the fair value of the convertible redeemable preferred shares. Key assumptions using in the models are set out below:

	As at 31 March			As at 30 September
	2019	**2020**	**2021**	**2021**
Discount rate	17%	17%	17%	15.5%
Risk-free interest rate	2.3%	0.16%	0.06%	0.04%
Discount for lack of marketability ("**DLOM**")	15%	10%	10%	5%
Volatility	47%	50%	49%	46%

If the equity value of the Company had decreased by 10% with all other variables held constant, the fair value of Preferred Shares would have decreased by approximately RMB207,913,000, RMB220,904,000, RMB309,300,000, and RMB389,211,000 as at 31 March 2019, 2020 and 2021 and 30 September 2021, respectively. If the equity value of the Company had increased by 10% with all other variables held constant, the fair value of Preferred Shares would have increased by approximately RMB207,377,000, RMB220,873,000, RMB315,978,000 and RMB390,792,000 as of 31 March 2019, 2020 and 2021 and 30 September 2021, respectively.

Discount rate (post-tax) was estimated by weighted average cost of capital as at each valuation date. The directors estimated according to the risk-free interest rate based on the yield of US Government Bonds with a maturity life close to the QIPO timing as of the valuation date. The DLOM was estimated based on the option-pricing method. Under the option-pricing method, the cost of a put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the lack of marketability discount. Volatility was estimated based on the annualised standard deviation of the daily return embedded in historical stock prices of comparable companies with a time horizon close to the expected term. Probability weight among redemption, liquidation and IPO scenarios was based on the Company's best estimates. In addition to the assumptions adopted above, the Company's projections of future performance were also factored into the determination of the fair value of Preferred Shares on each valuation date.

Change in fair value of Preferred Shares was recorded in "fair value change of convertible redeemable preferred shares" in the consolidated income statements, and the fair value change in the Preferred Shares that was attributable to change of own credit risk of this liability was recorded in other comprehensive income/(loss).

29.1 Bond

On 16 March 2020, a subsidiary of the Company, Beijing Arrail Shengbin Medical Technology Co. Limited (the "Bond Borrower"), signed an investment agreement ("Original Bond Investment Agreement") where the Bond Borrower issued a bond with principal amount of RMB200 million to an investor (the "Bond Holder"). The Bond was drawn down and issued on 10 April 2020. The Bond will mature on the earlier date (the "Maturity Date") of (i) voluntary early repayment by the Group after one year from issue date; (ii) four years from the issue date of the bond; (iii) the holder of the warrants exercised the warrants (Note 29.2) and requested for early repayment from the Group, after one year from the issue date of the Bond; or (iv) in any event of default (i.e. default in payment, breach of representation, etc.). The Bond interest rate is set at the rate of 5.8% per annum and will be paid semi-annually. In the event that the Group elects to make a voluntary early repayment, the Group will repay the principal plus additional interest equivalent to a yield of 14.2% Internal Rate of Return (IRR) if there is no QIPO or 11.8% IRR if there is a QIPO on the date of election.

On June 29, 2021, the Bond Borrower and the Bond Holder entered into a new bond investment agreement ("New Bond Investment Agreement") to supersede the terms of the Original Bond Investment Agreement. Pursuant to the New Bond Investment Agreement, which provided a QIPO occurring before 31 December 2022, the Bond Holder is entitled to request the Bond Borrower to repay the bond and its accrued interest within 15 days from the date of such listing. Other terms are the same as the Original Bond Investment Agreement.

The bond is presented in the consolidated balance sheets as follows:

	As at 31 March			As at 30 September
	2019	**2020**	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current liabilities				
Bond issued, at fair value	–	–	167,345	184,569

The Bond was secured by corporate guarantees from various group entities and the future service fee receivable from VIE Entities of the Bond Borrower.

Movements of the Bond during the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2021 are set out below:

	RMB'000
At 1 April 2018 (unaudited), 31 March 2019 and 2020	–
Issuance	151,608
Interest paid	(5,651)
Change in fair value	21,388
Includes: change in fair value due to own credit risk	4,711
At 31 March 2021	167,345
Total change in fair value for the year included in "Fair value change of bond"	16,677
At 1 April 2021	167,345
Interest paid	(5,452)
Change in fair value	22,676
Includes: change in fair value due to own credit risk	26
Includes: change in fair value due to modification of bond	9,628
At 30 September 2021	184,569
Total change in fair value for the period included in "Fair value change of bond"	22,650

The Bond is not traded in an active securities market, as such, the Group engaged an independent valuer to assess the fair value of the Bond using a discount cash flow model. Key assumptions in determine of its fair value are set as below:

	As at 31 March			As at 30 September
	2019	**2020**	**2021**	**2021**
Discount rate	–	–	14.15%	13.85%

If the discount rate had decreased/increased by 1% with all other variables held constant, the fair value of Bond would have increased/decreased by approximately RMB3,965,000 and RMB2,326,000 as at 31 March 2021 and 30 September 2021, respectively.

29.2 Warrants

The warrants are presented in the consolidated balance sheets as follows:

	As at 31 March		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Current liabilities			
Warrants, at fair value	–	–	71,126

In connection with the issuance of a Bond as described in Note 29.1, warrants were issued to an affiliate of the Bond Holder (the "Warrants Holder") in which the Warrants Holder has the option to exercise one of following three rights: (1) subscribe for class 1 ordinary shares of the Company at the exercise price of the class 1 ordinary shares set out in the warrants agreement (the "Warrants Exercise Price"); (2) receiving cash profit between the warrants' fair value (the "Cash Profit Fair Value") and the Warrants Exercise Price; and (3) selling the warrants back to the Company at the put option price, which is determined by a certain formula based on difference between 5.8% and IRR (a yield of 14.2% IRR if there is no QIPO or 11.8% IRR if there is a QIPO). The Cash Profit Fair Value is based on either (i) if listed in public market: weight average market price of 30 days before exercise; or (ii) if not listed: last round equity financing valuation. No warrants were exercised since the issuance of the warrants.

On 29 June 2021, the Company, the Bond Borrower, the Bond Holder and the Warrants Holders (the "Bond and Warrants Parties") entered into a deed of termination and undertaking, pursuant to which, the Bond and Warrants Parties agreed that the warrants shall be cancelled immediately (Note 29.3).

Movements of warrants during the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2021 are set out below:

	RMB'000
At 1 April 2018, 2019 and 2020	–
Issuance	48,392
Change in fair value	26,802
Currency translation differences	(4,068)
At 31 March 2021	71,126
Total change in fair value for the year included in "Fair value change of Warrants"	26,802

	RMB'000
At 1 April 2021	71,126
Change in fair value	13,686
Currency translation differences	(1,094)
Termination of warrants (Note 29.3)	(83,718)
At 30 September 2021	–
Total change in fair value for the period included in "Fair value change of Warrants"	13,686

The warrants are not traded in an active securities market, as such, the Group engaged an independent valuer to assess the fair value of warrants by using a Binomial-Tree Model. Key assumptions in determining its fair value are set out below:

	As at 31 March		
	2019	**2020**	**2021**
Volatility	–	–	46%
Risk-free interest rate	–	–	0.64%

Management considers that the change in the equity value of the Company is the most sensitive factor to the fair value of the warrants. If the equity value of the Company had decreased/increased by 10% with all other variables held constant, the fair value of the warrants would have been decreased/increased by approximately RMB5,837,000 as at 31 March 2021.

29.3 Derivative liabilities

The derivative liabilities are presented in the consolidated balance sheets as follows:

	As at 31 March			**As at 30 September**
	2019	**2020**	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current liabilities				
Derivative liabilities, at fair value	–	–	–	96,359

On 29 June 2021, the Bond and Warrants Parties entered into a deed of termination and undertaking, pursuant to which, the parties agreed that (i) the warrants shall be cancelled immediately and the warrants documents shall be terminated immediately and irrevocably; (ii) in full consideration of the cancellation and termination of the warrants documents, the Company shall pay to the Warrants Holder an amount of US$15.62 million on or prior to the third business day from the date of consummation of an [**REDACTED**]; (iii) in the event that (y) the Company fails to consummate an [**REDACTED**] on or prior to 31 December 2022; or (z) the Company contemplates a trade sale, the Bond and Warrants parties shall, by no later than 5 Business Days from the Re-entry Date (in the case of (y)) or by no later than 30 Business Days before closing of any trade sale (in the case of (z)), re-enter into a warrants purchase agreement, a warrants instrument and the warrants, in each case in form and substance the same as the warrants documents (Note 29.2).

Movements of derivative liabilities during the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2021 are set out below:

	RMB'000
At 1 April 2018, 2019, 2020 and 2021	–
Recognition of derivative liabilities	94,854
Change in fair value included in "Fair value change of derivative liabilities"	1,129
Currency translation differences	376
At 30 September 2021	96,359
Recognition of derivative liabilities	94,854
Termination of the warrants (Note 29.2)	(83,718)
Fair value difference between termination of the warrants and recognition of derivative liabilities	11,136

The derivative liabilities are not traded in an active securities market, as such, the Group engaged an independent valuer to assess the fair value of derivative liabilities using discounted cash flow method to determine the underlying equity fair value of the Group. Key assumptions at the issuance are set as below:

	As at 31 March			As at 30 September
	2019	**2020**	**2021**	**2021**
Volatility	–	–	–	46%
Risk-free interest rate	–	–	–	0.65%

If the expected volatility had decreased/increased by 1% with all other variables held constant, the fair value of derivative liabilities would have been increased/decreased by approximately RMB360,000 as at 30 September 2021.

30 TRADE AND OTHER PAYABLES

	As at 31 March			**As at 30 September**
The Group	**2019**	**2020**	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	131,707	124,123	121,320	114,872
Other payables	146,625	142,347	173,348	210,005
	278,332	266,470	294,668	324,877

	As at 31 March			**As at 30 September**
The Company	**2019**	**2020**	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other payables	38,127	3,309	51,918	77,438

Ageing analysis of trade payables of the Group based on invoice date is as follows:

	As at 31 March			As at 30 September
	2019	2020	2021	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Up to 3 months	72,927	67,228	65,180	72,762
3 to 6 months	23,589	26,374	25,535	19,390
6 months to 1 year	17,334	15,387	17,061	10,479
Over 1 year	17,857	15,134	13,544	12,241
	131,707	124,123	121,320	114,872

The breakdown of other payables is as follows:

	As at 31 March			As at 30 September
The Group	2019	2020	2021	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due to minority shareholders	34,946	9,917	16,906	16,685
Amounts due to former shareholders	13,060	4,228	14,366	14,179
Amounts due to related parties *(Note 35(c))*	4,512	2,466	21,130	18,841
Loan from a related party *(Note 35(c))*	3,618	3,618	3,618	–
Employee benefits payable	54,376	58,510	72,780	98,413
Taxes payable	5,198	11,018	13,417	15,916
Others	30,915	52,590	31,131	45,971
	146,625	142,347	173,348	210,005

	As at 31 March			As at 30 September
The Company	2019	2020	2021	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due to minority shareholders	22,826	1,311	12,146	16,685
Amounts due to former shareholders	13,060	1,128	10,366	14,179
Amounts due to related parties	1,127	813	21,020	24,778
Others	1,114	57	8,386	21,796
	38,127	3,309	51,918	77,438

The carrying amounts of trade and other payables were denominated in RMB and approximated their fair values due to their short-term maturities.

31 BUSINESS COMBINATION

(a) Acquisition of business of Dalian Shahekou Baojia Dental Clinic

Dalian Shahekou Baojia Dental Clinic is a business that provides dental services to individual customers.

In June 2019, the Group signed an agreement to acquire 51.22% interest of the business of Dalian Shahekou Baojia Dental Clinic for consideration of RMB7.00 million and intangible assets disposed of RMB1.03 million. The excess of the consideration over net fair value of assets and liabilities acquired amounting to RMB5.75 million was recorded as goodwill.

The following table summarises the total purchase consideration for acquiring the business of Dalian Shahekou Baojia Dental Clinic, the fair value of assets acquired, and the liabilities assumed at the acquisition date:

	30 June 2019
	RMB'000
Consideration	
Cash consideration	7,000
Settlement of pre-existing service contracts *(Note 16)*	1,030
Total purchase consideration	8,030
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	1,566
Prepayments, other receivables and other current assets	501
Intangible assets: brand *(Note 16)*	1,235
Intangible assets: non-competitive agreements and customer relationship *(Note 16)*	2,200
Deferred tax liabilities	(343)
Other payables and accruals	(705)
Net identifiable assets acquired	4,454
Less: non-controlling interests	(2,173)
Add: Goodwill *(Note 17)*	5,749
Net assets acquired	8,030

	30 June 2019
	RMB'000
Outflow of cash to acquire the business, net of cash acquired	
Cash consideration	7,000
Less: Cash and cash equivalents acquired	(1,566)
Net outflow of cash – investing activities	5,434

The goodwill is attributable to Dalian Shahekou Baojia Dental Clinic's synergies expected to arise after the Group's acquisition of this business.

(b) Acquisition of Company Xi'an Ruitai Dental Hospital Co. Ltd.

Xi'an Ruitai Dental Hospital Management Co. Ltd. is a company that provides dental services to individual customers.

In August 2019, the Group acquired a 100% equity interest of Xi'an Ruitai Hospital Management Co. Ltd for consideration of RMB7.00 million. The excess of the consideration over net fair value of assets and liabilities acquired amounting to RMB0.90 million was recorded as goodwill.

The following table summarises the total purchase consideration for acquiring Xi'an Ruitai Hospital Management Co. Ltd, the fair value of assets acquired, and the liabilities assumed at the acquisition date:

	31 August 2019
	RMB'000
Consideration	
Purchase consideration	7,000
Total purchase consideration	7,000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment *(Note 14)*	4,845
Cash and cash equivalents	1,291
Prepayments, other receivables and other current assets	63
Intangible assets: brand *(Note 16)*	1,490
Other payables and accruals	(1,362)
Deferred tax liabilities	(224)
Total identifiable net assets	6,103
Add: Goodwill *(Note 17)*	897
	7,000

	31 August 2019
	RMB'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	7,000
Less: Cash and cash equivalents acquired	(1,291)
Net outflow of cash – investing activities	5,709

The goodwill is attributable to Xi'an Ruitai Hospital Management Co. Ltd's synergies expected to arise after the Group's acquisition of this company.

(c) Acquisition of business of Dalian Shahekou Bailixia Dental Clinic

Dalian Shahekou Bailixia Dental Clinic is a business that provides dental services to individual customers.

In December 2020, the Group signed an agreement to acquire a 51.22% equity interest of the business of Dalian Shahekou Bailixia Dental Clinic for consideration of RMB3.00 million and intangible assets disposed of RMB0.44 million. The excess of the consideration over net fair value of assets and liabilities acquired amounting to RMB2.41 million was recorded as goodwill.

The following table summarises the total purchase consideration for acquiring the business of Dalian Ruisheng Baojia Dental Clinic, the fair value of assets acquired, and the liabilities assumed at the acquisition date:

	31 December 2020
	RMB'000
Consideration	
Purchase consideration	3,000
Settlement of pre-existing service contracts *(Note 16)*	442
Total purchase consideration	3,442
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	1,049
Prepayments, other receivables and other current assets	108
Intangible assets: brand *(Note 16)*	485
Intangible assets: non-competitive agreements and customer relationship *(Note 16)*	600
Other payables and accruals	(100)
Deferred tax liabilities	(108)
Total identifiable net assets	2,034
Less: Non-controlling interests	(997)
Add: Goodwill *(Note 17)*	2,405
	3,442

	31 December 2020
	RMB'000
Outflow of cash to acquire the business, net of cash acquired	
Cash consideration	3,000
Less: Cash and cash equivalents acquired	(1,049)
Net outflow of cash – investing activities	1,951

The goodwill is attributable to Dalian Ruisheng Baojia Dental Clinic's synergies expected to arise after the Group's acquisition of this business.

(d) Other information

The acquisition-related costs were not significant and were charged directly to administrative expenses in the consolidated income statements for the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2021.

The post-acquisition revenue and net loss contributed by the acquired businesses above were not material to the Group during the Track Record Period.

32 CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended 31 March			Six months ended 30 September	
	2019	2020	2021	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Loss before income tax	(315,462)	(320,894)	(581,744)	(181,110)	(459,077)
Adjustments for:					
Depreciation and amortisation	181,370	222,616	228,991	114,354	117,526
Share-based compensation	1,291	445	–	–	–
Re-designation to Series E Preferred Shares from issued ordinary and preferred shares	–	–	196,712	–	–
Net impairment losses/(reversal of impairment losses) on financial assets	14,782	16,706	5,476	2,087	(4,523)
Fair value change of convertible redeemable preferred shares	192,818	146,049	424,289	215,234	428,109
Fair value change of bond	–	–	16,677	5,309	22,650
Fair value change of warrants	–	–	26,802	7,527	13,686
Fair value change of derivative liabilities	–	–	–	–	1,129
Fair value difference between termination of the warrants and recognition of derivative liabilities	–	–	–	–	11,136
Net losses/(gains) on disposal of property, plant and equipment	2,055	3,755	5,002	784	(592)
Net fair value gains on financial assets at fair value through profit or loss	(614)	(654)	(6,138)	(3,900)	(293)
Share of net loss/(profit) of associates and joint ventures accounted for using the equity method	9,939	2,716	(2,602)	(267)	(829)
Finance costs – net	28,662	38,685	44,333	19,352	26,272
	114,841	109,424	357,798	179,370	155,194
Changes in working capital					
(Increase)/decrease in trade and other receivables	(44,555)	(3,813)	(54,034)	(36,913)	12,169
(Increase)/decrease in inventories	(3,423)	733	(3,571)	4,511	(12,814)
Increase in prepayments	(21,024)	(2,709)	(47,166)	(20,708)	(23,401)
Increase/(decrease) in contract liabilities	39,902	74,797	(28,561)	(28,819)	(3,566)
Increase/(decrease) in trade and other payables	54,713	(16,827)	25,793	28,026	25,265
Cash generated from operations	140,454	161,605	250,259	125,467	152,847

(b) Non-cash investing and financing activities

Non-cash transactions are primarily related to the changes in other payables related to property and equipment and intangible assets additions described in Note 14 and Note 16, the addition of right-of-use assets and lease liabilities described in Note 15, the re-designation of ordinary shares and Preferred Shares for the issuance of Series E Preferred Shares described in Note 25, modification of the Bond (Note 29.1), and termination of the warrants and recognition of derivative liabilities (Note 29.2 and 29.3). Excluding these, there were no other material non-cash investing and financing transactions for the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2020 and 2021.

(c) Reconciliation of liabilities generated from/(used in) financing activities

	Liabilities from financing activities						
	Convertible redeemable preferred shares	**Bond**	**Warrants**	**Derivative liabilities**	**Lease liabilities**	**Borrowings**	**Interest payables (included in trade and other payables)**
	RMB'000	*RMB'000*	*RMB'000*		*RMB'000*	*RMB'000*	*RMB'000*
Liabilities from financing activities as at 1 April 2018 (unaudited)	1,919,112	–	–	–	501,378	7,000	–
Cash inflows	–	–	–	–	–	168,636	–
Cash outflows	–	–	–	–	(126,569)	(7,000)	(3,640)
Changes in fair value	175,436	–	–	–	–	–	–
Leases	–	–	–	–	247,788	–	–
Accrued interest	–	–	–	–	28,684	–	3,878
Foreign exchange adjustments	135,720	–	–	–	–	–	–
Liabilities from financing activities as at 31 March 2019	2,230,268	–	–	–	651,281	168,636	238
Cash inflows	–	–	–	–	–	298,000	–
Cash outflows	–	–	–	–	(154,181)	(178,636)	(10,691)
Changes in fair value	114,723	–	–	–	–	–	–
Leases	–	–	–	–	123,574	–	–
Accrued interest	–	–	–	–	32,852	–	10,456
Foreign exchange adjustments	118,413	–	–	–	–	–	–
Liabilities from financing activities as at 31 March 2020	2,463,404	–	–	–	653,526	288,000	3
Cash inflows	296,867	151,608	48,392	–	–	297,858	–
Cash outflows	–	(5,651)	–	–	(188,964)	(367,367)	(18,712)
Changes in fair value	419,832	21,388	26,802	–	–	–	–
Reclassification of balance due to the re-designation from issued ordinary shares	10,497	–	–	–	–	–	–
Re-designation to Series E Preferred Share from the Redesignated Shares	196,712	–	–	–	–	–	–
Leases	–	–	–	–	146,197	–	–
Accrued interest	–	–	–	–	32,388	–	19,526
Foreign exchange adjustments	(208,847)	–	(4,068)	–	–	–	–
Liabilities from financing activities as at 31 March 2021	3,178,465	167,345	71,126	–	643,147	218,491	817

	Liabilities from financing activities						
	Convertible redeemable preferred shares	Bond	Warrants	Derivative liabilities	Lease liabilities	Borrowings	Interest payables (included in trade and other payables)
	RMB'000	*RMB'000*	*RMB'000*		*RMB'000*	*RMB'000*	*RMB'000*
Liabilities from financing activities as at 31 March 2021	3,178,465	167,345	71,126	–	643,147	218,491	817
Cash inflows	475,585	–	–	–	–	69,134	–
Cash outflows	–	(5,452)	–	–	(104,046)	(91,681)	(817)
Changes in fair value	453,306	22,676	13,686	1,129	–	–	–
Leases	–	–	–	–	114,534	–	–
Accrued interest	–	–	–	–	17,468	5,613	–
Foreign exchange adjustments	(35,204)	–	(1,094)	376	–	–	–
Termination of warrants and recognition of derivative liabilities	–	–	(83,718)	94,854	–	–	–
Liabilities from financing activities as at 30 September 2021	4,072,152	184,569	–	96,359	671,103	201,557	–
Liabilities from financing activities as at 31 March 2020	2,463,404	–	–	–	653,526	288,000	3
Cash inflows	–	151,608	48,392	–	–	121,728	–
Cash outflows	–	–	–	–	(82,177)	(75,493)	(3,222)
Changes in fair value	194,087	11,307	7,527	–	–	–	–
Leases	–	–	–	–	41,654	–	–
Accrued interest	–	–	–	–	15,704	–	4,195
Foreign exchange adjustments	(100,536)	–	(1,740)	–	–	–	–
Liabilities from financing activities as at 30 September 2020 (unaudited)	2,556,955	162,915	54,179	–	628,707	334,235	976

33 CONTINGENCIES

As at 31 March 2019, 2020 and 2021 and 30 September 2021, the Group did not have any material contingent liabilities.

34 COMMITMENTS

(a) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	As at 31 March			As at 30 September
	2019	**2020**	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment	21,337	12,630	16,094	10,035

35 RELATED PARTY TRANSACTIONS

(a) Names and relationships with related parties

The following companies are significant related parties of the Group that had transactions and/or balances with the Group during the Track Record Period.

Name of related party	Relationship with the Group
Zou Qifang	Director of the Company
Hangzhou Jarvis	Entity controlled by a close family member of a director
Hangzhou Shengchao Medical Technology Company Limited ("Hangzhou Shengchao")	Entity controlled by a close family member of a director
福州美可普	Associate of the Group
濟南濟東	Associate of the Group
北京康泰	Joint Venture of the Group
Beier Holdings Limited	Entity controlled by a director
Rise Day Holdings Limited	Entity controlled by a director
Ever Respect Limited	Entity controlled by a director
Qin Jessie Xin	Director of the Company
Qiming Venture Partners II, L.P.	Shareholder of the Company
Qiming Venture Partners II-C, L.P.	Shareholder of the Company
Qiming Managing Directors Fund II, L.P.	Shareholder of the Company

(b) Significant transactions with related parties

The following significant transactions were carried out between the Group and its related parties during the Track Record Period. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

	Year ended 31 March			Six months ended 30 September	
	2019	2020	2021	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* **(unaudited)**	*RMB'000*
Sales of goods					
Hangzhou Jarvis	960	388	–	–	–
Hangzhou Shengchao	–	1,532	10,334	3,214	1,897
福州美可普	1,061	246	1,892	959	1,385
濟南濟東	196	29	32	4	90
	2,217	2,195	12,258	4,177	3,372
Purchases of goods					
Hangzhou Shengchao	–	7,040	16,030	4,915	11,416
北京康泰	8,446	6,316	5,746	2,706	4,133
	8,446	13,356	21,776	7,621	15,549
Receiving services					
Hangzhou Jarvis	636	108	–	–	–
Hangzhou Shengchao	–	376	581	234	365
	636	484	581	234	365

	Year ended 31 March			Six months ended 30 September	
	2019	**2020**	**2021**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Loans to related parties					
濟南濟東	20,000	10,470	1,500	–	–
北京康泰	–	–	150	–	–
	20,000	10,470	1,650	–	–
Repayment of loans to related parties					
濟南濟東	7,000	–	–	–	–
北京康泰	80	–	–	–	–
	7,080	–	–	–	–
Interest from loans to related parties					
濟南濟東	793	–	–	–	–

(c) Balances with related parties

The following balances are outstanding as at 31 March 2019, 2020 and 2021 and 30 September 2021 in relation to transactions with related parties:

	As at 31 March			As at 30 September
	2019	**2020**	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade related receivables				
Hangzhou Jarvis	1,114	1,575	1,575	–
Hangzhou Shengchao	–	1,731	13,524	11,347
福州美可普	1,046	512	1,813	753
濟南濟東	5,476	–	–	–
北京康泰	3,989	3,989	3,989	3,989
	11,625	7,807	20,901	16,089
Amounts due from related parties *(Note 22)*				
Non-trade nature				
Hangzhou Jarvis	28,105	–	–	–
Hangzhou Shengchao	–	25,792	42,359	57,585
濟南濟東	131	–	93	96
北京康泰	413	1,795	2,139	2,604
Beier Holdings Limited	3,441	6,440	8,651	9,865
	32,090	34,027	53,242	70,150
Trade related payables				
Hangzhou Jarvis	23,493	–	–	–
Hangzhou Shengchao	–	8,690	26,521	36,113
北京康泰	1,129	769	1,395	2,347
	24,622	9,459	27,916	38,460

	As at 31 March			As at 30 September
	2019	**2020**	**2021**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due to related parties *(Note 30)*				
Non-trade nature				
Zou Qifang	1,127	1,861	2,351	309
Rise Day Holdings Limited	3,385	605	3,068	3,027
Qin Jessie Xin	–	–	2,568	2,534
Qiming Venture Partners II, L.P.	–	–	11,925	11,769
Qiming Venture Partners II-C, L.P.	–	–	1,044	1,031
Qiming Managing Directors Fund II, L.P.	–	–	174	171
	4,512	2,466	21,130	18,841
Loans to related parties *(Note 22)*				
Non-trade nature				
Zou Qifang	3,789	3,987	3,698	–
Ever Respect Limited	20,201	21,255	19,714	–
Beier Holdings Limited *(i)*	89,315	93,979	87,169	86,025
濟南濟東 *(ii)*	19,468	–	823	823
北京康泰	280	280	430	430
	133,053	119,501	111,834	87,278
Loan from a related party *(Note 30)*				
Non-trade nature				
Zou Qifang	3,618	3,618	3,618	–

As at 31 March 2019, 2020 and 2021 and 30 September 2021, outstanding balances due to/from related parties, loan to/from Zou Qifang and loan to Ever Respect Limited were unsecured, non-interest bearing and repayable on demand.

Notes:

(i) The loan to Beier Holdings Limited, amounting to US$13,264,349, is secured by 396,827 class 1 ordinary shares of the Company, with interest accruing at 3% per annum, and repayable on the earlier of (i) the date falling on 12 months from the [**REDACTED**], and (ii) 31 December 2023 (Note 22). Such loan amounted to US$13,264,349 (equivalent to RMB86,025,000) as at 30 September 2021, was fully settled in October 2021.

(ii) As at 31 March 2019, 2020 and 2021 and 30 September 2021, loans to 濟南濟東, with gross balances amounted to RMB19,468,000, nil and RMB823,000 and RMB823,000, respectively, were unsecured, with annual interest rates ranging from 0% to 7%, and repayable in 1 to 3 years from the borrowing date. The loss allowance for loans to 濟南濟東 as at 31 March 2019, 2020 and 2021 and 30 September 2021 amounted to RMB19,468,000, nil, RMB823,000 and RMB823,000, respectively. On 31 March 2020, the Group agreed to waive the outstanding loan to 濟南濟東 amounting to RMB38,970,000 to support its operation and such balance was written-off. During the year ended 31 March 2021, the Group provided an additional loan to 濟南濟東 amounting to RMB823,000 to 濟南濟東.

All amounts due from related parties, loans to related parties and loan from a related party as at 30 September 2021 will be fully settled in February 2022.

The amounts due to related parties as at 30 September 2021 will be fully settled in February 2022 except for amounts withholding from related parties for PRC tax purpose which depend on the progress of tax declaration and tax filing with the PRC tax authorities.

(d) Key management personnel compensation

	Year ended 31 March			Six months ended 30 September	
	2019	**2020**	**2021**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* **(unaudited)**	*RMB'000*
Wages, salaries, bonuses and other allowances	4,776	6,970	8,135	2,830	3,771
Share-based compensation expenses	1,291	445	–	–	–
Social security costs and contributions to housing provident fund	416	396	323	125	254
Allowances and benefits in kind	1,529	1,798	1,657	545	1,283
	8,012	9,609	10,115	3,500	5,308

36 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of every director and the chief executive officer for the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2020 and 2021 is set out below:

For the year ended 31 March 2019:

Name	**Fees**	**Salaries**	**Discretionary bonuses**	**Allowances and benefits in kind**	**Employer's contribution to a retirement benefit scheme**	**Share-based compensation**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman							
ZOU Qifang	–	936	–	1,529	–	–	2,465
Director							
ZOU Jianlong	–	207	–	–	18	–	225
QI Yong *(Note (i))*	–	207	–	–	129	–	336
Qin Jessie Xin	–	1,036	–	–	–	1,291	2,327
Zhou Wei *(Note (i))*	–	–	–	–	–	–	–
HU Xubo *(Note (i))*	–	–	–	–	–	–	–
QIU Yumin *(Note (i))*	–	–	–	–	–	–	–
Denis Francis KINANE *(Note (i))*	270	–	–	–	–	–	270
XU Xiaoou *(Note (i))*	–	–	–	–	–	–	–
MIAO Jingwen *(Note (i))*	–	–	–	–	–	–	–
Total	270	2,386	–	1,529	147	1,291	5,623

For the year ended 31 March 2020:

Name	Fees	Salaries	Discretionary bonuses	Allowances and benefits in kind	Employer's contribution to a retirement benefit scheme	Share-based compensation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman							
ZOU Qifang	–	952	144	1,798	–	–	2,894
Director							
ZOU Jianlong	–	223	100	–	19	–	342
QI Yong *(Note (i))*	–	225	50	–	115	–	390
Qin Jessie Xin	–	972	127	–	–	445	1,544
Zhou Wei *(Note (i))*	–	–	–	–	–	–	–
HU Xubo *(Note (i))*	–	–	–	–	–	–	–
QIU Yumin *(Note (i))*	–	–	–	–	–	–	–
Denis Francis KINANE *(Note (i))*	279	–	–	–	–	–	279
XU Xiaoou *(Note (i))*	–	–	–	–	–	–	–
MIAO Jingwen *(Note (i))*	–	–	–	–	–	–	–
Total	279	2,372	421	1,798	134	445	5,449

For the year ended 31 March 2021:

Name	Fees	Salaries	Discretionary bonuses	Allowances and benefits in kind	Employer's contribution to a retirement benefit scheme	Share-based compensation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman							
ZOU Qifang	–	941	144	1,657	–	–	2,742
Director							
ZOU Jianlong	–	257	172	–	14	–	443
QI Yong *(Note (i))*	–	256	86	–	86	–	428
Qin Jessie Xin	–	1,019	210	–	–	–	1,229
Zhou Wei *(Note (i))*	–	–	–	–	–	–	–
HU Xubo *(Note (i))*	–	–	–	–	–	–	–
QIU Yumin	–	–	–	–	–	–	–
Denis Francis KINANE *(Note (i))*	272	–	–	–	–	–	272
XU Xiaoou *(Note (i))*	–	–	–	–	–	–	–
MIAO Jingwen *(Note (i))*	–	–	–	–	–	–	–
Total	272	2,473	612	1,657	100	–	5,114

For the six months ended 30 September 2020 (unaudited):

Name	Fees	Salaries	Discretionary bonuses	Allowances and benefits in kind	Employer's contribution to a retirement benefit scheme	Share-based compensation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman							
ZOU Qifang	–	480	–	545	–	–	1,025
Director							
ZOU Jianlong	–	174	–	–	5	–	179
QI Yong *(Note (i))*	–	115	–	–	34	–	149
Qin Jessie Xin	–	250	–	–	–	–	250
Zhou Wei *(Note (i))*	–	–	–	–	–	–	–
HU Xubo *(Note (i))*	–	–	–	–	–	–	–
QIU Yumin *(Note (i))*	–	–	–	–	–	–	–
Denis Francis KINANE *(Note (i))*	140	–	–	–	–	–	140
XU Xiaoou *(Note (i))*	–	–	–	–	–	–	–
MIAO Jingwen *(Note (i))*	–	–	–	–	–	–	–
	140	1,019	–	545	39	–	1,743

For the six months ended 30 September 2021:

Name	Fees	Salaries	Discretionary bonuses	Allowances and benefits in kind	Employer's contribution to a retirement benefit scheme	Share-based compensation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman							
ZOU Qifang	–	634	–	1,283	–	–	1,917
Director							
ZOU Jianlong	–	307	–	–	27	–	334
QI Yong *(Note (i))*	–	240	–	–	49	–	289
Qin Jessie Xin	–	259	–	–	–	–	259
Zhou Wei *(Note (i))*	–	–	–	–	–	–	–
HU Xubo *(Note (i))*	–	–	–	–	–	–	–
QIU Yumin *(Note (i))*	–	–	–	–	–	–	–
Denis Francis KINANE *(Note (i))*	–	–	–	–	–	–	–

Name	Fees	Salaries	Discretionary bonuses	Allowances and benefits in kind	Employer's contribution to a retirement benefit scheme	Share-based compensation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
XU Xiaoou *(Note (i))*	–	–	–	–	–	–	–
MIAO Jingwen *(Note (i))*	–	–	–	–	–	–	–
ZHANG Jincai *(Note (ii))*	–	1,020	–	–	45	–	1,065
	–	2,460	–	1,283	121	–	3,864

Note:

(i) Hu Xubo and QI Yong were resigned as director of the Company on 29 January 2021 and 22 June 2021 respectively. MIAO Jingwen, ZHOU Wei, QIU Yu Min, Denis Francis KINANE and XU Xiaoou were resigned as director of the Company on 23 June 2021.

(ii) ZHANG Jincai was appointed as director of the Company on 15 July 2021.

(b) Directors' retirement and termination benefits

No retirement or termination benefits have been paid to the Company's directors for the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2020 and 2021.

(c) Consideration provided to third parties for making available directors' services

No consideration was provided to third parties for making available directors' services during the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2020 and 2021.

(d) Information about loans, quasi-loans or other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors

Save as disclosed in Note 35, no loans, quasi-loans or other dealings were entered into by the Company in favor of directors, controlled bodies corporate by and connected entities with such directors during the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2020 and 2021.

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Group 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 years or at any time during the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2020 and 2021.

37 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

(a) Acquisitions of additional interests in subsidiaries

During the year ended 31 March 2021, the Group acquired additional equity interests in certain subsidiaries from the relevant non-controlling shareholders at cash consideration of RMB1,262,000, RMB1,325,000 and RMB1,018,000 respectively. The differences between the carrying amounts of non-controlling interests acquired and consideration paid are set out below.

	Year ended 31 March 2021
	RMB'000
Total carrying amount of non-controlling interests acquired	474
Less: total consideration paid to non-controlling interests	(3,605)
Total difference recognized within equity	(3,131)

During the six months ended 30 September 2020, the Group acquired additional equity interests in certain subsidiaries from the relevant non-controlling shareholders at cash consideration of RMB1,325,000 and RMB1,018,000 respectively. The differences between the carrying amounts of non-controlling interests acquired and consideration paid are set out below.

	Six months ended 30 September 2020
	RMB'000 **(unaudited)**
Total carrying amount of non-controlling interests acquired	3,675
Less: total consideration paid to non-controlling interests	(2,343)
Total difference recognized within equity	1,332

(b) Disposals of interests in subsidiaries without change of control

During the year ended 31 March 2021, the Group disposed of certain equity interests in subsidiaries to third parties for a total cash consideration of RMB1,120,000, RMB1,750,000 and RMB500,000 respectively. The differences between the carrying amounts of equity interest disposed of and consideration received are set out below.

	Year ended 31 March 2021
	RMB'000
Total carrying amount of equity interests disposed	(968)
Less: total consideration received from non-controlling interests	3,370
Total difference recognized within equity	2,402

During the six months ended 30 September 2020, the Group disposed of certain equity interests in subsidiaries to third parties for a total cash consideration of RMB1,120,000. The differences between the carrying amounts of equity interest disposed of and consideration received are set out below.

	Six months ended 30 September 2020
	RMB'000 **(unaudited)**
Total carrying amount of equity interests disposed	(1,396)
Less: total consideration received from non-controlling interests	1,120
Total difference recognized within equity	(276)

During the six months ended 30 September 2021, the Group disposed of certain equity interests in subsidiaries to third parties for a total cash consideration of RMB700,000, RMB700,000 and RMB1,400,000 respectively. The differences between the carrying amounts of equity interest disposed of and consideration received are set out below.

	Six months ended 30 September 2021
	RMB'000
Total carrying amount of equity interests disposed	(2,800)
Less: total consideration received from non-controlling interests	2,800
Total difference recognized within equity	–

38 DIVIDENDS

No dividend was declared by the Company during the years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2021.

39 EVENTS AFTER THE REPORTING PERIOD

On 1 October 2021, approximately 3.6 million Class 1 ordinary shares of the Company were granted to certain directors and eligible employees for total consideration of approximately US$73 million. RSUs will be vested and shares of the Company may be delivered to the participants only at the end of the first 6 months, the first year, the first 18 months and the second year from the commencement date of dealings in the Company shares on the Stock Exchange of Hong Kong Limited ("Vesting Period") at the respective proportion of 25%, 25%, 25% and 25%. Vesting Period may be different due to specific cases or exception. Share-based payment expenses relating to the RSUs amounted to not less than RMB90 million, RMB120 million and RMB30 million will be recognised in profit or loss in the financial years ending 31 March 2022, 2023 and 2024 respectively.

Pursuant to the shareholders' resolution passed on 1 December 2021, the basic and diluted loss per share have not taken into account the proposed share subdivision because the proposed share subdivision has not become effective as of the date of this report.

Save as disclosed above and elsewhere in this report, there have been no other material events subsequent to the Track Record Period, which require adjustment or disclosure in accordance with IFRSs.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 September 2021 and up to the date of this report. No dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 September 2021 and up to the date of this report.