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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-53, 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 2024 and 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 2024 and 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-53 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 22 June 2026 (the "Prospectus") in connection with the initial listing 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 2024 and 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.

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.

Ernst & Young

Certified Public Accountants
Hong Kong
22 June 2026

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.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December	
		2024	**2025**
		RMB'000	*RMB'000*
REVENUE	*5*	1,791	12,178
Cost of sales		(481)	(2,884)
Gross profit		1,310	9,294
Other income and gains	*6*	33,264	45,479
Selling and distribution expenses		(40,094)	(38,044)
Administrative expenses		(34,851)	(48,244)
Research and development expenses		(50,846)	(56,874)
Impairment losses on financial assets and contract assets, net		(34)	(123)
Other expenses		(308)	(1,041)
Finance costs	*7*	(594)	(398)
Share of loss of an associate		–	(161)
LOSS BEFORE TAX	*8*	(92,153)	(90,112)
Income tax expense	*11*	(3)	(1)
LOSS FOR THE YEAR		(92,156)	(90,113)
Attributable to:			
Owners of the parent		(92,156)	(90,113)
OTHER COMPREHENSIVE LOSS			
Other comprehensive expense that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		–	(111)
OTHER COMPREHENSIVE LOSS FOR THE YEAR		–	(111)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(92,156)	(90,224)
Attributable to:			
Owners of the parent		(92,156)	(90,224)
		(92,156)	(90,224)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (expressed in RMB)			
Basic and diluted	*13*	(3.82)	(2.95)

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2024	As at 31 December 2025
		RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	16,659	13,982
Right-of-use assets	15	11,957	8,872
Intangible assets	16	1,411	786
Investment in an associate	17	–	239
Prepayments, deposits and other receivables	20	11,633	17,082
Trade receivables	19	–	1,159
Total non-current assets		41,660	42,120
CURRENT ASSETS			
Inventories	18	21,688	40,619
Trade receivables	19	–	3,580
Contract assets	19	–	386
Prepayments, deposits and other receivables	20	8,119	11,725
Cash and cash equivalents	21	83,908	182,394
Total current assets		113,715	238,704
CURRENT LIABILITIES			
Trade payables	22	885	2,784
Other payables and accruals	23	15,134	17,070
Contract liabilities	24	2,230	4,141
Lease liabilities	15	6,361	6,120
Tax payable		2	1
Total current liabilities		24,612	30,116
NET CURRENT ASSETS		89,103	208,588
TOTAL ASSETS LESS CURRENT LIABILITIES		130,763	250,708
NON-CURRENT LIABILITIES			
Lease liabilities	15	5,307	2,938
Deferred income	26	6	8,204
Total non-current liabilities		5,313	11,142
Net assets		125,450	239,566
EQUITY			
Equity attributable to owners of the parent			
Paid-in capital	27	24,698	–
Share capital	27	–	32,082
Reserves	28	100,752	207,484
Total equity		125,450	239,566

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2024

	Paid-in capital	Capital reserve	Accumulated losses	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(note 27)	*(note 28)*		
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	24,698	631,514*	(530,762)*	125,450

Year ended 31 December 2025

	Share capital	Paid-in capital	Capital reserve	Foreign currency translation reserve	Accumulated losses	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 27)	*(note 27)*	*(note 28)*	*(note 28)*		
At 1 January 2025	–	24,698	631,514	–	(530,762)	125,450
Loss for the year	–	–	–	–	(90,113)	(90,113)
Exchange differences on translation of foreign operations	–	–	–	(111)	–	(111)
Total comprehensive loss for the year	–	–	–	(111)	(90,113)	(90,224)
Capital contribution by shareholders (net of issue costs)	–	7,384	196,956	–	–	204,340
Conversion into a joint stock company	32,082	(32,082)	(467,155)	–	467,155	–
At 31 December 2025	32,082	–	361,315*	(111)*	(153,720)*	239,566

* These reserve accounts comprise the consolidated reserves of RMB100,752,000 and RMB207,484,000 in the consolidated statements of financial position as at 31 December 2024 and 2025, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2024	2025
		RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(92,153)	(90,112)
Adjustments for:			
Finance costs	7	594	398
Interest income	6	(623)	(473)
Loss on disposal of items of property, plant and equipment	8	70	–
Gain on lease termination	8	(31)	(4)
Depreciation of property, plant and equipment	14	4,906	5,494
Depreciation of right-of-use assets	15(a)	6,927	7,266
Amortisation of intangible assets	16	819	844
Impairment losses on financial assets and contract assets, net	8	34	123
Investment income from financial products	6	(695)	(2,377)
Write-down of inventories to net realisable value	8	–	22
Share of loss of an associate	8	–	161
Interest income arising from loan to a related party	6	–	(4)
		(80,152)	(78,662)
Increase in inventories		(13,510)	(18,953)
Increase in trade receivables		–	(4,886)
Increase in contract assets		–	(390)
Increase in prepayments, deposits and other receivables		(10,547)	(4,130)
Increase in trade payables		830	1,899
Increase in contract liabilities		1,681	1,911
Increase in other payables and accruals		5,117	2,647
(Decrease)/increase in deferred income		(1,086)	8,198
Cash used in operations		(97,667)	(92,366)
Interest received		623	473
Income tax paid		(1)	(2)
Net cash flows used in operating activities		(97,045)	(91,895)

	Note	Year ended 31 December 2024	2025
		RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(7,868)	(3,045)
Purchases of intangible assets		(123)	(219)
Purchase of financial assets at fair value through profit or loss		(238,490)	(464,800)
Proceeds from disposal of financial assets at fair value through profit or loss		239,185	467,177
Proceeds from disposal of property, plant and equipment		638	–
Acquisition of an associate		–	(400)
Loans to related parties		–	(1,000)
Net cash flows used in investing activities		(6,658)	(2,287)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution by shareholders (net of issue costs)		71,884	204,340
Payments of listing expense		–	(3,089)
Repayment of lease payments		(7,910)	(7,179)
New bank loans		2,000	–
Repayment of bank loans		(2,000)	–
Loan from a director and director's family member		1,166	–
Repayment of loan to a director and director's family member		–	(1,166)
Interest paid		(7)	(89)
Net cash flows from financing activities		65,133	192,817
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(38,570)	98,635
Cash and cash equivalents at beginning of year		122,484	83,908
Effect of foreign exchange rate changes, net		(6)	(149)
CASH AND CASH EQUIVALENTS AT END OF YEAR	21	83,908	182,394

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December	
	Notes	**2024**	**2025**
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*14*	12,914	10,783
Right-of-use assets	*15*	5,697	5,187
Other intangible assets	*16*	2,859	1,964
Interest in subsidiaries	*1*	55,821	35,921
Investment in an associate	*17*	–	239
Prepayments, other receivables and other assets	*20*	8,884	18,561
Total non-current assets		86,175	72,655
CURRENT ASSETS			
Inventories	*18*	20,000	41,956
Trade receivables	*19*	3,375	2,552
Contract assets	*19*	–	386
Prepayments, deposits and other receivables	*20*	52,078	76,094
Cash and cash equivalents	*21*	49,870	162,633
Total current assets		125,323	283,621
CURRENT LIABILITIES			
Trade payables	*22*	686	4,955
Other payables and accruals	*23*	10,889	13,155
Contract liabilities	*24*	2,230	4,044
Lease liabilities	*15*	3,044	3,432
Total current liabilities		16,849	25,586
NET CURRENT ASSETS		108,474	258,035
TOTAL ASSETS LESS CURRENT LIABILITIES		194,649	330,690
NON-CURRENT LIABILITIES			
Lease liabilities	*15*	2,268	2,262
Deferred income	*26*	6	8,037
Total non-current liabilities		2,274	10,299
Net assets		192,375	320,391
EQUITY			
Paid-in capital	*27*	24,698	–
Share capital	*27*	–	32,082
Reserves	*28*	167,677	288,309
Total equity		192,375	320,391

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

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 and converted into a joint stock company with limited liability in October 2025. 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 a)*	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.

Note:

a. No audited financial statements have been prepared for this company for the year ended 31 December 2024 and 2025.

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

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Investments, at cost	55,821	35,921

2.1 BASIS OF PREPARATION

For ordinary shares issued to Pre-IPO investors, pursuant to the supplemental agreements entered into between the Company and the Pre-IPO Investors in relation to the termination of certain of special rights granted by the Company, including redemption rights and joint and several liability assumed by the Company pertaining to redemption obligation of controlling shareholders which are void ab initio as described in note 27 to this report, having taken 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-IPO 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.

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. 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.

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	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[3]
Annual Improvements to IFRS Accounting Standards – Volume 11	*Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7*[2]

[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 revised IFRS Accounting Standards upon initial application. So far, the Group considers that these new and revised IFRS Accounting Standards are unlikely to have a significant impact on the Group's results of operations and financial position.

IFRS 18 sets out requirements on disclosures in financial statements and it will replace IAS 1 Presentation of Financial Statements. The application of IFRS 18 will not have material impact on the financial position of the Group but is expected to affect the presentation of the consolidated income statements and consolidated statement of cash flows and disclosures in the future financial statements.

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.

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.

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.

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.

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 and fair value through profit or loss.

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

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.

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 an 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.

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.

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.

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

- 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.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

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.

(b) Technical service

Revenue from technical service is recognised at the point in time when the technical report is delivered and accepted by the customers.

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.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

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.

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, 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.

As of 31 December 2024 and 2025, no indicators of impairment for non-financial assets of the Group were identified, given that (i) During the Track Record Period, the right-of-use assets and leasehold improvements were in normal use, and no adverse changes affecting the leased properties had taken place during the Track Record Period or are expected to take place in the near future in the technological, market, economic or legal environment in which the Group operates. (ii) During the Track Record Period, all equipment and intellectual property including laboratory equipment and computer software remained in use as the Group continued its normal business operations, and no obsolescence or physical damage to these property and equipment, right-of-use assets and intangible assets had taken place during the Track Record Period, or is expected to take place in the near future.

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.

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 usage 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, 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 the major customers which amounted to 10% or more of the Group's revenue is set out below:

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Customer A	1,593	N/A*
Customer B	N/A*	4,779
Customer C	N/A*	3,024
Customer D	N/A*	1,593
Customer E	N/A*	1,416

* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue during the respective period.

5. REVENUE

An analysis of revenue is as follows:

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Types of goods or services		
Sales of surgical robots and disposables	1,791	12,103
Technical services	–	75
	1,791	12,178
Timing of revenue recognition		
Transferred at a point in time	1,791	12,178
	1,791	12,178

(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.

Technical services

The performance obligation is satisfied upon delivery and acceptance of the technical report 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	
	2024	**2025**
	RMB'000	*RMB'000*
Other income		
Government grants*	31,904	42,560
Bank interest income	623	473
Investment income from financial products	695	2,377
Interest income arising from loan to a related party	–	4
Interest income arising from revenue contracts containing financing component	–	12
Others	11	49
Total other income	33,233	45,475
Gains		
Gain on termination of a lease contract	31	4
Total gains	31	4
Total other income and gains	33,264	45,479

* The government grants mainly represent subsidies received from the government that relate to expenses. When all attaching conditions and requirements are complied with, government grants are released to profit or loss either over the periods that the expenses for which they are intended to compensate are expensed.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Interest on bank and other borrowings	90	6
Interest on lease liabilities *(note 15)*	504	392
Total	594	398

For the details of Pre-IPO 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):

		Year ended 31 December	
	Notes	2024	2025
		RMB'000	*RMB'000*
Cost of inventories sold		481	2,821
Cost of services provided		–	63
Depreciation of property, plant and equipment*	*14*	4,906	5,494
Depreciation of right-of-use assets*	*15*	6,927	7,266
Amortisation of intangible assets*	*16*	819	844
Research and development costs:			
Current year expenditure		50,846	56,874
Gain on termination of a lease contract	*15*	(31)	(4)
Impairment losses on financial assets and contract assets, net		34	123
Lease payments not included in the measurement of lease liabilities	*15*	144	293
Loss on disposal of items of property, plant and equipment		70	–
Write-down of inventories to net realisable value		–	22
Share of loss of an associate		–	161
Listing expenses		–	16,045
Employee benefit expenses (including directors' and chief executive's remuneration *(note 9)*):			
– Salaries, bonuses, allowances and benefits in kind		46,976	51,657
– Pension scheme contributions**		5,052	4,840
Total		52,028	56,497

* 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	
	2024	2025
	RMB'000	*RMB'000*
Other emoluments:		
Salaries, allowances and benefits in kind	4,207	4,918
Performance related bonuses	2,800	3,290
Pension scheme contributions	188	211
Total	7,195	8,419

(a) Executive directors, non-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 2024				
Chief executive and executive directors:				
Ms. Cheong Hou Iam *(Note (a))*	2,022	2,000	47	4,069
Ms. Chen Miaoping *(Note (b))*	655	150	47	852
Mr. Duan Yulong *(Note (b))*	36	–	–	36
Mr. Xu Zhongzhao *(Note (b))*	–	–	–	–
Ms. Guo Jian *(Note (b))*	731	500	47	1,278
Supervisor:				
Mr. Chen Xiangqian *(Note (d))*	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*
Year ended 31 December 2025				
Chief executive and executive directors:				
Ms. Cheong Hou Iam *(Note (a))*	2,398	2,131	54	4,583
Ms. Chen Miaoping *(Note (b))*	656	150	54	860
Mr. Duan Yulong *(Note (b))*	3	–	–	3
Ms. Guo Jian *(Note (b))*	830	566	54	1,450
Non-executive directors:				
Dr. Liu Liang Gang *(Note (c))*	16	–	–	16
Mr. Ma Jian Ming *(Note (c))*	16	–	–	16
Mr. Wu Guan Cheng *(Note (c))*	16	–	–	16
Supervisor:				
Mr. Chen Xiangqian *(Note (d))*	983	443	49	1,475
Total	4,918	3,290	211	8,419

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 to January 2025. 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.

(c) Dr. Liu Liang Gang was appointed as a non-executive director of the Company with effect from November 2025. Mr. Ma Jian Ming was appointed a non-executive director of the Company with effect from November 2025. Mr. Wu Guan Cheng was appointed as a non-executive director of the Company with effect from November 2025.

(d) Mr. Chen Xiangqian was appointed as a supervisor of the Company with effect from January 2021 and the Company had dissolved the supervisory committee with effect from November 2025.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods included four and three 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 are as follows:

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	784	1,546
Performance related bonuses	150	700
Pension scheme contributions	66	68
Total	1,000	2,314

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	
	2024	2025
	Number of employees	Number of employees
Nil to HK$1,000,000	–	1
HK$1,000,001 to HK$1,500,000	1	1
Total	1	2

During the Relevant Periods, no highest paid employees waived or agreed 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.

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 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 (Guangdong Hengqin) Medical Device 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.

Pursuant to the Notice on the Preferential Enterprise Income Tax Policies for Enterprises in the Hengqin Guangdong-Macau In-Depth Cooperation Zone (Cai Shui [2022] No. 19) jointly issued by the Ministry of Finance and the State Taxation Administration on 25 May 2022 eligible industrial enterprises established in the Hengqin Guangdong-Macau In-Depth Cooperation Zone (which the Company satisfies) are subject to enterprise income tax at a reduced rate of 15%.

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.

The income tax expense of the Group for the Relevant Periods is analysed as follows:

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Current income tax	3	1
Deferred tax	-	-
Total	3	1

A reconciliation between income tax expenses and loss before tax at applicable tax rates is as follows:

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Loss before tax	(92,153)	(90,112)
Tax at the statutory tax rate (25%)	(23,039)	(22,528)
Effect of different tax rates enacted by local authorities	9,245	9,219
Additional deductible allowance for research and development expenses	(10,112)	(7,425)
Deductible temporary difference and tax losses not recognised	22,592	19,277
Losses attributable to an associate	–	24
Expenses not deductible for tax	1,317	1,434
Tax charge at the Group's effective rate	3	1

The Group had tax losses in Chinese mainland of RMB442,035,000 and RMB570,667,000 in aggregate as at 31 December 2024 and 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.

12. DIVIDENDS

No dividend was paid or declared by the Company during the Relevant Periods.

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. The weighted average number of ordinary shares in issue for the Relevant Periods 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 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue.

The calculation of basic and diluted loss per share are based on:

	Year ended 31 December	
	2024	2025
Loss:		
Loss attributable to ordinary equity holders of the Company, used in the basic loss per share calculation (RMB'000)	(92,156)	(90,113)
Shares:		
Weighted average number of ordinary shares in issue during the year, used in the basic loss per share calculation (in thousand shares)	24,101	30,540
Loss per share attributable to ordinary equity holders of the Company (expressed in RMB)		
– Basic and diluted	(3.82)	(2.95)

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

14. PROPERTY, PLANT AND EQUIPMENT

The Group

	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	12,436	393	193	2,042	2,858	17,922
Accumulated depreciation	(1,799)	(222)	(65)	(952)	(1,252)	(4,290)
Net carrying amount	10,637	171	128	1,090	1,606	13,632
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	14,145	68	90	633	1,723	16,659
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	14,145	68	90	633	1,723	16,659

	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 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	14,145	68	90	633	1,723	16,659
At 1 January 2025, net of accumulated depreciation	14,145	68	90	633	1,723	16,659
Additions	1,835	9	–	694	279	2,817
Depreciation provided during the year	(3,815)	(52)	(37)	(465)	(1,125)	(5,494)
At 31 December 2025, net of accumulated depreciation	12,165	25	53	862	877	13,982
At 31 December 2025:						
Cost	20,939	401	193	2,751	4,253	28,537
Accumulated depreciation	(8,774)	(376)	(140)	(1,889)	(3,376)	(14,555)
Net carrying amount	12,165	25	53	862	877	13,982

The Company

	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	10,211	88	128	740	57	11,224
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	(2,779)	(63)	(38)	(427)	(207)	(3,514)
At 31 December 2024, net of accumulated depreciation	11,258	25	90	347	1,194	12,914
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	11,258	25	90	347	1,194	12,914

	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 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	11,258	25	90	347	1,194	12,914
At 1 January 2025, net of accumulated depreciation	11,258	25	90	347	1,194	12,914
Additions	1,205	9	–	328	279	1,821
Depreciation provided during the year	(3,088)	(13)	(37)	(218)	(596)	(3,952)
At 31 December 2025, net of accumulated depreciation	9,375	21	53	457	877	10,783
At 31 December 2025:						
Cost	16,952	271	193	1,798	1,895	21,109
Accumulated depreciation	(7,577)	(250)	(140)	(1,341)	(1,018)	(10,326)
Net carrying amount	9,375	21	53	457	877	10,783

As at 31 December 2024 and 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 generally have lease terms between 2 and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(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
	RMB'000	*RMB'000*	*RMB'000*
As at 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	463	254	717
Depreciation charge	(6,917)	(349)	(7,266)
Decrease arising from lease term termination	(521)	(146)	(667)
Reassessment of a lease term arising from a change in rent	4,131	–	4,131
As at 31 December 2025	8,658	214	8,872

The Company

	Buildings	Vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 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	264	254	518
Depreciation charge	(3,252)	(349)	(3,601)
Decrease arising from lease term termination	(223)	(146)	(369)
Reassessment of a lease term arising from a change in rent	2,942	–	2,942
As at 31 December 2025	4,973	214	5,187

(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	
	2024	2025
	RMB'000	*RMB'000*
Carrying amount at 1 January	8,890	11,668
New leases	9,772	717
Accretion of interest recognised during the year	504	392
Lease termination	(1,252)	(671)
Reassessment of a lease term arising from a change in rent	1,664	4,131
Payments	(7,910)	(7,179)
Carrying amount	11,668	9,058
Analysed into:		
Current portion	6,361	6,120
Non-current portion	5,307	2,938

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Carrying amount at 1 January	2,928	5,312
New leases	7,414	518
Accretion of interest recognised during the year	230	190
Lease termination	(1,140)	(363)
Reassessment of a lease term arising from a change in rent	(300)	2,942
Payments	(3,820)	(2,905)
Carrying amount	5,312	5,694
Analysed into:		
Current portion	3,044	3,432
Non-current portion	2,268	2,262

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

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

The Group

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Depreciation charge of right-of-use assets	6,927	7,266
Interest on lease liabilities	504	392
Gain on termination of a lease contract	(31)	(4)
Expense relating to short-term leases	144	293
Total	7,544	7,947

The Company

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Depreciation charge of right-of-use assets	3,276	3,601
Interest on lease liabilities	230	190
(Gain)/loss on termination of a lease contract	(25)	6
Expense relating to short-term leases	128	103
Total	3,609	3,900

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

16. INTANGIBLE ASSETS

The Group

	Software	Intellectual property	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2024			
At 1 January 2024			
Cost	350	3,672	4,022
Accumulated amortisation	(105)	(1,810)	(1,915)
Net carrying amount	245	1,862	2,107
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	283	1,128	1,411
At 31 December 2024			
Cost	473	3,672	4,145
Accumulated amortisation	(190)	(2,544)	(2,734)
Net carrying amount	283	1,128	1,411

	Software	Intellectual property	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2025			
At 1 January 2025			
Cost	473	3,672	4,145
Accumulated amortisation	(190)	(2,544)	(2,734)
Net carrying amount	283	1,128	1,411
At 1 January 2025, net of accumulated amortisation	283	1,128	1,411
Additions	219	–	219
Amortisation provided during the year	(109)	(735)	(844)
At 31 December 2025, net of accumulated amortisation	393	393	786
At 31 December 2025			
Cost	692	3,672	4,364
Accumulated amortisation	(299)	(3,279)	(3,578)
Net carrying amount	393	393	786

The Company

	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	245	1,614	1,859
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	284	2,575	2,859
At 31 December 2024			
Cost	473	5,027	5,500
Accumulated amortisation	(189)	(2,452)	(2,641)
Net carrying amount	284	2,575	2,859

	Software	Intellectual property	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2025			
At 1 January 2025			
Cost	473	5,027	5,500
Accumulated amortisation	(189)	(2,452)	(2,641)
Net carrying amount	284	2,575	2,859
At 1 January 2025, net of accumulated amortisation	284	2,575	2,859
Additions	219	–	219
Amortisation provided during the year	(109)	(1,005)	(1,114)
At 31 December 2025, net of accumulated amortisation	394	1,570	1,964
At 31 December 2025			
Cost	692	5,027	5,719
Accumulated amortisation	(298)	(3,457)	(3,755)
Net carrying amount	394	1,570	1,964

17. INVESTMENT IN AN ASSOCIATE

The Group's shareholding in an associate is held through the Company. Guangdong Kangyuan Hesheng Medical Technology Co., Ltd. ("**Kangyuan Hesheng**"), which is considered as an immaterial associate of the Group.

The Group and The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Share of net assets	–	239

As at 31 December 2025, the Company held 40% of the equity voting rights in Kangyuan Hesheng, it has significant influence over Kangyuan Hesheng as it has the power to participate in the financial and operating policy decisions of Kangyuan Hesheng.

18. INVENTORIES

The Group

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Raw materials	8,921	18,183
Finished goods	12,767	22,436
Total	21,688	40,619

As at 31 December 2024, no provision is made for inventories. As at 31 December 2025, the amount of inventories was net of a write-down of RMB22,000.

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Raw materials	3,986	15,825
Finished goods	16,014	26,131
Total	20,000	41,956

As at 31 December 2024, no provision is made for inventories. As at 31 December 2025, the amount of inventories was net of a write-down of RMB14,000.

19. TRADE RECEIVABLE/CONTRACT ASSETS

The Group

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Trade receivables	–	4,886
Less: impairment	–	147
Trade receivables, net	–	4,739
Analysed into:		
Current portion	–	3,580
Non-current portion	–	1,159
Net carrying amount	–	4,739

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Contract assets	–	390
Less: impairment	–	4
Contract assets, net	–	386
Analysed into:		
Current portion	–	386
Non-current portion	–	–
Net carrying amount	–	386

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Trade receivables	–	2,588
Trade receivables from subsidiaries	3,375	42
Less: impairment	–	78
Trade receivables, net	3,375	2,552
Analysed into:		
Current portion	3,375	2,552
Non-current portion	–	–
Net carrying amount	3,375	2,552

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Contract assets	–	390
Less: impairment	–	4
Contract assets, net	–	386
Analysed into:		
Current portion	–	386
Non-current portion	–	–
Net carrying amount	–	386

Contract assets are initially recognised for revenue earned from the sale of products as the receipt of consideration is conditional on successful assurance during the warranty periods. When the warranty period expires, the amounts recognised as contract assets are reclassified to trade receivables. The increase in contract assets in Relevant Periods was the result of the increase in the ongoing sale of products at the end of each of the Relevant Periods.

The non-current portion of trade receivable represented long-term trade receivables that contain significant financing components, it has been calculated by discounting the expected cashflows from the receivables using the discount rates that was determined by reference to discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The current portion of long-term trade receivables was presented as trade receivables. As at 31 December 2025, the long-term receivables are not past due.

An aging analysis of the trade receivables as at the end of each of the Relevant Periods, based on the transaction date and net of allowance for expected credit losses, is as follows:

The Group

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Within 6 months	–	4,739

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Within 6 months	3,375	2,552

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

The Group

	2024	2025
	RMB'000	*RMB'000*
At the beginning of the year	–	–
Impairment losses, net	–	147
At the end of the year	–	147

The Company

	2024	2025
	RMB'000	*RMB'000*
At the beginning of the year	–	–
Impairment losses, net	–	78
At the end of the year	–	78

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

As at 31 December 2025

	Within 6 months
Expected loss rate	3.00%
Gross carrying amount (RMB'000)	4,886
Expected credit losses (RMB'000)	147

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

As at 31 December 2024

During the years ended 31 December 2024, the Company estimated that the expected credit loss rate for trade receivables is minimal.

As at 31 December 2025

	Within 6 months
Expected loss rate	3.00%
Gross carrying amount (RMB'000)	2,588
Expected credit losses (RMB'000)	78

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Non-current:		
Prepayment for purchase of equipment	–	228
Deposits	1,201	577
Value added tax recoverable	10,442	16,282
	11,643	17,087
Impairment allowance	(10)	(5)
Subtotal	11,633	17,082
Current:		
Prepayments	3,330	5,987
Deposits	799	1,085
Deferred listing expenses	–	3,665
Loans receivable from an associate *(note 32)*	–	1,004
Other receivables	4,031	2
	8,160	11,743
Impairment allowance	(41)	(18)
Subtotal	8,119	11,725
Total	19,752	28,807

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Non-current:		
Prepayment for purchase of equipment	–	228
Due from subsidiaries	–	3,039
Deposits	499	577
Value added tax recoverable	8,389	14,722
	8,888	18,566
Impairment allowance	(4)	(5)
Subtotal	8,884	18,561
Current:		
Prepayments	3,114	4,013
Due from subsidiaries	48,136	68,135
Deferred listing expenses	–	3,665
Loans receivable from an associate *(note 32)*	–	1,004
Deposits	125	–
Other receivables	1,210	–
	52,585	76,817
Impairment allowance	(507)	(723)
Subtotal	52,078	76,094
Total	60,962	94,655

Except for the loans receivable from an associate which is interest bearing with more details set out in note 32 to the Historical Financial Information, the other receivables and deposits are interest-free and are not secured with collateral.

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

The Group

	2024	2025
	RMB'000	*RMB'000*
At the beginning of the year	17	51
Impairment losses, net	34	(28)
At the end of the year	51	23

The Company

	2024	2025
	RMB'000	*RMB'000*
At the beginning of the year	380	511
Impairment losses, net	131	217
At the end of the year	511	728

As of 31 December 2024 and 2025, the impairment of the other receivables and deposits were measured based on 12-month expected credit loss if they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on lifetime expected credit loss. There was no recent history of default and past due amounts for amount due from subsidiaries and loans to associates. As at 31 December 2025 and 2024, the loss allowance of amounts due from subsidiaries and amount due from associate were assessed to be minimal.

21. CASH AND CASH EQUIVALENTS

The Group

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Cash and cash equivalents	83,908	182,394
Denominated in:		
RMB	83,873	181,569
HKD	–	83
MOP	35	742
Cash and cash equivalents	83,908	182,394

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Cash and cash equivalents	49,870	162,633
Denominated in:		
RMB	49,870	162,633
Cash and cash equivalents	49,870	162,633

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	
	2024	2025
	RMB'000	*RMB'000*
Within 3 months	884	2,783
Over 1 year	1	1
Total	885	2,784

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	
	2024	2025
	RMB'000	*RMB'000*
Within 3 months	686	4,954
Over 1 year	–	1
Total	686	4,955

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	
	2024	2025
	RMB'000	*RMB'000*
Payroll payables	9,282	11,356
Loan from a director *(note 32)*	976	–
Loan from a director's family member *(note 32)*	273	–
Other payables	954	1,203
Accrued listing expenses	–	3,508
Other tax payables	3,649	1,003
Total	15,134	17,070

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Payroll payables	6,837	8,040
Other payables	813	1,057
Accrued listing expenses	–	3,508
Other tax payables	3,239	550
Total	10,889	13,155

24. CONTRACT LIABILITIES

The Group

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Advanced receipts from customers for sales of surgical robots	2,230	4,141

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Advanced receipts from customers for sales of surgical robots	2,230	4,044

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 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	14	(568)	(554)
As at 31 December 2025	85	1,271	1,356

Deferred tax liabilities

	Right-of-use assets
	RMB'000
As at 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	(554)
As at 31 December 2025	1,356

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	
	2024	2025
	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	–	–

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
	RMB'000	*RMB'000*	*RMB'000*
As at 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)	(19)	(77)
As at 31 December 2025	–	778	778

Deferred tax liabilities

	Right-of-use assets
	RMB'000
As at 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	(77)
As at 31 December 2025	778

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	
	2024	2025
	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	–	–

26. DEFERRED INCOME

The Group

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Government grants	6	8,204

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

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
At beginning of year	1,092	6
Grants received during the year	30,818	50,758
Released to profit or loss during the year	(31,904)	(42,560)
At end of the year	6	8,204

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Government grants	6	8,037

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

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
At beginning of year	1,092	6
Grants received during the year	30,704	15,619
Released to the statement of profit or loss during the year	(31,790)	(7,588)
At end of the year	6	8,037

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/SHARE CAPITAL

Share capital

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

	Number of shares in issue	Share Capital
	'000	*RMB'000*
As at 1 January 2025	–	–
Issue of ordinary shares upon conversion into a joint stock company of RMB1 each	32,082	32,082
As at 31 December 2025	32,082	32,082

Paid-in capital

	Paid-in capital
	RMB'000
As at 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
Conversion into a joint stock company	(32,082)
As at 31 December 2025	–

On 29 October 2025, the Company converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as of the conversion base date were converted 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.

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-IPO Investors") for a total net cash proceed of approximately RMB640.0 million (collectively the "Pre-IPO Investments"). Pursuant to the Agreements, the Pre-IPO Investors were granted by the Company with special rights ("Special Rights") which included redemption rights and joint and several liability assumed by the Company pertaining to redemption obligation of controlling shareholders.

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-IPO Investors subsequently entered into supplemental agreements, agreeing that certain of the Special Rights granted by the Company to Pre-IPO investors, including redemption rights and joint and several liability assumed by the Company pertaining to redemption obligation of controlling shareholders, have been irrevocably 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-IPO Investments as equity throughout the Relevant Periods.

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

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Redemption financial liabilities	499,590	–
Total current liabilities	524,202	30,116
Net current (liabilities)/assets	(410,487)	208,588
Net (deficits)/assets	(374,140)	239,566

(ii) 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	
	2024	2025
	RMB'000	*RMB'000*
Finance costs associated with the redemption financial liabilities	35,605	45,316
Total net losses	(127,761)	(135,429)
Basic and dilutive loss per share (RMB per share)	(5.30)	(4.43)

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-IPO 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 excess of the net assets of the Company converted over nominal value of the shares upon the completion of the Company's conversion into a joint stock company.

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.

Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

The Company

	Capital reserves	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*
At 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 year	–	(76,324)	(76,324)
Capital contribution by shareholders	196,956	–	196,956
Conversion into a joint stock company	(467,155)	467,155	–
At 31 December 2025	363,831	(75,522)	288,309

29. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2024 and 2025, the Group had non-cash additions to right-of-use assets of RMB9,772,000 and RMB717,000, and non-cash additions to lease liabilities of RMB9,772,000 and RMB717,000 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 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
Changes from financing cash flows	(7,179)	–	(1,255)	(8,434)
Reassessment of a lease term arising from a change in rent	4,131	–	–	4,131
New leases	717	–	–	717
Termination of leases	(671)	–	–	(671)
Interest expense	392	–	6	398
At 31 December 2025	9,058	–	–	9,058

(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	
	2024	2025
	RMB'000	*RMB'000*
Within operating activities	144	293
Within financing activities	7,910	7,179
Total	8,054	7,472

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
Guangdong Kangyuan Hesheng Medical Technology Co., Ltd	An associate company

(b) Transaction with a related party:

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Rendering service to an associate	–	75
Interest income from loan to an associate	–	4

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

The directors consider that the rendering of services to the related party were based on commercial negotiation between the Group and the related party.

Pursuant to the Series B+ shareholders agreements entered into between the Company and its shareholders, although the Company is not the primary repurchase obligor of redemption rights, the Company agreed to assume joint and several liability for the payment obligations of the controlling shareholders in respect of (i) the repurchase price payable upon valid exercise of the redemption rights, and (ii) any default interest payable for delayed payment. Save for the aforementioned joint and several liability for the payment obligations of the controlling shareholders, the Directors confirms that (a) no guarantee has been provided by the Company in respect of such redemption rights; (b) no side agreements in relation to such redemption rights; and (c) as the Company has no obligation to such arrangements, no liability in respect of such redemption rights has been recorded in respect of such rights during the Track Record Period.

The Joint and several liability assumed by the Company pertaining to redemption obligation of controlling shareholders have been irrevocably terminated and shall be void ab initio as detailed in note 27 to this report.

(c) Outstanding balances with related parties:

The Group

		Year ended 31 December	
		2024	2025
		RMB'000	*RMB'000*
Related party:			
Other payables and accruals:			
Loan from Ms. Cheong Hou Iam	Non-trade	976	–
Loan from a director's family member	Non-trade	273	–
Total		1,249	–
Other receivables:			
Loan to an associate company	Non-trade	–	1,004
Trade receivables:			
Service to an associate company	Trade	–	80

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. During the year ended 31 December 2025, the group provided a one-year term loan to Guangdong Kangyuan Hesheng Medical Technology Co., Ltd, an associate company amounting to RMB1,000,000 at an interest rate of 3% per annum, and the loan is expected to be settled before the listing.

All Group's non-trade balances with related parties will be settled before listing.

(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	
	2024	2025
	RMB'000	*RMB'000*
Financial assets at amortised cost		
Trade receivables	-	4,739
Financial assets included in prepayments, deposits and other receivables	5,980	2,645
Cash and cash equivalents	83,908	182,394
Total	89,888	189,778

Financial liabilities

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Financial liabilities at amortised cost		
Trade payables	885	2,784
Financial liabilities included in other payables and accruals	2,203	4,711
Lease liabilities	11,668	9,058
Total	14,756	16,553

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

The Company

Financial assets

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Financial assets at amortised cost		
Trade receivables	3,375	2,552
Financial assets included in prepayments, deposits and other receivables	49,459	75,692
Cash and cash equivalents	49,870	162,633
Total	102,704	240,877

Financial liabilities

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Financial liabilities at amortised cost		
Trade payables	686	4,955
Financial liabilities included in other payables and accruals	813	4,565
Lease liabilities	5,312	5,694
Total	6,811	15,214

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.

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 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 31 December 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*
Trade receivables	–	–	–	4,886	4,886
Financial assets included in prepayments, other receivables and other assets	2,668	–	–	–	2,668
Contract assets	–	–	–	390	390
Cash and cash equivalents	182,394	–	–	–	182,394
Total	185,062	–	–	5,276	190,338

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 2024		
	Within 1 year	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*
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	9,787	5,769	15,556

	As at 31 December 2025		
	Within 1 year	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	2,784	–	2,784
Financial liabilities included in other payables and accruals	4,711	–	4,711
Lease liabilities	6,301	3,011	9,312
Total	13,796	3,011	16,807

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

No significant events have occurred to the Company, or the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2025.

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 31 December 2025.