

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this Document.

[To insert the firm’s letterhead]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GUANGDONG TRUE HEALTH MEDICAL TECHNOLOGY DEVELOPMENT CO., LTD., CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND DBS ASIA CAPITAL LIMITED

Introduction

We report on the historical financial information of Guangdong True Health Medical Technology Development Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-[3] to I-[57], which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023 and 2024, and the six months ended 30 June 2025 (the “Relevant Periods”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023 and 2024 and 30 June 2025 and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-3 to I-57 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the “Document”) in connection with the [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of 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 the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants’ Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the “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.

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Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of 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 accountants’ report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023 and 2024 and 30 June 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2024 and other explanatory information (the “Interim Comparative Financial Information”). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

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

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 12 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

[●]

Certified Public Accountants

Hong Kong

[Date]

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I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

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

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

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December		Six months ended 30 June	
		2023	2024	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> (unaudited)	<i>RMB’000</i>
REVENUE	5	2,301	1,791	100	173
Cost of sales		(415)	(481)	(65)	(57)
Gross profit		1,886	1,310	35	116
Other income and gains	6	1,593	33,264	585	1,636
Selling and distribution expenses		(27,701)	(40,094)	(16,550)	(18,170)
Administrative expenses		(30,124)	(34,851)	(14,710)	(16,622)
Research and development expenses		(40,754)	(50,846)	(22,472)	(23,371)
(Provision for)/reversal of impairment loss of financial assets, net		(3)	(34)	(11)	35
Other expenses		–	(308)	(29)	(170)
Finance costs	7	(438)	(594)	(209)	(188)
LOSS BEFORE TAX	8	(95,541)	(92,153)	(53,361)	(56,734)
Income tax expense	11	–	(3)	–	–
LOSS FOR THE YEAR/PERIOD		<u>(95,541)</u>	<u>(92,156)</u>	<u>(53,361)</u>	<u>(56,734)</u>
Attributable to:					
Owners of the parent		(94,928)	(92,156)	(53,361)	(56,734)
Non-controlling interests		(613)	–	–	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD		<u>(95,541)</u>	<u>(92,156)</u>	<u>(53,361)</u>	<u>(56,734)</u>
Attributable to:					
Owners of the parent		(94,928)	(92,156)	(53,361)	(56,734)
Non-controlling interests		(613)	–	–	–
		<u>(95,541)</u>	<u>(92,156)</u>	<u>(53,361)</u>	<u>(56,734)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (expressed in RMB)					
Basic and diluted	13	<u>(4.40)</u>	<u>(3.82)</u>	<u>(2.27)</u>	<u>(1.96)</u>

For the details of Pre-[REDACTED] investments, please refer to note 27 to this report.

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		As at 30 June
	Notes	2023	2024	2025
		RMB’000	RMB’000	RMB’000
NON-CURRENT ASSETS				
Property, plant and equipment	14	13,632	16,659	14,818
Right-of-use assets	15	8,630	11,957	8,167
Intangible assets	16	2,107	1,411	996
Investment in an associate	17	—	—	400
Prepayments, deposits and other receivables	19	6,923	11,633	13,589
Total non-current assets		31,292	41,660	37,970
CURRENT ASSETS				
Inventories	18	8,178	21,688	28,042
Prepayments, deposits and other receivables	19	4,386	8,119	16,021
Financial assets at fair value through profit or loss	20	—	—	140,169
Cash and cash equivalents	21	122,484	83,908	78,700
Total current assets		135,048	113,715	262,932
CURRENT LIABILITIES				
Trade payables	22	55	885	1,852
Other payables and accruals	23	14,006	15,134	7,895
Contract liabilities	24	549	2,230	2,407
Lease liabilities	15	4,776	6,361	4,708
Tax payable		—	2	—
Total current liabilities		19,386	24,612	16,862
NET CURRENT ASSETS		115,662	89,103	246,070
TOTAL ASSETS LESS CURRENT LIABILITIES		146,954	130,763	284,040
NON-CURRENT LIABILITIES				
Lease liabilities	15	4,114	5,307	2,788
Deferred income	26	1,092	6	8,196
Total non-current liabilities		5,206	5,313	10,984
Net assets		141,748	125,450	273,056
EQUITY				
Equity attributable to owners of the parent				
Paid-in capital	27	23,545	24,698	32,082
Reserves	28	118,203	100,752	240,974
Total equity		141,748	125,450	273,056

For the details of Pre-[REDACTED] investments, please refer to note 27 to this report.

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Paid-in capital	Capital reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(note 27)</i>	<i>(note 28)</i>				
At 1 January 2023	21,332	418,882	(343,678)	96,536	(1,903)	94,633
Loss for the year	—	—	(94,928)	(94,928)	(613)	(95,541)
Total comprehensive loss for the year	—	—	(94,928)	(94,928)	(613)	(95,541)
Capital contribution by shareholders (net of issue costs)	2,213	140,443	—	142,656	—	142,656
Acquisition of the interest of non-controlling shareholders	—	(2,516)	—	(2,516)	2,516	—
At 31 December 2023 . . .	<u>23,545</u>	<u>556,809*</u>	<u>(438,606)*</u>	<u>141,748</u>	<u>—</u>	<u>141,748</u>

Year ended 31 December 2024

	Paid-in capital	Capital reserve	Accumulated losses	Total equity
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(note 27)</i>	<i>(note 28)</i>		
At 1 January 2024	23,545	556,809	(438,606)	141,748
Loss for the year	—	—	(92,156)	(92,156)
Total comprehensive loss for the year	—	—	(92,156)	(92,156)
Capital contribution by shareholders (net of issue costs)	1,153	74,705	—	75,858
At 31 December 2024	<u>24,698</u>	<u>631,514*</u>	<u>(530,762)*</u>	<u>125,450</u>

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Six months ended 30 June 2024 (unaudited)

	<u>Paid-in capital</u>	<u>Capital reserve</u>	<u>Accumulated losses</u>	<u>Total equity</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(note 27)</i>	<i>(note 28)</i>		
At 1 January 2024	23,545	556,809	(438,606)	141,748
Loss for the period (unaudited)	<u>—</u>	<u>—</u>	<u>(53,361)</u>	<u>(53,361)</u>
Total comprehensive loss for the period (unaudited)	—	—	(53,361)	(53,361)
Capital contribution by shareholders (net of issue costs) (unaudited)	<u>719</u>	<u>49,294</u>	<u>—</u>	<u>50,013</u>
At 30 June 2024 (unaudited)	<u>24,264</u>	<u>606,103</u>	<u>(491,967)</u>	<u>138,400</u>

Six months ended 30 June 2025

	<u>Paid-in capital</u>	<u>Capital reserve</u>	<u>Accumulated losses</u>	<u>Total equity</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(note 27)</i>	<i>(note 28)</i>		
At 1 January 2025	24,698	631,514	(530,762)	125,450
Loss for the period	<u>—</u>	<u>—</u>	<u>(56,734)</u>	<u>(56,734)</u>
Total comprehensive loss for the period	—	—	(56,734)	(56,734)
Capital contribution by shareholders (net of issue costs)	<u>7,384</u>	<u>196,956</u>	<u>—</u>	<u>204,340</u>
At 30 June 2025	<u>32,082</u>	<u>828,470*</u>	<u>(587,496)*</u>	<u>273,056</u>

* These reserve accounts comprise the consolidated reserves of RMB118,203,000, RMB100,752,000 and RMB240,974,000 in the consolidated statements of financial position as at 31 December 2023 and 2024 and 30 June 2025, respectively.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		Six months ended 30 June	
	Notes	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax		(95,541)	(92,153)	(53,361)	(56,734)
Adjustments for:					
Finance costs	7	438	594	209	188
Interest income	6	(174)	(623)	(392)	(182)
Loss on disposal of items of property, plant and equipment . . .	8	–	70	–	–
Gain on lease termination	8	(353)	(31)	(57)	(10)
Depreciation of property, plant and equipment	14	2,925	4,906	2,526	2,960
Depreciation of right-of-use assets . .	15(a)	5,848	6,927	3,246	3,853
Amortisation of intangible assets . . .	16	804	819	404	415
Provision for/(reversal of) impairment loss of financial assets, net	8	3	34	11	(35)
Investment income from financial products	6	(589)	(695)	(95)	(697)
Fair value gains on financial assets at fair value through profit or loss	6	–	–	(26)	(169)
		(86,639)	(80,152)	(47,535)	(50,411)
Decrease/(increase) in inventories . .		1,707	(13,510)	(3,714)	(6,354)
Decrease/(increase) in prepayments, deposits and other receivables . . .		1,643	(10,547)	(8,593)	(9,823)
(Decrease)/increase in trade payables		(2,635)	830	437	967
(Decrease)/increase in contract liabilities		(1,770)	1,681	398	177
Increase/(decrease) in other payables and accruals		2,462	5,117	1,931	(5,629)
Increase/(decrease) in deferred income		1,092	(1,086)	–	8,190
Cash used in operations		(84,140)	(97,667)	(57,076)	(62,883)
Interest received		174	623	392	182
Income tax paid		–	(1)	–	(2)
Net cash flows used in operating activities		(83,966)	(97,045)	(56,684)	(62,703)

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		Year ended 31 December		Six months ended 30 June	
	Notes	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of items of property, plant and equipment		(13,274)	(7,868)	(4,391)	(1,264)
Purchases of intangible assets		–	(123)	(122)	–
Purchase of financial assets at fair value through profit or loss		(140,000)	(238,490)	(91,000)	(380,000)
Proceeds from disposal of financial assets at fair value through profit or loss		152,617	239,185	65,095	240,697
Proceeds from disposal of property, plant and equipment		–	638	–	–
Acquisition of an associate		–	–	–	(400)
Net cash flows used in investing activities		(657)	(6,658)	(30,418)	(140,967)
CASH FLOWS FROM FINANCING ACTIVITIES					
Capital contribution by shareholders (net of issue costs)		146,630	71,884	46,039	204,340
Repayment of lease payments		(6,990)	(7,910)	(3,808)	(4,407)
New bank loans		–	2,000	2,000	–
Repayment of bank loans		–	(2,000)	–	–
Loan from a director and director's family member		–	1,166	897	–
Repayment of loan to a director and director's family member		–	–	–	(1,166)
Loans from third parties		4,900	–	–	–
Repayment of loans to third parties		(4,900)	–	–	–
Interest paid		(17)	(7)	–	(89)
Net cash flows from financing activities		139,623	65,133	45,128	198,678
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS					
Cash and cash equivalents at beginning of year/period		55,000	(38,570)	(41,974)	(4,992)
Effect of foreign exchange rate changes, net		–	(6)	(5)	(216)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	21	122,484	83,908	80,505	78,700

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		As at 30 June
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	14	11,224	12,914	11,327
Right-of-use assets	15	2,935	5,697	4,032
Intangible assets	16	1,859	2,859	2,309
Investments in subsidiaries	1	20,000	55,821	35,921
Investment in an associate	17	—	—	400
Prepayments, deposits and other receivables	19	3,706	8,884	14,014
Total non-current assets		39,724	86,175	68,003
CURRENT ASSETS				
Inventories	18	4,909	20,000	28,320
Trade receivables		164	3,375	3,375
Prepayments, deposits and other receivables	19	39,252	52,078	75,096
Financial assets at fair value through profit or loss	20	—	—	140,169
Cash and cash equivalents	21	113,432	49,870	63,476
Total current assets		157,757	125,323	310,436
CURRENT LIABILITIES				
Trade payables	22	5,878	686	3,513
Other payables and accruals	23	11,287	10,889	5,925
Contract liabilities	24	549	2,230	2,319
Lease liabilities	15	1,674	3,044	2,739
Total current liabilities		19,388	16,849	14,496
NET CURRENT ASSETS		138,369	108,474	295,940
TOTAL ASSETS LESS CURRENT LIABILITIES				
		178,093	194,649	363,943
NON-CURRENT LIABILITIES				
Lease liabilities	15	1,254	2,268	1,768
Deferred income	26	1,092	6	7,743
Total non-current liabilities		2,346	2,274	9,511
Net assets		175,747	192,375	354,432
EQUITY				
Paid-in capital	27	23,545	24,698	32,082
Reserves	28	152,202	167,677	322,350
Total equity		175,747	192,375	354,432

For the details of Pre-[REDACTED] investments, please refer to note 27 to this report.

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II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Guangdong True Health Medical Technology Development Co., Ltd. (the “Company”) was incorporated as a limited liability company in the People’s Republic of China (“PRC”) on 16 March 2018. The registered office address of the Company is Room 101, 1/F, Building 9, 1889 Huandao East Road, Hengqin New District, Zhuhai, Guangdong Province, PRC.

The Company and its subsidiaries (the “Group”) are principally engaged in the research and development, manufacture and sale of surgical robots and disposables. As at the date of this report, the Company had direct interests in its subsidiaries, all of which are private limited liability companies, the particulars of the principal subsidiaries are set out below:

Name	Place and date of incorporation/ registration and place of operations	Issued ordinary share/ registered capital	Percentage of equity attributable to the Company	Principal activities
			Direct	
True Health (Guangdong Hengqin) Medical Device Co., Ltd.* (真健康(廣東橫琴)醫 療設備有限公司) (note a)	PRC/Chinese Mainland 26 July 2021	RMB20,000,000	100%	Production of medical devices
True Health (Beijing) Medical Technology Co., Ltd.* (真健康 (北京)醫療科技有限 公司) (note b)	PRC/Chinese Mainland 21 November 2022	RMB1,000,000	100%	R&D of medical devices

* The English names of the Chinese Mainland companies represent management’s best effort in translating the Chinese names of those companies as no English names have been registered or are available.

Notes:

- a. The statutory financial statements for the year ended 31 December 2023 prepared under PRC Generally Accepted Accounting Principles (“PRC GAAP”) were audited by Huichuang (Guangzhou) Certified Public Accountants (General Partnership) (匯創(廣州)會計師事務所(普通合夥)), certified public accountants registered in the PRC. No audited financial statements have been prepared for this company for the year ended 31 December 2024.
- b. The statutory financial statements for the year ended 31 December 2023 prepared under PRC Generally Accepted Accounting Principles (“PRC GAAP”) were audited by Beijing Yongqing Certified Public Accountants (General Partnership) (北京永晴會計師事務所(普通合夥)), certified public accountants registered in the PRC. No audited financial statements have been prepared for this company for the year ended 31 December 2024.

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The carrying amounts of the Company’s investments in subsidiaries are as follows:

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Investments, at cost	20,000	55,821	35,921

2.1 BASIS OF PREPARATION

For ordinary shares issued to Pre-[REDACTED] investors, pursuant to the supplemental agreements entered into between the Company and the Pre-[REDACTED] Investors in relation to the termination of certain of special rights granted by the Company, including redemption rights which are void ab initio as described in note 27 to this report, having taking into account the legal and regulatory framework of the Company’s jurisdiction and the governing law of the supplementary agreements, the directors considered that it is appropriate to present the Pre-[REDACTED] Investments as equity throughout the Relevant Periods. Further details of the financial impacts of the arrangements are included in note 27 to the Historical Financial Information.

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025 together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The Historical Financial Information includes the financial information of the Company and its subsidiaries for the Relevant Periods and in the period covered by the Interim Comparative Financial Information. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture¹</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments²</i>
IFRS 18	<i>Presentation and Disclosure in Financial Statements³</i>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures³</i>
Amendments to IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures³</i>
Annual Improvements to IFRS Accounting Standards – Volume 11	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7²</i>

¹ No mandatory effective date yet determined but available for adoption

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

The Group is in the process of making an assessment of the impact of these new and amended standards upon initial application. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. IFRS 18 and the consequential amendments to other standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group’s financial statements. So far, the Group has expected that the other new and amended standards may result in changes in accounting policies but are unlikely to have a significant impact on the Group’s results of operations and financial position in the period of initial application.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group’s investments in associates are stated in the consolidated statement of financial position at the Group’s share of net assets under the equity method of accounting, less any impairment losses.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

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The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Fair value measurement

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

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

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

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

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

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset’s recoverable amount is estimated. An asset’s recoverable amount is the higher of the asset’s or cash-generating unit’s value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

Related parties

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

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

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

Machinery and equipment	19.40% to 32.33%
Office equipment	32.33%
Motor vehicles	19.40%
Electronic equipment	32.33%
Leasehold improvements	Over the shorter of lease terms and estimated useful lives

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

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

Construction in progress is stated at cost less any impairment losses and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 5 years.

Intellectual property

Purchased licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 5 years. The useful life of 5 years for licences is estimated based on the duration of the licences, as well as the useful lives of similar assets in the marketplace.

Research and development costs

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

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

Leases

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

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Group as a lessee

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

(a) Right-of-use assets

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

Buildings	2 to 5 years
Vehicles	2 years

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

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease.

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

The Group’s lease liabilities are presented in a separate line on the consolidated statement of financial position.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

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

Investments and other financial assets

Initial recognition and measurement

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

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The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

Derecognition of financial assets

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

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

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

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

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Impairment of financial assets

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

General approach

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs.

- | | | |
|---------|---|---|
| Stage 1 | – | Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs. |
| Stage 2 | – | Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs. |
| Stage 3 | – | Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs. |

Simplified approach

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

Classification as equity and financial liabilities

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of financial liability and equity instrument.

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A financial liability is any liability that is (a) a contractual obligation (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or (b) a contract that will or may be settled in the entity’s own equity instruments and is: (i) a non derivative for which the entity is or may be obliged to deliver a variable number of the entity’s own equity instruments; or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity’s own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as payables, or loans and borrowings, as appropriate.

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

The Group’s financial liabilities include trade payables, other payables and accruals.

Subsequent measurement

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

Financial liabilities at amortised cost (trade and other payables)

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

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Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the sale of certain industrial products and the provision of construction services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary difference; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

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

Government grants

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

Revenue recognition

Revenue from contracts with customers

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

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

(a) Sales of surgical robots and disposables

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customers, generally on delivery and acceptance of the products as agreed in the sales contracts.

Other income

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

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Contract liabilities

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

Other employee benefits

Share-based payments

Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“equity-settled transactions”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each Relevant Periods until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period. The Group granted certain incentive shares through share incentive platforms in the reporting periods before the Relevant Periods, and the incentive shares were vested immediately upon granted, the share-based payment are then recognised in the period before the Relevant Periods.

Pension scheme

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

Housing fund – Chinese Mainland

The Group contributes on a monthly basis to a defined contribution plan of housing fund operated by the local municipal government. Contributions to this plan by the Group are expensed as incurred.

Borrowing costs

All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

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

Events after the Relevant Periods

If the Group receives information after the Relevant Periods, but prior to the date of authorisation for issue, about conditions that existed at the end of the relevant period, it will assess whether the information affects the amounts that it recognises in its consolidated financial statements. The Group will adjust the amounts recognised in its consolidated financial statements to reflect any adjusting events after the relevant period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the relevant period, the Group will not change the amounts recognised in its consolidated financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Research and development expenses

All research and development expenses are charged to profit or loss as incurred. Expenses incurred on each pipeline to develop new products are only capitalised and deferred in accordance with the accounting policy for research and development expenses in note 2.3 to the Historical Financial Information. Determining the amounts to be capitalised requires management to make judgements on the technical feasibility of existing pipelines to be successfully commercialised and bring economic benefits to the Company. In the opinion of the directors, during the Relevant Periods and the Interim Comparative Financial Information, the criteria for capitalisation of development costs were not met and development expenditure were expensed.

Estimation uncertainty

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

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including right-of-use assets) at the end of each of the reporting period. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Recognition of income taxes and deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

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Useful lives and residual values of property, plant and equipment

In determining the useful life and residual value of an item of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected age of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. The depreciation amount will be adjusted if the estimated useful life and/or the residual value of an item of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at each financial year end date based on changes in circumstances.

Write-down of inventories to net realisable value

Write-down of inventories to net realisable value is made for those identified obsolete and slow-moving inventories and inventories with a carrying amount higher than net realisable value. The assessment of the provision required involves management’s judgement and estimates on which are influenced by assumptions concerning future sales and usage and judgements in determining the appropriate level of inventory provisions against identified surplus or obsolete items. Where the actual outcome or expectation in future is different from the original estimate, such differences will have impact on the carrying amounts of inventories and the write-down of inventories in the period in which such estimate has been changed.

4. OPERATING SEGMENT INFORMATION

Operating segment information

For management purposes, the Group has only one reportable operating segment. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

(a) Revenue from external customers

During the Relevant Periods and the six months ended 30 June 2024, no further geographical segment information is presented as all of the Group’s revenue was derived from the customers in Chinese Mainland.

(b) Non-current assets

Since almost all of the Group’s non-current assets were located in Chinese Mainland, no geographical information in accordance with IFRS 8 Operating Segments is presented.

Information about major customers

Revenue from Customer A accounted for 100.0% of the Group’s revenue during the year ended 31 December 2023. Revenue from Customer B accounted for 88.9% of the Group’s revenue during the year ended 31 December 2024. Revenue from Customer C accounted for 97.1% of the Group’s revenue during the period ended 30 June 2025.

5. REVENUE

An analysis of revenue is as follows:

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
			(unaudited)	
Types of goods or services				
Sales of surgical robots and disposables	2,301	1,791	100	173
	<u>2,301</u>	<u>1,791</u>	<u>100</u>	<u>173</u>
Timing of revenue recognition				
Transferred at a point in time	2,301	1,791	100	173
	<u>2,301</u>	<u>1,791</u>	<u>100</u>	<u>173</u>

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The following table shows the amounts of revenue recognised during the Relevant Periods and the six months ended 30 June 2024 that were included in the contract liabilities at the beginning of each of the Relevant Periods and the six months ended 30 June 2024:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
<i>Revenue recognised that was included in contract liabilities at the beginning of the year/period</i>				
Sales of surgical robots and disposables	2,301	—	—	—
	<u>2,301</u>	<u>—</u>	<u>—</u>	<u>—</u>

(b) Performance obligations

Sales of surgical robots and disposables

The performance obligation is satisfied upon delivery and acceptance of the surgical robots and disposables and payment is generally due within 30 to 180 days from delivery and acceptance, except for new customers, where payment in advance is normally required.

As the original expected duration of the contracts from customers of the Group is within one year or less, the Group applies the practical expedient of not disclosing the transaction price allocated to the remaining performance obligation.

6. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Other income				
Government grants*	471	31,904	15	578
Bank interest income	174	623	392	182
Investment income from financial products	589	695	95	697
Others	6	11	—	—
Total other income	<u>1,240</u>	<u>33,233</u>	<u>502</u>	<u>1,457</u>
Gains				
Fair value gains on financial assets at fair value through profit or loss	—	—	26	169
Gain on termination of a lease contract	353	31	57	10
Total gains	<u>353</u>	<u>31</u>	<u>83</u>	<u>179</u>
Total other income and gains	<u>1,593</u>	<u>33,264</u>	<u>585</u>	<u>1,636</u>

* Government grants increased significantly from RMB0.5 million in 2023 to RMB31.9 million in 2024, primarily due to an increase in government grants in relation to the award at the “Third Hengqin International Science and Technology Innovation and Entrepreneurship Competition” by Hengqin Guangdong-Macao In-Depth Cooperation Zone Economic Development Bureau.

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7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on bank and other borrowings	17	90	24	6
Interest on lease liabilities (<i>note 15</i>)	421	504	185	182
Total	<u>438</u>	<u>594</u>	<u>209</u>	<u>188</u>

For the details of Pre-[REDACTED] investments, please refer to note 27 to this report.

8. LOSS BEFORE TAX

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

	Notes	Year ended 31 December		Six months ended 30 June	
		2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cost of inventories sold		415	481	65	57
Depreciation of property, plant and equipment*	14	2,925	4,906	2,526	2,960
Depreciation of right-of-use assets*	15	5,848	6,927	3,246	3,853
Amortisation of intangible assets*	16	804	819	404	415
Research and development costs:					
Current year/period expenditure		40,754	50,846	22,472	23,371
Gain on termination of a lease contract	15	(353)	(31)	(57)	(10)
Provision for/(reversal of) impairment loss of financial assets, net		3	34	11	(35)
Lease payments not included in the measurement of lease liabilities	15	197	144	84	6
Loss on disposal of items of property, plant and equipment		<u>—</u>	<u>70</u>	<u>—</u>	<u>—</u>
Employee benefit expenses (including directors’ and chief executive’s remuneration (<i>note 9</i>)):					
– Salaries, bonuses, allowances and benefits in kind		42,388	46,976	23,228	25,165
– Pension scheme contributions**		<u>4,878</u>	<u>5,052</u>	<u>2,551</u>	<u>2,363</u>
Total		<u>47,266</u>	<u>52,028</u>	<u>25,779</u>	<u>27,528</u>

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* Included in “cost of sales”, “administrative expenses”, “selling and distribution expenses” and “research and development expenses” in the consolidated statements of profit or loss and other comprehensive income.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

9. DIRECTORS’, CHIEF EXECUTIVE’S AND SUPERVISOR’S REMUNERATION

The remuneration of each of these directors and supervisor as recorded in the financial statements of the Group is set out below:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Fees	—	—	—	—
Other emoluments:				
Salaries, allowances and benefits in kind	3,658	4,207	2,105	2,354
Performance related bonuses	1,606	2,800	1,400	1,400
Pension scheme contributions	208	188	96	108
Subtotal	5,472	7,195	3,601	3,862
Total	5,472	7,195	3,601	3,862

(a) Executive directors, the chief executive and supervisor

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Year ended 31 December 2023				
Chief executive and executive directors:				
Ms. Cheong Hou Iam (<i>Note (a)</i>)	1,846	1,000	47	2,893
Ms. Chen Miaoping (<i>Note (b)</i>)	653	100	43	796
Mr. Duan Yulong (<i>Note (b)</i>)	9	—	—	9
Mr. Xu Zhongzhao (<i>Note (b)</i>)	—	—	—	—
Ms. Guo Jian (<i>Note (b)</i>)	669	300	60	1,029
Supervisor:				
Mr. Chen Xiangqian (<i>Note (c)</i>)	481	206	58	745
Total	3,658	1,606	208	5,472

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	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2024				
Chief executive and executive directors:				
Ms. Cheong Hou Iam (<i>Note (a)</i>) . . .	2,022	2,000	47	4,069
Ms. Chen Miaoping (<i>Note (b)</i>) . . .	655	150	47	852
Mr. Duan Yulong (<i>Note (b)</i>)	36	–	–	36
Mr. Xu Zhongzhao (<i>Note (b)</i>)	–	–	–	–
Ms. Guo Jian (<i>Note (b)</i>)	731	500	47	1,278
Supervisor:				
Mr. Chen Xiangqian (<i>Note (c)</i>) . . .	763	150	47	960
Total	4,207	2,800	188	7,195

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended 30 June 2024 (unaudited)				
Chief executive and executive directors:				
Ms. Cheong Hou Iam (<i>Note (a)</i>) . . .	1,011	1,000	24	2,035
Ms. Chen Miaoping (<i>Note (b)</i>)	328	75	24	427
Mr. Duan Yulong (<i>Note (b)</i>)	18	–	–	18
Mr. Xu Zhongzhao (<i>Note (b)</i>)	–	–	–	–
Ms. Guo Jian (<i>Note (b)</i>)	366	250	24	640
Supervisor:				
Mr. Chen Xiangqian (<i>Note (c)</i>)	382	75	24	481
Total	2,105	1,400	96	3,601

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended 30 June 2025				
Chief executive and executive directors:				
Ms. Cheong Hou Iam (<i>Note (a)</i>) . . .	1,201	1,000	27	2,228
Ms. Chen Miaoping (<i>Note (b)</i>)	328	75	27	430
Mr. Duan Yulong (<i>Note (b)</i>)	18	–	–	18
Ms. Guo Jian (<i>Note (b)</i>)	389	250	27	666
Mr. Yong Hao (<i>Note (b)</i>)	–	–	–	–
Mr. Fang Danjun (<i>Note (b)</i>)	–	–	–	–
Supervisor:				
Mr. Chen Xiangqian (<i>Note (c)</i>)	418	75	27	520
Total	2,354	1,400	108	3,862

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Notes:

- (a) Ms. Cheong Hou Iam was appointed as a director and the chief executive officer of the Company and the chairperson of the Board with effect from January 2021.
- (b) Ms. Chen Miaoping was appointed as an executive director of the Company with effect from March 2022. Mr. Duan Yulong was appointed as an executive director of the Company with effect from March 2022. Ms. Guo Jian was appointed as an executive director of the Company with effect from October 2023. Mr. Xu Zhongzhao was appointed as an executive director of the Company with effect from October 2023 to January 2025. Mr. Yong Hao was appointed as an executive director of the Company with effect from January 2025. Mr. Fang Danjun was appointed as an executive director of the Company with effect from January 2025.
- (c) Mr. Chen Xiangqian was appointed as a supervisor of the Company with effect from January 2022.

There were no other emoluments payable to the non-executive directors during each of the Relevant Periods and the six months ended 30 June 2024.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods and the six months ended 30 June 2024 included two, four and three and four directors, or former supervisor respectively, details of whose remuneration are set out in note 9 above.

Details of the remuneration of the remaining highest paid employees, who are neither a director, chief executive nor a supervisor of the Group for each of the Relevant Periods and the six months ended 30 June 2024 are as follows:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Salaries, allowances and benefits in kind	2,470	784	392	789
Performance related bonuses	270	150	75	173
Pension scheme contributions	176	66	33	68
Total	2,916	1,000	500	1,030

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

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	Number of employees	Number of employees	Number of employees	Number of employees
			(unaudited)	
Nil to HK\$1,000,000	2	–	1	2
HK\$1,000,001 to HK\$1,500,000	1	1	–	–
Total	3	1	1	2

During the Relevant Periods and the six months ended 30 June 2024, no highest paid employees waived or agree to waive any remuneration and no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

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11. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Chinese Mainland

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the Enterprise Income Tax (“EIT”) rate of the PRC subsidiaries was 25% during the Relevant Periods and the six months ended 30 June 2025 except for the Company which was subject to tax concession set out below. A preferential tax treatment is available for the Company which was recognised as a High and New Technology Enterprise in 2023 in Chinese Mainland, and a lower corporate income tax of 15% has been applied since then. A preferential tax treatment is available for True Health (Zhuhai) Medical Technology Co., Ltd.* (真健康(廣東橫琴)醫療設備有限公司) and True Health (Beijing) Medical Technology Co., Ltd.* (真健康(北京)醫療科技有限公司) which were recognised as High and New Technology Enterprises in 2024 in Chinese Mainland, and a lower corporate income tax of 15% has been applied since then. The certificate of High and New Technology Enterprise must be renewed every three years and the above-mentioned entities must re-apply for it every three years.

Macau

The subsidiary incorporated in Macau is subject to Macau profits tax at the rate of 12% on the estimated assessable profits arising in Macau. No provision for Macau profits tax has been made as the Group had no assessable profits derived from or earned in Macau during the Relevant Periods and the six months ended 30 June 2024.

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Loss before tax	(95,541)	(92,153)	(53,361)	(56,734)
Tax at the statutory tax rate (25%)	(23,885)	(23,039)	(13,340)	(14,183)
Effect of different tax rates enacted by local authorities	7,132	9,245	5,116	5,609
Additional deductible allowance for research and development expenses	(5,473)	(10,112)	(2,890)	(3,414)
Deductible temporary difference and tax losses not recognised	21,568	22,592	10,668	11,172
Expenses not deductible for tax	658	1,317	446	816
Tax charge at the Group’s effective rate	—	3	—	—

The Group had tax losses in Chinese Mainland of RMB295,786,000 and RMB442,035,000 in aggregate as at 31 December 2023 and 2024 and RMB363,627,000 (unaudited) and RMB 514,484,000 that had not been recognised in deferred tax assets in aggregate as at 30 June 2024 and 30 June 2025, respectively, that will expire in one to ten years for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognised in respect of these losses and deductible temporary differences as they have arisen in the subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits in foreseeable future will be available against which the tax losses can be utilised.

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12. DIVIDENDS

No dividend was paid or declared by the Company during the Relevant Periods and the six months ended 30 June 2024.

13. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss attributable to ordinary equity holders of the company and the weighted average number of ordinary shares in issue during the Relevant Periods and the six months ended 30 June 2024. The weighted average number of ordinary shares in issue for the Relevant Periods and the six months ended 30 June 2024 before the conversion into a joint stock company was determined by assuming that the paid-in capital had been fully converted into share capital at the same conversion ratio of 1:1 as upon transformation into a joint stock company on 29 October 2025.

No adjustment has been made to the basic loss per share amounts presented for the Relevant Periods and the six months ended 30 June 2024 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue.

For the details of Pre-[REDACTED] investments, please refer to note 27 to this report.

The calculation of basic and loss per share is based on:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
			<i>(unaudited)</i>	
Loss:				
Loss attributable to ordinary equity holders of the company, used in the basic loss per share calculation (RMB'000)	(94,928)	(92,156)	(53,361)	(56,734)
Shares:				
Weighted average number of ordinary shares in issue during the year/period, used in the basic loss per share calculation (in thousand shares)	21,594	24,101	23,549	28,948
Loss per share attributable to ordinary equity holders of the company (expressed in RMB)				
– Basic and diluted	(4.40)	(3.82)	(2.27)	(1.96)

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14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Machinery and equipment	Office equipment	Motor vehicles	Electronic equipment	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2023						
At 1 January 2023:						
Cost	3,646	363	193	1,153	2,498	7,853
Accumulated depreciation . . .	(612)	(109)	(28)	(420)	(196)	(1,365)
Net carrying amount	<u>3,034</u>	<u>254</u>	<u>165</u>	<u>733</u>	<u>2,302</u>	<u>6,488</u>
At 1 January 2023, net of accumulated depreciation . .	3,034	254	165	733	2,302	6,488
Additions	8,790	30	–	889	360	10,069
Depreciation provided during the year	(1,187)	(113)	(37)	(532)	(1,056)	(2,925)
At 31 December 2023, net of accumulated depreciation . .	<u>10,637</u>	<u>171</u>	<u>128</u>	<u>1,090</u>	<u>1,606</u>	<u>13,632</u>
At 31 December 2023:						
Cost	12,436	393	193	2,042	2,858	17,922
Accumulated depreciation . . .	(1,799)	(222)	(65)	(952)	(1,252)	(4,290)
Net carrying amount	<u>10,637</u>	<u>171</u>	<u>128</u>	<u>1,090</u>	<u>1,606</u>	<u>13,632</u>

	Machinery and equipment	Office equipment	Motor vehicles	Electronic equipment	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2024						
At 1 January 2024:						
Cost	12,436	393	193	2,042	2,858	17,922
Accumulated depreciation . . .	(1,799)	(222)	(65)	(952)	(1,252)	(4,290)
Net carrying amount	<u>10,637</u>	<u>171</u>	<u>128</u>	<u>1,090</u>	<u>1,606</u>	<u>13,632</u>
At 1 January 2024, net of accumulated depreciation . .	10,637	171	128	1,090	1,606	13,632
Additions	6,668	3	–	222	1,748	8,641
Disposal	–	–	–	(76)	(632)	(708)
Depreciation provided during the year	(3,160)	(106)	(38)	(603)	(999)	(4,906)
At 31 December 2024, net of accumulated depreciation . .	<u>14,145</u>	<u>68</u>	<u>90</u>	<u>633</u>	<u>1,723</u>	<u>16,659</u>
At 31 December 2024:						
Cost	19,104	392	193	2,057	3,974	25,720
Accumulated depreciation . . .	(4,959)	(324)	(103)	(1,424)	(2,251)	(9,061)
Net carrying amount	<u>14,145</u>	<u>68</u>	<u>90</u>	<u>633</u>	<u>1,723</u>	<u>16,659</u>

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	Machinery and equipment	Office equipment	Motor vehicles	Electronic equipment	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
30 June 2025						
At 1 January 2025:						
Cost	19,104	392	193	2,057	3,974	25,720
Accumulated depreciation . . .	(4,959)	(324)	(103)	(1,424)	(2,251)	(9,061)
Net carrying amount	<u>14,145</u>	<u>68</u>	<u>90</u>	<u>633</u>	<u>1,723</u>	<u>16,659</u>
At 1 January 2025, net of accumulated depreciation . .	14,145	68	90	633	1,723	16,659
Additions	821	3	–	295	–	1,119
Depreciation provided during the period	(1,881)	(28)	(19)	(228)	(804)	(2,960)
At 30 June 2025, net of accumulated depreciation . .	<u>13,085</u>	<u>43</u>	<u>71</u>	<u>700</u>	<u>919</u>	<u>14,818</u>
At 30 June 2025:						
Cost	19,925	395	193	2,352	3,974	26,839
Accumulated depreciation . . .	(6,840)	(352)	(122)	(1,652)	(3,055)	(12,021)
Net carrying amount	<u>13,085</u>	<u>43</u>	<u>71</u>	<u>700</u>	<u>919</u>	<u>14,818</u>

The Company

	Machinery and equipment	Office equipment	Motor vehicles	Electronic equipment	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2023						
At 1 January 2023:						
Cost	3,413	235	193	1,040	272	5,153
Accumulated depreciation . . .	(600)	(105)	(28)	(413)	(119)	(1,265)
Net carrying amount	<u>2,813</u>	<u>130</u>	<u>165</u>	<u>627</u>	<u>153</u>	<u>3,888</u>
At 1 January 2023, net of accumulated depreciation . .	2,813	130	165	627	153	3,888
Additions	8,508	30	–	525	–	9,063
Depreciation provided during the year	(1,110)	(72)	(37)	(412)	(96)	(1,727)
At 31 December 2023, net of accumulated depreciation . .	<u>10,211</u>	<u>88</u>	<u>128</u>	<u>740</u>	<u>57</u>	<u>11,224</u>
At 31 December 2023:						
Cost	11,921	265	193	1,565	272	14,216
Accumulated depreciation . . .	(1,710)	(177)	(65)	(825)	(215)	(2,992)
Net carrying amount	<u>10,211</u>	<u>88</u>	<u>128</u>	<u>740</u>	<u>57</u>	<u>11,224</u>

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	Machinery and equipment	Office equipment	Motor vehicles	Electronic equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024						
At 1 January 2024:						
Cost	11,921	265	193	1,565	272	14,216
Accumulated depreciation . . .	(1,710)	(177)	(65)	(825)	(215)	(2,992)
Net carrying amount	<u>10,211</u>	<u>88</u>	<u>128</u>	<u>740</u>	<u>57</u>	<u>11,224</u>
At 1 January 2024, net of accumulated depreciation . .	10,211	88	128	740	57	11,224
Additions	3,826	–	–	103	1,616	5,545
Disposal	–	–	–	(69)	(272)	(341)
Depreciation provided during the year	<u>(2,779)</u>	<u>(63)</u>	<u>(38)</u>	<u>(427)</u>	<u>(207)</u>	<u>(3,514)</u>
At 31 December 2024, net of accumulated depreciation . .	<u>11,258</u>	<u>25</u>	<u>90</u>	<u>347</u>	<u>1,194</u>	<u>12,914</u>
At 31 December 2024:						
Cost	15,747	262	193	1,470	1,616	19,288
Accumulated depreciation . . .	(4,489)	(237)	(103)	(1,123)	(422)	(6,374)
Net carrying amount	<u>11,258</u>	<u>25</u>	<u>90</u>	<u>347</u>	<u>1,194</u>	<u>12,914</u>
	Machinery and equipment	Office equipment	Motor vehicles	Electronic equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
30 June 2025						
At 1 January 2025:						
Cost	15,747	262	193	1,470	1,616	19,288
Accumulated depreciation . . .	(4,489)	(237)	(103)	(1,123)	(422)	(6,374)
Net carrying amount	<u>11,258</u>	<u>25</u>	<u>90</u>	<u>347</u>	<u>1,194</u>	<u>12,914</u>
At 1 January 2025, net of accumulated depreciation . .	11,258	25	90	347	1,194	12,914
Additions	366	3	–	67	–	436
Depreciation provided during the period	<u>(1,533)</u>	<u>(7)</u>	<u>(19)</u>	<u>(114)</u>	<u>(350)</u>	<u>(2,023)</u>
At 30 June 2025, net of accumulated depreciation . .	<u>10,091</u>	<u>21</u>	<u>71</u>	<u>300</u>	<u>844</u>	<u>11,327</u>
At 30 June 2025:						
Cost	16,113	265	193	1,537	1,616	19,724
Accumulated depreciation . . .	(6,022)	(244)	(122)	(1,237)	(772)	(8,397)
Net carrying amount	<u>10,091</u>	<u>21</u>	<u>71</u>	<u>300</u>	<u>844</u>	<u>11,327</u>

As at 31 December 2023 and 2024 and 30 June 2025, there were no pledged property, plant and equipment.

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings and vehicles used in its operations. Buildings general have lease terms between 2 and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

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ACCOUNTANTS’ REPORT

(a) *Right-of-use assets*

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

The Group

	Buildings	Vehicles	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at 1 January 2023	9,209	52	9,261
Addition	9,865	250	10,115
Depreciation charge	(5,724)	(124)	(5,848)
Decrease arising from lease term termination	(5,611)	–	(5,611)
Reassessment of a lease term arising from a change in rent	713	–	713
As at 31 December 2023 and 1 January 2024	8,452	178	8,630
Addition	9,172	600	9,772
Depreciation charge	(6,604)	(323)	(6,927)
Decrease arising from lease term termination	(1,182)	–	(1,182)
Reassessment of a lease term arising from a change in rent	1,664	–	1,664
As at 31 December 2024 and 1 January 2025	11,502	455	11,957
Addition	80	254	334
Depreciation charge	(3,593)	(260)	(3,853)
Decrease arising from lease term termination	(309)	–	(309)
Reassessment of a lease term arising from a change in rent	38	–	38
As at 30 June 2025	7,718	449	8,167

The Company

	Buildings	Vehicles	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at 1 January 2023	6,829	52	6,881
Addition	4,675	250	4,925
Depreciation charge	(4,109)	(124)	(4,233)
Decrease arising from lease term termination	(5,351)	–	(5,351)
Reassessment of a lease term arising from a change in rent	713	–	713
As at 31 December 2023 and 1 January 2024	2,757	178	2,935
Addition	6,814	600	7,414
Depreciation charge	(2,953)	(323)	(3,276)
Decrease arising from lease term termination	(1,076)	–	(1,076)
Reassessment of a lease term arising from a change in rent	(300)	–	(300)
As at 31 December 2024 and 1 January 2025	5,242	455	5,697
Addition	80	254	334
Depreciation charge	(1,737)	(260)	(1,997)
Reassessment of a lease term arising from a change in rent	(2)	–	(2)
As at 30 June 2025	3,583	449	4,032

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(b) Lease liabilities

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

The Group

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	10,718	8,890	11,668
New leases	10,115	9,772	334
Accretion of interest recognised during the year/period	421	504	182
Lease termination	(6,087)	(1,252)	(319)
Reassessment of a lease term arising from a change in rent	713	1,664	38
Payments	(6,990)	(7,910)	(4,407)
Carrying amount	<u>8,890</u>	<u>11,668</u>	<u>7,496</u>
Analysed into:			
Current portion	4,776	6,361	4,708
Non-current portion	<u>4,114</u>	<u>5,307</u>	<u>2,788</u>

The Company

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	7,999	2,928	5,312
New leases	4,925	7,414	334
Accretion of interest recognised during the year/period	257	230	106
Lease termination	(5,821)	(1,140)	–
Reassessment of a lease term arising from a change in rent	713	(300)	(2)
Payments	(5,145)	(3,820)	(1,243)
Carrying amount	<u>2,928</u>	<u>5,312</u>	<u>4,507</u>
Analysed into:			
Current portion	1,674	3,044	2,739
Non-current portion	<u>1,254</u>	<u>2,268</u>	<u>1,768</u>

The maturity analysis of lease liabilities is disclosed in note 35 to the Historical Financial Information.

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ACCOUNTANTS’ REPORT

- (c) The amounts recognised in profit or loss of the Group in relation to leases are as follows:

The Group

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Depreciation charge of right-of-use assets	5,848	6,927	3,246	3,853
Interest on lease liabilities . .	421	504	185	182
Gain on termination of a lease contract	(353)	(31)	(57)	(10)
Expense relating to short-term leases	197	144	84	6
Total	<u>6,113</u>	<u>7,544</u>	<u>3,458</u>	<u>4,031</u>

The Company

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Depreciation charge of right-of-use assets	4,233	3,276	1,520	1,997
Interest on lease liabilities . .	257	230	105	106
Gain on termination of a lease contract	(347)	(25)	(52)	–
Expense relating to short-term leases	190	128	71	–
Total	<u>4,333</u>	<u>3,609</u>	<u>1,644</u>	<u>2,103</u>

- (d) The total cash outflow for leases is disclosed in note 29 to the Historical Financial Information and Interim Financial Information.

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ACCOUNTANTS’ REPORT

16. INTANGIBLE ASSETS

The Group

	Software	Intellectual property	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2023			
At 1 January 2023			
Cost	350	3,672	4,022
Accumulated amortisation	(35)	(1,076)	(1,111)
Net carrying amount	<u>315</u>	<u>2,596</u>	<u>2,911</u>
At 1 January 2023, net of accumulated amortisation	315	2,596	2,911
Amortisation provided during the year	(70)	(734)	(804)
At 31 December 2023, net of accumulated amortisation	<u>245</u>	<u>1,862</u>	<u>2,107</u>
At 31 December 2023			
Cost	350	3,672	4,022
Accumulated amortisation	(105)	(1,810)	(1,915)
Net carrying amount	<u>245</u>	<u>1,862</u>	<u>2,107</u>

	Software	Intellectual property	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2024			
At 1 January 2024			
Cost	350	3,672	4,022
Accumulated amortisation	(105)	(1,810)	(1,915)
Net carrying amount	<u>245</u>	<u>1,862</u>	<u>2,107</u>
At 1 January 2024, net of accumulated amortisation	245	1,862	2,107
Additions	123	–	123
Amortisation provided during the year	(85)	(734)	(819)
At 31 December 2024, net of accumulated amortisation	<u>283</u>	<u>1,128</u>	<u>1,411</u>
At 31 December 2024			
Cost	473	3,672	4,145
Accumulated amortisation	(190)	(2,544)	(2,734)
Net carrying amount	<u>283</u>	<u>1,128</u>	<u>1,411</u>

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	Software	Intellectual property	Total
	RMB'000	RMB'000	RMB'000
30 June 2025			
At 1 January 2025			
Cost	473	3,672	4,145
Accumulated amortisation	(190)	(2,544)	(2,734)
Net carrying amount	<u>283</u>	<u>1,128</u>	<u>1,411</u>
At 1 January 2025, net of accumulated amortisation	283	1,128	1,411
Amortisation provided during the period	<u>(47)</u>	<u>(368)</u>	<u>(415)</u>
At 30 June 2025, net of accumulated amortisation	<u>236</u>	<u>760</u>	<u>996</u>
At 30 June 2025			
Cost	473	3,672	4,145
Accumulated amortisation	(237)	(2,912)	(3,149)
Net carrying amount	<u>236</u>	<u>760</u>	<u>996</u>

The Company

	Software	Intellectual property	Total
	RMB'000	RMB'000	RMB'000
31 December 2023			
At 1 January 2023			
Cost	350	3,291	3,641
Accumulated amortisation	(35)	(1,018)	(1,053)
Net carrying amount	<u>315</u>	<u>2,273</u>	<u>2,588</u>
At 1 January 2023, net of accumulated amortisation	315	2,273	2,588
Amortisation provided during the year	<u>(70)</u>	<u>(659)</u>	<u>(729)</u>
At 31 December 2023, net of accumulated amortisation	<u>245</u>	<u>1,614</u>	<u>1,859</u>
At 31 December 2023			
Cost	350	3,291	3,641
Accumulated amortisation	(105)	(1,677)	(1,782)
Net carrying amount	<u>245</u>	<u>1,614</u>	<u>1,859</u>

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	Software	Intellectual property	Total
	RMB'000	RMB'000	RMB'000
31 December 2024			
At 1 January 2024			
Cost	350	3,291	3,641
Accumulated amortisation	(105)	(1,677)	(1,782)
Net carrying amount	<u>245</u>	<u>1,614</u>	<u>1,859</u>
At 1 January 2024, net of accumulated amortisation	245	1,614	1,859
Additions	123	1,736	1,859
Amortisation provided during the year	(84)	(775)	(859)
At 31 December 2024, net of accumulated amortisation	<u>284</u>	<u>2,575</u>	<u>2,859</u>
At 31 December 2024			
Cost	473	5,027	5,500
Accumulated amortisation	(189)	(2,452)	(2,641)
Net carrying amount	<u>284</u>	<u>2,575</u>	<u>2,859</u>
	Software	Intellectual property	Total
	RMB'000	RMB'000	RMB'000
30 June 2025			
At 1 January 2025			
Cost	473	5,027	5,500
Accumulated amortisation	(189)	(2,452)	(2,641)
Net carrying amount	<u>284</u>	<u>2,575</u>	<u>2,859</u>
At 1 January 2025, net of accumulated amortisation	284	2,575	2,859
Amortisation provided during the period	(47)	(503)	(550)
At 30 June 2025, net of accumulated amortisation	<u>237</u>	<u>2,072</u>	<u>2,309</u>
At 30 June 2025			
Cost	473	5,027	5,500
Accumulated amortisation	(236)	(2,955)	(3,191)
Net carrying amount	<u>237</u>	<u>2,072</u>	<u>2,309</u>

17. INVESTMENT IN AN ASSOCIATE

The Group’s shareholding in an associate is held through the Company. True Health Hesheng (Guangdong Hengqin) Medical Technology Co., Ltd. (“True Health Hesheng”), which is considered as an immaterial associate of the Group.

The Group and The Company

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Share of net assets	—	—	400

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The Company holds 40% of the equity voting rights in True Health Hesheng, it has significant influence over True Health Hesheng as it has the power to participate in the financial and operating policy decisions of True Health Hesheng.

18. INVENTORIES

The Group

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	6,561	8,921	9,021
Finished goods	1,617	12,767	19,021
Total	<u>8,178</u>	<u>21,688</u>	<u>28,042</u>

The Company

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	3,291	3,986	5,963
Finished goods	1,618	16,014	22,357
Total	<u>4,909</u>	<u>20,000</u>	<u>28,320</u>

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current:			
Prepayments for long-term assets	2,031	–	–
Deposits	1,540	1,201	598
Value added tax recoverable	<u>3,365</u>	<u>10,442</u>	<u>12,996</u>
	6,936	11,643	13,594
Impairment allowance	<u>(13)</u>	<u>(10)</u>	<u>(5)</u>
Subtotal	<u>6,923</u>	<u>11,633</u>	<u>13,589</u>
Current:			
Prepayments	3,915	3,330	14,688
Deposits	394	799	1,264
Other receivables	<u>81</u>	<u>4,031</u>	<u>80</u>
	4,390	8,160	16,032
Impairment allowance	<u>(4)</u>	<u>(41)</u>	<u>(11)</u>
Subtotal	<u>4,386</u>	<u>8,119</u>	<u>16,021</u>
Total	<u>11,309</u>	<u>19,752</u>	<u>29,610</u>

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The Company

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current:			
Prepayments for long-term assets	311	—	—
Due from subsidiaries	—	—	2,988
Deposits	557	499	499
Value added tax recoverable	2,843	8,389	10,562
	<u>3,711</u>	<u>8,888</u>	<u>14,049</u>
Impairment allowance	(5)	(4)	(35)
Subtotal	<u>3,706</u>	<u>8,884</u>	<u>14,014</u>
Current:			
Prepayments	3,118	3,114	11,931
Due from subsidiaries	36,080	48,136	63,636
Deposits	348	125	107
Other receivables	81	1,210	79
	<u>39,627</u>	<u>52,585</u>	<u>75,753</u>
Impairment allowance	(375)	(507)	(657)
Subtotal	<u>39,252</u>	<u>52,078</u>	<u>75,096</u>
Total	<u>42,958</u>	<u>60,962</u>	<u>89,110</u>

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. In addition, there is no significant change in the economic factors based on the assessment of the forward-looking information, so the directors of the Company are of the opinion that the ECLs in respect of these balances are minimal. The balances are interest-free and are not secured with collateral.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Wealth management products	—	—	140,169
	<u>—</u>	<u>—</u>	<u>140,169</u>

The wealth management products are purchased from credit worthy commercial banks in Chinese Mainland. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

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21. CASH AND CASH EQUIVALENTS

The Group

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	122,484	83,908	78,700
Denominated in:			
RMB	122,484	83,873	74,500
HKD	–	–	3,938
MOP	–	35	262
Cash and cash equivalents	122,484	83,908	78,700

The Company

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	113,432	49,870	63,476
Denominated in:			
RMB	113,432	49,870	61,893
HKD	–	–	1,583
Cash and cash equivalents	113,432	49,870	63,476

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

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

22. TRADE PAYABLES

The Group

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

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 3 months	36	796	1,822
3 to 6 months	1	80	8
6 to 12 months	5	8	21
Over 1 year	13	1	1
Total	55	885	1,852

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The Company

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

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 3 months	5,870	659	3,504
3 to 6 months	1	26	2
6 to 12 months	–	1	6
Over 1 year	7	–	1
Total	<u>5,878</u>	<u>686</u>	<u>3,513</u>

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 180 days.

23. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Payroll payables	7,466	9,282	6,289
Loan from a director (<i>note 32</i>)	–	976	–
Loan from a director’s family member (<i>note 32</i>)	–	273	–
Other payables	5,494	954	922
Other tax payables	1,046	3,649	684
Total	<u>14,006</u>	<u>15,134</u>	<u>7,895</u>

The Company

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Payroll payables	5,527	6,837	4,519
Other payables	5,114	813	872
Other tax payables	646	3,239	534
Total	<u>11,287</u>	<u>10,889</u>	<u>5,925</u>

24. CONTRACT LIABILITIES

The Group

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Advanced receipts from customers for sales of surgical robots	<u>549</u>	<u>2,230</u>	<u>2,407</u>

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	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Advanced receipts from customers for sales of surgical robots	549	2,230	2,319

25. DEFERRED TAX

The Group

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

Deferred tax assets

	Tax losses	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2023	—	2,315	2,315
Credited/(charged) to profit or loss	41	(492)	(451)
As at 31 December 2023 and 1 January 2024 . . .	41	1,823	1,864
Credited to profit or loss	30	16	46
As at 31 December 2024 and 1 January 2025 . . .	71	1,839	1,910
Credited/(charged) to profit or loss	150	(779)	(629)
As at 30 June 2025	221	1,060	1,281

Deferred tax liabilities

	Right-of-use assets
	RMB'000
As at 1 January 2023	2,315
Credited to profit or loss	(451)
As at 31 December 2023 and 1 January 2024	1,864
Charged to profit or loss	46
As at 31 December 2024 and 1 January 2025	1,910
Credited to profit or loss	(629)
As at 30 June 2025	1,281

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position . .	—	—	—
Net deferred tax liabilities recognised in the consolidated statement of financial position . .	—	—	—

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The Company

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

Deferred tax assets

	Tax losses	Lease liabilities	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2023	–	1,720	1,720
Credited/(charged) to profit or loss	1	(1,281)	(1,280)
As at 31 December 2023 and 1 January 2024 . . .	1	439	440
Credited to profit or loss	57	358	415
As at 31 December 2024 and 1 January 2025 . . .	58	797	855
Charged to profit or loss	(58)	(192)	(250)
As at 30 June 2025	–	605	605

Deferred tax liabilities

	Right-of-use assets
	<i>RMB'000</i>
As at 1 January 2023	1,720
Credited to profit or loss	(1,280)
As at 31 December 2023 and 1 January 2024	440
Charged to profit or loss	415
As at 31 December 2024 and 1 January 2025	855
Credited to profit or loss	(250)
As at 30 June 2025	605

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net deferred tax assets recognised in the consolidated statement of financial position . .	–	–	–
Net deferred tax liabilities recognised in the consolidated statement of financial position . .	–	–	–

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26. DEFERRED INCOME

The Group

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Government grants	1,092	6	8,196

The movements in deferred income for the Relevant Periods are as follows:

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year/period	–	1,092	6
Grants received during the year/period	1,563	30,818	8,768
Released to profit or loss during the year/period	(471)	(31,904)	(578)
At end of the year/period	1,092	6	8,196

The Company

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Government grants	1,092	6	7,743

The movements in deferred income for the Relevant Periods are as follows:

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year/period	–	1,092	6
Grants received during the year/period	1,524	30,704	8,246
Released to the statement of profit or loss during the year/period	(432)	(31,790)	(509)
At end of the year/period	1,092	6	7,743

The grants are related to the subsidies received from the government for the purpose of compensation for expenses arising from research activities and clinical trials, award for the new project development incurred on certain projects.

27. PAID-IN CAPITAL

The Group and the Company

	Paid-in capital
	RMB'000
At 1 January 2023	21,332
Capital contribution by shareholders	2,213
As at 31 December 2023 and 1 January 2024	23,545
Capital contribution by shareholders	1,153
As at 31 December 2024 and 1 January 2025	24,698
Capital contribution by shareholders	7,384
As at 30 June 2025	32,082

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Pursuant to the shareholders agreements entered into between the Company and its shareholders (collectively the “Agreements”), the Company issued 13,388,227 ordinary shares (representing the number of shares after conversion into a joint stock company) to certain shareholders (collectively the “Pre-[REDACTED] Investors”) for a total net cash proceed of approximately RMB640.0 million (collectively the “Pre-[REDACTED] Investments”). Pursuant to the Agreements, the Pre-[REDACTED] Investors were granted by the Company with special rights (“Special Rights”) which included redemption rights.

There was no exercise of Special Rights granted by the Company throughout the Relevant Periods.

From May 2025 to November 2025, the Company and the Pre-[REDACTED] Investors subsequently entered into supplemental agreements, agreeing that certain of the Special Rights granted by the Company to Pre-[REDACTED] investors, including redemption rights, have been irrecoverably terminated and shall be void ab initio. Taking into account the legal and regulatory framework of the Company’s jurisdiction and the governing law of the supplemental agreements, the directors considered that it is appropriate to present the Pre-[REDACTED] Investments as equity throughout the Relevant Periods.

Had the Special Rights granted by the Company to the Pre-[REDACTED] Investors been accounted for as financial liabilities measured at present value of the redemption amount prior to entering into the supplemental agreements, the redemption financial liabilities, total current liabilities and net deficits would have been:

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Redemption financial liabilities	388,129	499,590	542,195
Total current liabilities	407,515	524,202	559,057
Net deficits	(246,381)	(374,140)	(269,139)

The finance costs associated with the redemption financial liabilities, the total net losses, basic and dilutive loss per share would have been:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
			(unaudited)	
Finance costs associated with the redemption financial liabilities . .	25,355	35,605	13,984	33,403
Total net losses	(120,896)	(127,761)	(67,345)	(90,137)
Basic and dilutive loss per share (RMB per share)	(5.60)	(5.30)	(2.86)	(3.11)

28. RESERVES

The Group

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

For the details of Pre-[REDACTED] investments, please refer to note 27 to this report.

Capital reserves

The capital reserves account represents the amount paid by shareholders for capital injection in excess of the par value of the ordinary shares subscribed and the capital contribution from the controlling shareholder.

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

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The Company

	Capital reserves	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2023	418,882	(335,835)	83,047
Loss for the year	–	(71,288)	(71,288)
Capital contribution by shareholders	140,443	–	140,443
At 31 December 2023 and 1 January 2024	559,325	(407,123)	152,202
Loss for the year	–	(59,230)	(59,230)
Capital contribution by shareholders	74,705	–	74,705
At 31 December 2024 and 1 January 2025	634,030	(466,353)	167,677
Loss for the period	–	(42,283)	(42,283)
Capital contribution by shareholders	196,956	–	196,956
At 30 June 2025	830,986	(508,636)	322,350

29. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023 and 2024 and the six months ended 30 June 2025, the Group had non-cash additions to right-of-use assets of RMB10,115,000, RMB9,772,000 and RMB334,000, and non-cash additions to lease liabilities of RMB10,115,000, RMB9,772,000 and RMB334,000 respectively, in respect of lease arrangements for office premises.

(b) Changes in liabilities arising from financing activities

	Lease liabilities	Bank loans	Loans from a director and director's family member	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	10,718	–	–	10,718
Changes from financing cash flows	(6,990)	–	(17)	(7,007)
Termination of leases	(6,087)	–	–	(6,087)
New leases	10,115	–	–	10,115
Interest expense	421	–	17	438
Reassessment of a lease term arising from a change in rent	713	–	–	713
At 31 December 2023 and 1 January 2024	8,890	–	–	8,890
Changes from financing cash flows	(7,910)	(7)	1,166	(6,751)
New leases	9,772	–	–	9,772
Interest expense	504	7	83	594
Reassessment of a lease term arising from a change in rent	1,664	–	–	1,664
Termination of leases	(1,252)	–	–	(1,252)
At 31 December 2024 and 1 January 2025	11,668	–	1,249	12,917

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	Lease liabilities	Bank loans	Loans from a director and director’s family member	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Changes from financing cash flows	(4,407)	–	(1,255)	(5,662)
Reassessment of a lease term arising from a change in rent	38	–	–	38
New leases	334	–	–	334
Termination of leases	(319)	–	–	(319)
Interest expense	182	–	6	188
At 30 June 2025	<u>7,496</u>	<u>–</u>	<u>–</u>	<u>7,496</u>

(c) Total cash outflow for leases

The total cash outflows for leases included in the consolidated statements of cash flows are as follows:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
			<i>(unaudited)</i>	
Within operating activities	197	144	84	6
Within financing activities	6,990	7,910	3,808	4,407
Total	<u>7,187</u>	<u>8,054</u>	<u>3,892</u>	<u>4,413</u>

30. PLEDGE OF ASSETS

There was no pledge of assets as at the end of each of the Relevant Periods.

31. COMMITMENTS

There were no significant contractual commitments as at the end of each of the Relevant Periods.

32. RELATED PARTY TRANSACTIONS

Related party during the Relevant Periods was as follows:

(a) Names and relationships of the related parties:

Name	Relationship
Ms. Cheong Hou Iam	Chief executive and executive director
Mr. Zhang	Family member of a director

(b) Transaction with a related party:

Unutilized bank facility of the Group in the amount of RMB15,000,000 as of 31 December 2024 and 30 June 2025, was guaranteed by Ms. Cheong Hou Iam.

Pursuant to the Series B shareholders agreements entered into between the Company and its shareholders, the repurchase obligation of the Controlling shareholder was guaranteed by the Company and the guarantee has been irrecoverably terminated and shall be void ab initio. Accordingly, no financial liability regarding redemption rights granted is recognised. For the details of Pre-[REDACTED] investments, please refer to note 27 to this report.

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- (c) Outstanding balances with related parties:

The Group

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
<i>Related parties:</i>			
Other payables and accruals:			
Loan from Ms. Cheong Hou Iam	—	976	—
Loan from a director’s family member	—	273	—
	—	1,249	—
	—	<u> </u>	<u> </u>

During the year ended 31 December 2024, Ms. Cheong Hou Iam, a director of the Group, provided a loan to the Group amounting to MOP1,000,000 at an interest rate of 12% per annum. During the year ended 31 December 2024, Mr. Zhang, a director’s family member of the Group provided a loan to the Group amounting to MOP300,000 at an interest rate of 12% per annum. The payables to the above related parties were both settled in 2025.

- (d) Compensation of key management personnel of the Group

Further details of directors’, supervisor’s and the chief executive’s emoluments are included in note 9 to the Historical Financial Information.

33. FINANCIAL INSTRUMENTS BY CATEGORY

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

The Group

Financial assets

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss			
Financial assets at fair value through profit or loss	—	—	140,169
Financial assets at amortised cost			
Financial assets included in prepayments, deposits and other receivables	2,015	6,031	1,942
Cash and cash equivalents	122,484	83,908	78,700
	124,499	89,939	80,642
Total	<u>124,499</u>	<u>89,839</u>	<u>220,811</u>

Financial liabilities

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial liabilities at amortised cost			
Trade payables	55	885	1,852
Financial liabilities included in other payables and accruals	5,494	2,203	922
Lease liabilities	8,890	11,668	7,496
Total	<u>14,439</u>	<u>14,756</u>	<u>10,270</u>

For the details of Pre-[REDACTED] investments, please refer to note 27 to this report.

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The Company

Financial assets

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss			
Financial assets at fair value through profit or loss	—	—	140,169
Financial assets at amortised cost			
Trade receivables	164	3,375	3,375
Financial assets included in prepayments, deposits and other receivables	37,066	49,970	67,309
Cash and cash equivalents	113,432	49,870	63,476
	150,662	103,215	134,160
Total	150,662	103,215	274,329

Financial liabilities

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial liabilities at amortised cost			
Trade payables	5,878	686	3,513
Financial liabilities included in other payables and accruals	5,114	813	872
Lease liabilities	2,928	5,312	4,507
Total	13,920	6,811	8,892

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, financial assets included in prepayments, deposits and other receivables, trade payables, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments. The fair values of the other non-current financial assets and financial liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Group’s finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

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

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

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

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Fair value hierarchy

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

Assets measured at fair value

As at 30 June 2025

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	
	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets at fair value through profit or loss	–	140,169	–	140,169
	=	=	=	=

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

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group’s exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the head of credit control.

The Group’s exposure to credit risk arising from cash and cash equivalents is limited and remote because the counterparties are state-owned banks or reputable commercial banks for which the Group considers having immaterial credit risk.

The Group’s credit risk is primarily attributable to other receivables. Management has assessed that during the Relevant Periods, other receivables did not have significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default events within 12 months of each reporting date is adopted by management.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods.

The Group

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets included in prepayments, other receivables and other assets	2,015	–	–	–	2,015
Cash and cash equivalents	122,484	–	–	–	122,484
Total	124,499	–	–	–	124,499
	=	=	=	=	=

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As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets included in prepayments, other receivables and other assets	6,031	—	—	—	6,031
Cash and cash equivalents	83,908	—	—	—	83,908
Total	89,939	—	—	—	89,939

As at 30 June 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets included in prepayments, other receivables and other assets	1,942	—	—	—	1,942
Cash and cash equivalents	78,700	—	—	—	78,700
Total	80,642	—	—	—	80,642

Liquidity risk

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

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

	As at 31 December 2023			
	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	55	—	—	55
Financial liabilities included in other payables and accruals	5,494	—	—	5,494
Lease liabilities	5,068	4,340	—	9,408
Total	10,617	4,340	—	14,957

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As at 31 December 2024				
	Within 1 year	1 to 5 years	Over 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	885	—	—	885
Financial liabilities included in other payables and accruals	2,203	—	—	2,203
Lease liabilities	6,699	5,769	—	12,468
Total	<u>9,787</u>	<u>5,769</u>	<u>—</u>	<u>15,556</u>

As at 30 June 2025				
	Within 1 year	1 to 5 years	Over 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	1,852	—	—	1,852
Financial liabilities included in other payables and accruals	922	—	—	922
Lease liabilities	4,977	2,823	—	7,800
Total	<u>7,751</u>	<u>2,823</u>	<u>—</u>	<u>10,574</u>

Foreign currency risk

The management believe the exchange risk of foreign currency is not significant as the majority of business transactions are conducted in Chinese Mainland and all domestic transactions are denominated in RMB.

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

36. EVENTS AFTER THE REPORTING PERIOD

On 29 October 2025, the Company was converted into a joint stock company with limited liability. The net assets of the Company as of the conversion base date were converted at a rate of 12.34:1.00, into 32,082,303 ordinary shares at RMB1.0 each and issued to the then shareholders of the Company in proportion to their capital contribution to the Company.

37. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2025.