You should read the following discussion and analysis in conjunction with our historical financial information, together with the accompanying notes, included in the Accountants' Report set out in Appendix I to this document. Our consolidated financial information has been prepared in accordance with IFRSs, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants' Report and not rely solely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, our actual performance may differ materially from those anticipated in these forward-looking statements, as a result of various risks and uncertainties over which we do not have full control. For details, see "Forward-looking Statements" and "Risk Factors."

OVERVIEW

We are a clinical-stage biopharmaceutical company focusing on the discovery and development of cancer therapeutics. We have established technology platforms spanning both small molecule and ADC development, positioning us to address multiple oncological targets. Our Core Product, TSN1611, is an orally bioavailable inhibitor of KRAS G12D. TSN1611 is currently under phase 2 clinical trials in both the United States and China. We are in communications with, and have obtained feedbacks from the FDA regarding the clinical development plan to TSN1611, including to initiate a registrational phase 3 MRCT of TSN1611 as a monotherapy for the second- and later-line treatment of NSCLC, and intend to communicate with the NMPA to seek clearance for participation in the MRCT in China.

We currently have no products approved for commercial sales and have not generated any revenue from product sales. We incurred losses of RMB70.5 million, RMB183.7 million, RMB77.6 million and RMB116.6 million for the years ended December 31, 2024, 2025, and for the six months ended June 30, 2025 and 2026, respectively, which primarily resulted from the research and development expenses incurred to advance our pipeline and our technology platforms. For the years ended December 31, 2024, 2025, and for the six months ended June 30, 2025 and 2026 we recognized revenue of RMB7.9 million, RMB26.3 million, RMB9.2 million and RMB4.1 million, respectively, which were derived from the provision of research and development services and joint development arrangements.

We expect to incur significant expenses for at least the next several years/periods as we continue to advance our clinical development plans and preclinical research, and to prepare for the commercialization of our drug candidates. Subsequent to the [**REDACTED**], our financial performance may fluctuate from year to year due to, among other factors, the development status of our drug candidates, regulatory approval timeline, commercialization of our drug candidates after approval, and our licensing and collaboration arrangements.

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with IFRS Accounting Standards ("**IFRSs**"), which comprise all standards and interpretations approved by the International Accounting Standards Board ("**IASB**"). For the purpose of preparing and presenting the historical financial information for the Track Record Period, we have consistently applied the accounting policies which conform with IFRSs, which are effective for the accounting period beginning on January 1, 2026 throughout the Track Record Period. The historical financial information includes the applicable disclosures required by the Listing Rules and the Hong Kong Companies Ordinance. For details, see Note 2 to the Accountants' Report set out in Appendix I to this document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe that the most significant factors affecting our results of operations and financial condition include the following.

Our Ability to Successfully Develop and Commercialize Our Drug Candidates

Our business, results of operations and financial condition depend on our ability to advance our drug candidates through clinical development, obtain regulatory approvals and, if approved, successfully commercialize them on a timely and economically viable basis.

Our Core Product TSN1611, with its differentiated mechanism of actions and combination therapy potentials, aims to address large markets with significant unmet medical needs and have generated clinical data supporting their differentiated profiles. Our Core Product, TSN1611, is an orally bioavailable KRAS G12D inhibitor, which is currently under phase 2 clinical trials in both the United States and China and is advancing toward a next-phase clinical trial as monotherapy for the treatment of NSCLC. Designed to address the substantial unmet medical needs of patients with KRAS G12D-driven cancers — including lung, pancreatic, and colorectal malignancies, TSN1611 has demonstrated early clinical efficacy, along with a favorable safety and tolerability profile that compares favorably with, and in key aspects exceeds, existing competitor molecules. Its differentiated mechanism of action and clinical profile support advancement of the product from later-line settings to second-line and, potentially first-line breakthrough treatment across these major solid tumor indications.

Beyond our Core Product TSN1611, we have also established a differentiated and comprehensive product portfolio targeting advanced solid tumors, hematologic malignancies, and mutation-driven cancers. Our product portfolio includes small molecule drug candidate TSN222, as well as ADC drug candidates, TSNA1789 and TSNA3339. Leveraging our expertise in small molecule design and ADC payload engineering, we have built a pipeline through multiple development modalities and molecular formats, with sustained capability for expansion.

Although we currently have no product approved for commercial sale and have not generated any revenue from product sales, we expect to commercialize one or more of our drug candidates over the coming years as they progress through late-stage development. Our ability to generate revenue from our pipeline depends on a number of factors, including obtaining regulatory approvals, securing reliable and scalable manufacturing capabilities, forming effective collaborations with third-party commercialization partners, and ensuring our therapies are accessible, affordable, and well-accepted by patients in need of differentiated solutions for treating solid tumors. For details, see "Risk Factors — Risks Relating to The Development of Our Drug Candidates" and "Risk Factors — Risks Relating to Manufacturing and Commercialization of Our Drug Candidates."

Our Cost Structure

Our results of operations are significantly affected by our cost structure, which consists of research and development expenses, administrative expenses and cost of services. We believe that our ability to successfully develop drug candidates is fundamental to our long-term competitiveness and is a key driver of our future growth. However, developing drug candidates requires substantial financial investments over an extended period. As part of our core strategy, we are committed to ongoing investment in research and development to support the advancement and expansion of our pipeline and our technology platforms. Consequently, we have dedicated considerable financial resources to advancing the research and development of our clinical- and preclinical-stage drug candidates.

For the years ended December 31, 2024, 2025, and for the six months ended June 30, 2025 and 2026, we recorded operating expenses, comprising research and development expenses and administrative expenses, of RMB100.0 million and RMB162.1 million, RMB54.6 million and RMB138.5 million, respectively. During the same periods, we recorded research and development expenses of RMB72.8 million, RMB115.2 million, RMB43.2 million and RMB95.8 million, respectively, which accounted for 72.8%, 71.1%, 79.2% and 69.2% of our operating expenses for the respective periods. In particular, we recorded research and development expenses in relation to our Core Product, TSN1611, of RMB36.5 million, RMB76.2 million, RMB26.4 million and RMB66.8 million, respectively, representing 50.2%, 66.1%, 61.1% and 69.7% of our research and development expenses, and 36.5%, 47.0%, 48.4% and 48.2% of our total operating expenses, for the respective periods. For details, see "— Description of Selected Components of the Consolidated Statements of Profit or Loss and Other Comprehensive Income — Research and Development Expenses."

Going forward, we expect to continue to incur more research and development expenses as we advance our drug candidates through clinical development and toward commercialization. In addition, we expect to incur administrative, legal, compliance, accounting, insurance and investor and public relations expenses associated with being a [**REDACTED**] company in Hong Kong. We expect our cost structure to evolve as we continue to develop and expand our business.

Funding for Our Operations

During the Track Record Period, we funded our operations primarily through equity financing and revenue from the provision of research and development services and joint development arrangements. Upon the successful commercialization of one or more of our drug candidates, we expect to fund our operations in part with future revenue generated from sales of our commercialized drug products. As our business continues to expand, we may require further funding through equity offerings, debt financing, out-license and collaboration arrangements, and other sources. Any fluctuation in the funding for our operations will impact our cash flow plan and our results of operations. For details, see "Risk Factors — Risks Relating to Our Financial Position and Need for Additional Capital — We may need to obtain substantial additional financing to fund our operations and expansion, and if we are unable to obtain sufficient financing, we may be unable to complete the research, development and commercialization of our drug candidates."

MATERIAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of historical financial information in conformity with IFRSs requires our management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Our estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. See Note 2, Note 3, and other notes to the relevant financial line items or transactions to the Accountants' Report set out in Appendix I to this document for a detailed description of our material accounting policies, judgments and estimates.

DESCRIPTION OF SELECTED COMPONENTS OF THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the periods indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	For the year ended December 31,		For the six months ended June 30,	
	2024	2025	2025	2026
	(RMB'000)	*(RMB'000)*	*(RMB'000) (unaudited)*	*(RMB'000)*
Revenue	**7,856**	**26,320**	**9,216**	**4,058**
Cost of services	(735)	(3,694)	(1,593)	(2,668)
Gross Profit	**7,121**	**22,626**	**7,623**	**1,390**
Other income and gains	8,345	4,935	2,006	2,801
Changes in fair value of financial liabilities at FVTPL	14,776	(45,985)	(32,298)	22,983
Research and development expenses	(72,813)	(115,239)	(43,207)	(95,830)
Administrative expenses	(27,233)	(46,896)	(11,372)	(42,694)
Other expenses	–	(2,927)	(241)	(5,049)
Finance costs	(657)	(237)	(76)	(160)
Loss Before Tax	**(70,461)**	**(183,723)**	**(77,565)**	**(116,559)**
Income tax expense	–	–	–	–
Loss and total comprehensive loss for the year/period	**(70,461)**	**(183,723)**	**(77,565)**	**(116,559)**

Revenue

During the Track Record Period, we generated revenue primarily from (i) research and development services, as we provided preclinical support services to a U.S.-based biopharmaceutical company to design, synthesize, and optimize its pre-clinical ADC candidate, including small molecule design and characterization, ADC preparation and characterization, immunogenicity assessment, process development, and in-house biological assays services, and (ii) payments received under a joint discovery and development agreement entered into on February 5, 2021 with a Suzhou-based pharmaceutical company specializing in ADC products (the "Collaborator"), pursuant to which the Collaborator and we agreed to jointly discover a certain class of TOP1 inhibitor molecules (the "Payloads") suitable for incorporation into the Collaborator's ADC products ("Payload-based ADCs"). During the Track Record Period, payments received from the Collaborator comprised of royalties, representing a low-double-digit percentage of any upfront, milestone, and royalty payments that the Collaborator receives when it out-licenses to a third party a Payload-based ADC, Payload-based technologies, or any non-ADC product combining a Payload with the Collaborator's linker technology and know-how. Our revenue during the Track Record Period was not related to our Core Product or any other pipeline drug candidates.

The following table sets forth the breakdown of our revenue by types of services, both in absolute amount and as a percentage of our total revenue, for the periods indicated.

	For the year ended December 31,				For the six months ended June 30,			
	2024		2025		2025		2026	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*
					(unaudited)			
Research and development services	2,342	29.8	8,416	32.0	4,234	45.9	4,058	100.0
Joint development arrangements	5,514	70.2	17,904	68.0	4,982	54.1	–	–
Total	**7,856**	**100.0**	**26,320**	**100.0**	**9,216**	**100.0**	**4,058**	**100.0**

Cost of Services

During the Track Record Period, our cost of services comprised costs related to the provision of research and development services to a U.S.-based biopharmaceutical company, mainly including staff costs of our research and development personnel and depreciation of our research and development equipment. During the Track Record Period, we did not incur cost of services for the joint development arrangements. For the years ended December 31, 2024, 2025, and for the six months ended June 30, 2025 and 2026, our cost of services amounted to RMB0.7 million, RMB3.7 million, RMB1.6 million and RMB2.7 million, respectively.

Gross Profit and Gross Profit Margin

For the years ended December 31, 2024, 2025, and for the six months ended June 30, 2025 and 2026, our gross profit was RMB7.1 million, RMB22.6 million, RMB7.6 million and RMB1.4 million, respectively, representing a gross profit margin of 90.6%, 86.0%, 82.7%, and 34.3%, respectively. The fluctuation in our gross profit and gross profit margin was primarily driven by variations in the revenue from the provision of research and development services.

Other Income and Gains

During the Track Record Period, our other income primarily consisted of (i) bank interest income, representing interest income generated from our bank deposits, (ii) government grants, which primarily comprised subsidies received from local government authorities to encourage and support our operating activities and were generally one-off in nature and not subject to any material unfulfilled conditions or contingencies at the time of recognition, (iii) others, which primarily comprised individual income tax refunds and income derived from non-recurring technology advisory services provided to a Shanghai-based biopharmaceutical company in 2025. During the same periods, our gains primarily consisted of (i) foreign exchange gains arising from fluctuations relating to a portion of our equity financing denominated in U.S. dollars, (ii) gains on lease termination arising from the early termination of certain lease agreements, (iii) fair value gains on financial assets at FVTPL, representing interest income from structured deposits acquired from reputable commercial banks, and (iv) others, which primarily comprised refunds in connection with certain financing arrangements, together with the related foreign exchange differences.

The following table sets forth a breakdown of our other income and gains, both in absolute amount and as a percentage of the total other income and gains, for the periods indicated.

	For the year ended December 31,				For the six months ended June 30,			
	2024		2025		2025		2026	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*
					(unaudited)			
Other Income:								
Bank interest income	2,127	25.5	2,844	57.6	944	47.1	1,250	44.6
Government grants	801	9.6	204	4.1	200	10.0	1,054	37.6
Others	63	0.8	979	19.8	324	16.2	296	10.6
Total other income	**2,991**	**35.8**	**4,027**	**81.6**	**1,468**	**73.2**	**2,600**	**92.8**
Gains:								
Foreign exchange gains, net	3,339	40.0	–	–	–	–	–	–
Gains on lease termination	890	10.7	–	–	–	–	–	–
Fair value gains on financial assets at FVTPL	854	10.2	773	15.7	403	20.1	201	7.2
Others	271	3.2	135	2.7	135	6.7	–	–
Total gains	**5,354**	**64.2**	**908**	**18.4**	**538**	**26.8**	**201**	**7.2**
Total	**8,345**	**100.0**	**4,935**	**100.0**	**2,006**	**100.0**	**2,801**	**100.0**

Change in Fair Value of Financial Liabilities at FVTPL

Change in fair value of financial liabilities at FVTPL represents the changes in fair value of (i) the convertible redeemable preferred shares issued by us to the Pre-[**REDACTED**] Investors and (ii) loans with warrants to purchase preferred shares.

We used the back-solved method to determine the underlying equity value of us and adopted the equity allocation model to determine the fair value of the financial liabilities at FVTPL. For additional information, see Note 23 to the Accountants' Report set out in Appendix I to this document.

Upon the [**REDACTED**], we do not expect to recognize any further change in fair value of financial liabilities at FVTPL, as the redemption right and the related compulsory liquidation rights will be automatically terminated upon the [**REDACTED**].

Research and Development Expenses

During the Track Record Period, our research and development expenses primarily consisted of (i) preclinical and clinical expenses, representing fees incurred for preclinical support and clinical trials for our drug candidates, (ii) staff costs, primarily representing salaries, bonuses, and other employee welfare and benefits for our research and development personnel, (iii) depreciation fees, primarily relating to the depreciation of property, plant and equipment and right-of-use assets, (iv) raw material costs, primarily incurred for the development of our drug candidates, (v) share-based payment expenses, representing share-based compensation granted to our research and development team, and (vi) others, mainly including costs related to patent filing and maintenance, utilities and office expenses. The following table sets forth a breakdown of our research and development expenses, both in absolute amount and as a percentage of our total research and development expenses, for the periods indicated.

	For the year ended December 31,				For the six months ended June 30,			
	2024		2025		2025		2026	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)* *(unaudited)*	*%*	*(RMB'000)*	*%*
Preclinical and clinical expenses	36,402	50.0	74,755	64.9	24,685	57.1	72,772	75.9
Staff costs	22,045	30.3	25,920	22.5	11,348	26.3	12,909	13.5
Depreciation fees	5,763	7.9	5,089	4.4	2,027	4.7	2,518	2.6
Raw material costs	4,024	5.5	3,113	2.7	1,236	2.9	1,437	1.5
Share-based payment expenses	1,320	1.8	1,441	1.3	550	1.3	3,927	4.1
Others	3,259	4.5	4,921	4.2	3,361	7.8	2,267	2.4
Total	**72,813**	**100.0**	**115,239**	**100.0**	**43,207**	**100.0**	**95,830**	**100.0**

The following table sets forth a breakdown of our research and development expenses incurred for our pipeline drug candidates by development stage, and technology platforms, both in absolute amount and as a percentage of our total operating expenses, for the periods indicated.

	For the year ended December 31,				For the six months ended June 30,			
	2024		2025		2025		2026	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)* *(unaudited)*	*%*	*(RMB'000)*	*%*
TSN1611								
Preclinical	5,250	5.2	–	–	–	–	–	–
Phase 1	31,282	31.3	55,624	34.3	26,403	48.4	10,510	7.6
Phase 2	–	–	20,598	12.7	–	–	31,245	22.7
Phase 3 [(1)]	–	–	–	–	–	–	25,070	18.1
TSN222								
Phase 1	4,401	4.4	6,924	4.3	3,688	6.8	10,583	7.6
Other products [(2)]								
Preclinical	5,554	5.6	7,761	4.8	3,650	6.7	1,384	1.0
Phase 1	8,486	8.5	2,926	1.8	1,767	3.2	870	0.6
T^3LP Platform								
TSNA3339								
Preclinical	3,168	3.2	8,220	5.1	3,068	5.6	4,328	3.1
Other exploratory R&D work	10,827	10.8	6,791	4.2	2,739	5.0	4,874	3.5
DATIA Platform								
TSNA1789								
Preclinical	3,845	3.8	5,351	3.2	1,892	3.5	3,697	2.7
Other exploratory R&D work	–	–	91	0.1	–	–	27	0.0
Dual-payload Platform	–	–	953	0.6	–	–	3,242	2.3
Total	**72,813**	**72.8**	**115,239**	**71.1**	**43,207**	**79.2**	**95,830**	**69.2**

Note:

(1) The phase 3 expenses of TSN1611 primarily represented preparatory costs incurred for the planned registrational phase 3 MRCT.

(2) Other products primarily consisted of other certain exploratory programs.

During the Track Record Period, we prioritized the research and development activities for our Core Product. For the years ended December 31, 2024, 2025, and for the six months ended June 30, 2025 and 2026, our research and development expenses attributable to our Core Product TSN1611 were RMB36.5 million, RMB76.2 million, RMB26.4 million and RMB66.8 million, respectively, accounting for 36.5%, 47.0%, 48.4% and 48.2% of our total operating expenses for the corresponding periods. The research and development expenses of TSN1611 increased during the Track Record Period, primarily because we initiated the phase 1b monotherapy clinical trial in July 2025 and the phase 2 monotherapy clinical trial in August 2025 of our Core Product TSN1611, and continued to advance the clinical trial of our Core Product TSN1611, resulting in higher related costs as our Core Product progressed into later-stage clinical development.

All of our research and development expenses incurred during the Track Record Period were charged to profit or loss as incurred. Expenditures incurred on projects to develop new products are capitalized and deferred only when we can demonstrate (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale, (ii) our intention to complete and our ability to use or sell the asset, (iii) how the asset will generate probable future economic benefits, (iv) the availability of resources to complete the project, and (v) our ability to measure reliably the expenditure during the development. Product development expenditures that do not meet these criteria are expensed as incurred.

Administrative Expenses

During the Track Record Period, our administrative expenses primarily consisted of (i) staff costs, representing salaries, bonuses, and employee welfare and benefits of our administrative personnel, (ii) [**REDACTED**], (iii) professional service fees, mainly representing service fees paid to legal advisors, auditors, and other consultants for financing-related services and IT services to support our operations, (iv) travel and business support expenses, representing costs in relation to business travel and other business support activities, (v) depreciation and amortization, which represents depreciation of property, plant and equipment, depreciation of right-of-use assets, and amortization of leasehold improvements, (vi) share-based payment expenses, representing share-based compensation granted to our administrative personnel, and (vii) others, mainly representing miscellaneous fees for employee training and meetings. The following table sets forth a breakdown of our administrative expenses, both in absolute amount and as a percentage of the total administrative expenses, for the periods indicated.

	For the year ended December 31,				For the six months ended June 30,			
	2024		2025		2025		2026	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*
					(unaudited)			
Staff costs	15,747	57.8	15,607	33.3	7,067	62.1	9,805	23.0
[**REDACTED**]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Professional service fees	3,258	12.0	7,715	16.5	437	3.8	1,040	2.4
Travel and business support expenses	2,813	10.3	2,966	6.3	1,173	10.3	1,149	2.7
Depreciation and amortization	2,450	9.0	1,645	3.5	824	7.3	840	2.0
Share-based payment expenses	2,553	9.4	6,841	14.6	965	8.5	20,346	47.7
Others	412	1.5	1,429	3.0	906	8.0	207	0.4
Total	**27,233**	**100.0**	**46,896**	**100.0**	**11,372**	**100.0**	**42,694**	**100.0**

Finance Costs

Our finance costs primarily consisted of (i) interest on lease liabilities, representing interests charged to profit or loss over the lease period for the lease of properties for which we made fixed or minimum rental payments, and (ii) non-current portion of payroll payables, representing the long-term compensation obligations owed to our senior management. For the years ended December 31, 2024, 2025, and for the six months ended June 30, 2025 and 2026, our finance costs amounted to RMB0.7 million, RMB0.2 million, RMB0.1 million and RMB0.2 million, respectively.

Loss for the Year/Period

As a result of the foregoing, we incurred losses of RMB70.5 million, RMB183.7 million, RMB77.6 million and RMB116.6 million for the years ended December 31, 2024, 2025, and for the six months ended June 30, 2025 and 2026, respectively. During the Track Record Period, our losses mainly resulted from research and development expenses and administrative expenses.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2026 Compared to Six Months Ended June 30, 2025

Revenue

Our revenue decreased from RMB9.2 million for the six months ended June 30, 2025 to RMB4.1 million for the six months ended June 30, 2026.

Our revenue generated from research and development services remained relatively stable at RMB4.2 million for the six months ended June 30, 2025 and RMB4.1 million for the six months ended June 30, 2026, with the slight decrease primarily attributable to the impact of foreign exchange rate fluctuations on our USD-denominated service revenue.

We recorded a decrease of RMB5.0 million in the royalty income from the licensing of intellectual property, as we did not receive any royalty payments under our joint development arrangement with the Collaborator during the six months ended June 30, 2026.

Cost of Services

Our cost of services was related to our research and development services and increased from RMB1.6 million for the six months ended June 30, 2025 to RMB2.7 million for the six months ended June 30, 2026, primarily due to an increase in the trials during the six months ended June 30, 2026.

Gross Profit and Gross Profit Margin

Our gross profit decreased from RMB7.6 million for the six months ended June 30, 2025 to RMB1.4 million for the six months ended June 30, 2026. We recorded gross profit margin of 82.7% for the six months ended June 30, 2025 and 34.3% for the six months ended June 30, 2026. The fluctuation in our gross profit and gross profit margin was primarily due to the absence of royalty income from the licensing of intellectual property during the six months ended June 30, 2026, combined with the increase in cost of services attributable to higher labor hours allocated to research and development service projects.

Other Income and Gains

Our other income and gains increased from RMB2.0 million for the six months ended June 30, 2025 to RMB2.8 million for the six months ended June 30, 2026, primarily due to an increase of RMB0.9 million in government grants received from local government authorities to encourage and support our operating activities.

Changes in Fair Value of Financial Liabilities at FVTPL

We recorded loss from changes in fair value of financial liabilities at FVTPL of RMB32.3 million for the six months ended June 30, 2025, while we recorded gains of RMB23.0 million for the six months ended June 30, 2026. The shift was primarily because the fair value of our convertible redeemable preferred shares decreased during the six months ended June 30, 2026, resulting in fair value gains, whereas during the six months ended June 30, 2025, the fair value of our preferred shares increased following the Series B Financing and the revaluation of the equity value of our Company, resulting in fair value losses. Upon the [**REDACTED**], all of our preferred shares will be automatically converted to Ordinary Shares. For details, see "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments."

Research and Development Expenses

Our research and development expenses increased from RMB43.2 million for the six months ended June 30, 2025 to RMB95.8 million for the six months ended June 30, 2026, primarily driven by the continued advancement of the clinical development of TSN1611 and TSN222.

Administrative Expenses

Our administrative expenses increased from RMB11.4 million for the six months ended June 30, 2025 to RMB42.7 million for the six months ended June 30, 2026, primarily attributable to an increase in share-based payment expenses, an increase in [**REDACTED**] incurred in connection with our [**REDACTED**], and an increase in staff costs, primarily resulting from the expansion of our administrative team and an increase in employee benefits.

Other Expenses

Our other expenses increased from RMB0.2 million for the six months ended June 30, 2025 to RMB5.0 million for the six months ended June 30, 2026, primarily due to net foreign exchange losses during the period.

Finance Costs

Our finance costs increased from RMB0.1 million for the six months ended June 30, 2025 to RMB0.2 million for the six months ended June 30, 2026, primarily due to an increase of RMB0.1 million in interest on lease liabilities resulting from the renewal of our office lease in August 2025.

Loss for the Period

As a result of the foregoing, we recorded loss of RMB116.6 million for the six months ended June 30, 2026, as compared to RMB77.6 million for the six months ended June 30, 2025.

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Our revenue increased from RMB7.9 million for the year ended December 31, 2024 to RMB26.3 million for the year ended December 31, 2025.

Our revenue generated from research and development services increased from RMB2.3 million for the year ended December 31, 2024, to RMB8.4 million for the year ended December 31, 2025, because we only commenced the provision of the research and development services in the fourth quarter of 2024.

Our revenue generated from joint development arrangements increased from RMB5.5 million for the year ended December 31, 2024 to RMB17.9 million for the year ended December 31, 2025, because we received royalty payments under our joint development with a Suzhou-based customer specializing in ADC products during the year ended December 31, 2025.

Cost of Services

Our cost of services increased from RMB0.7 million for the year ended December 31, 2024 to RMB3.7 million for the year ended December 31, 2025, because we only commenced the provision of the research and development services in the fourth quarter of 2024.

Gross Profit and Gross Profit Margin

Our gross profit increased from RMB7.1 million for the year ended December 31, 2024 to RMB22.6 million for the year ended December 31, 2025. We recorded gross profit margin of 90.6% for the year ended December 31, 2024 and 86.0% for the year ended December 31, 2025. The fluctuation in our gross profit and gross profit margin was primarily caused by variations in the revenue from research and development services.

Other Income and Gains

Our other income and gains decreased from RMB8.3 million for the year ended December 31, 2024 to RMB4.9 million for the year ended December 31, 2025, primarily due to a decrease of RMB3.3 million in net foreign exchange gains arising from exchange rate fluctuations associated with a portion of our Series B Financing denominated in USD.

Changes in Fair Value of Financial Liabilities at FVTPL

We recorded gains from changes in fair value of financial liabilities at FVTPL of RMB14.8 million for the year ended December 31, 2024, while we recorded loss of RMB46.0 million for the year ended December 31, 2025, primarily due to our Series B Financing and the value increase of our preferred shares to our Pre-[**REDACTED**] Investors. Upon the [**REDACTED**], all of our preferred shares will be automatically converted to Ordinary Shares. For details, see "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments."

Research and Development Expenses

Our research and development expenses increased from RMB72.8 million for the year ended December 31, 2024 to RMB115.2 million for the year ended December 31, 2025, primarily because we initiated the phase 1b monotherapy clinical trial in July 2025 and the phase 2 monotherapy clinical trial in August 2025 of our Core Product TSN1611, and incurred the related costs in 2025.

Administrative Expenses

Our administrative expenses increased from RMB27.2 million for the year ended December 31, 2024 to RMB46.9 million for the year ended December 31, 2025, primarily attributable to an increase of RMB10.7 million in [**REDACTED**], an increase of RMB4.5 million in professional service fees, and an increase of RMB4.3 million in share-based payment expenses.

Finance Costs

Our finance costs decreased from RMB0.7 million for the year ended December 31, 2024 to RMB0.2 million for the year ended December 31, 2025, primarily due to a decrease of RMB0.2 million in interest on lease liabilities.

Loss for the Year

As a result of the foregoing, we recorded loss of RMB183.7 million for the year ended December 31, 2025, as compared to RMB70.5 million for the year ended December 31, 2024.

DESCRIPTION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated.

	As of December 31,		As of June 30,
	2024	2025	2026
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Non-current assets			
Property, plant and equipment	18,831	15,647	14,068
Right-of-use assets	2,484	10,798	8,794
Deposits and other receivables	6,146	10,632	14,820
Total non-current assets	**27,461**	**37,077**	**37,682**
Current assets			
Trade receivables	6,107	23,744	12,332
Prepayments, deposits and other receivables	4,906	9,068	11,880
Financial assets at FVTPL	27,000	48,000	38,000
Cash and cash equivalents	145,209	163,305	165,906
Total current assets	**183,222**	**244,117**	**228,118**
Current liabilities			
Trade payables	318	639	14,054
Other payables and accruals	24,485	42,705	47,313
Deferred income	2,000	3,000	3,000
Lease liabilities	2,541	4,190	4,412
Financial liabilities at FVTPL	525,184	743,746	804,617
Total current liabilities	**554,528**	**794,280**	**873,396**
Net current liabilities	**(371,306)**	**(550,163)**	**(645,278)**
Total assets less current liabilities	**(343,845)**	**(513,086)**	**(607,596)**
Non-current liabilities			
Lease liabilities	141	6,341	4,116
Total non-current liabilities	**141**	**6,341**	**4,116**
Net liabilities	**(343,986)**	**(519,427)**	**(611,712)**

Property, Plant and Equipment

During the Track Record Period, our property, plant and equipment primarily consisted of leasehold improvements, office equipment, machinery and equipment, and electronic equipment. Our property, plant and equipment decreased from RMB18.8 million as of December 31, 2024 to RMB15.6 million as of December 31, 2025, and further decreased to RMB14.1 million as of June 30, 2026, primarily due to the depreciation incurred during our ordinary course of business.

Right-of-use Assets

During the Track Record Period, our right-of-use assets represented leased properties used as our laboratory and office premises. Our right-of-use assets increased from RMB2.5 million as of December 31, 2024 to RMB10.8 million as of December 31, 2025, primarily due to the renewal of our office lease in August 2025. Our right-of-use assets decreased from RMB10.8 million as of December 31, 2025 to RMB8.8 million as of June 30, 2026, primarily due to the depreciation incurred during our ordinary course of business.

Prepayments, Deposits and Other Receivables

The following table sets forth the details of our prepayments, deposits and other receivables as of the dates indicated.

	As of December 31,		As of June 30,
	2024	2025	2026
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Non-current:			
Rental and other deposits	90	1,223	1,223
Value-added tax recoverable	6,056	9,409	13,597
Subtotal	**6,146**	**10,632**	**14,820**
Current:			
Prepayments	2,790	4,126	5,128
Deferred [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Rental and other deposits	1,184	52	52
Value-added tax recoverable	886	393	388
Other receivables	46	961	41
Subtotal	**4,906**	**9,068**	**11,880**
Total	**11,052**	**19,700**	**26,700**

During the Track Record Period, our non-current portion of deposits and other receivables consisted of (i) rental and other deposits, representing deposits for our leased office and laboratory space, and (ii) value-added tax recoverable, representing value-added tax paid by us on purchases that are deductible against future value-added tax payable. Our non-current portion of prepayments, deposits and other receivables increased from RMB6.1 million as of December 31, 2024 to RMB10.6 million as of December 31, 2025, and further increased to RMB14.8 million as of June 30, 2026, primarily due to an increase in value-added tax recoverable. This increase resulted from higher value-added tax paid on the procurement of raw materials and preclinical services to support our research and development activities, which will be recoverable over time when we generate taxable sales.

During the Track Record Period, our current portion of prepayments, deposits and other receivables consisted of (i) prepayments, mainly representing the expenses in relation to preclinical studies and clinical trials of our drug candidates, and prepayments for [**REDACTED**], (ii) deferred [**REDACTED**], (iii) rental and other deposits in relation to our leased property due within twelve months, (iv) value-added tax recoverable representing input value-added tax expected to be recovered within twelve months based on our projected taxable sales, and (v) other receivables, primarily representing operating expenses and other miscellaneous items. Specifically, while we do not anticipate commercializing our product candidates in the next twelve months, we generate taxable income from other sources, such as revenue from research and development services and licensing of our intellectual properties. The output value-added tax from these revenue streams allows us to gradually recover and offset the current value-added tax recoverable. Our current portion of prepayments, deposits and other receivables increased from RMB4.9 million as of December 31, 2024 to RMB9.1 million as of December 31, 2025, primarily due to an increase of RMB1.3 million in prepayments for research and development expenses, which was generally in line with the development progress of our Core Product. Our current portion of prepayments, deposits and other receivables further increased from RMB9.1 million as of December 31, 2025 to RMB11.9 million as of June 30, 2026, primarily due to (i) an increase of RMB2.7 million in deferred [**REDACTED**] as we continued to incur costs in connection with our [**REDACTED**], and (ii) an increase of RMB1.0 million in prepayments for research and development expenses, which was generally in line with the development progress of our drug candidates. As our long-term research and development collaborations with CROs and CDMOs continue to progress, our contractual payment terms in relation to the purchase of third-party research and development services shift from large-amount initial prepayments to progress-based payables.

Trade Receivables

Our trade receivables mainly consisted of the receivables from our collaboration partners for payment obligations set out in the relevant agreements. We generally grant our customers a credit term within 30 days. Our trade receivables increased from RMB6.1 million as of December 31, 2024 to RMB23.7 million as of December 31, 2025, which were affected by the fluctuation of revenue recognized due to the payment schedule stipulated in the relevant agreements. Our trade receivables then decreased from RMB23.7 million as of December 31, 2025 to RMB12.3 million as of June 30, 2026, primarily due to the receipt of partial payments according to the relevant agreements during the period.

The following table sets forth an aging analysis of our trade receivables based on the revenue recognition date and net of loss allowance as of the dates indicated.

	As of December 31,		As of June 30,
	2024	2025	2026
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Within 1 year	6,107	19,008	12,332
1 to 2 years	–	4,736	–
Total	**6,107**	**23,744**	**12,332**

As of July 31, 2026, RMB1.1 million, or 8.9%, of our trade receivables as of June 30, 2026 had been subsequently settled. This relatively low subsequent settlement rate was primarily attributable to the fact that we did not have any commercialized products and our revenue was highly concentrated in two key customers. Our transactions with these customers primarily consisted of R&D services and joint development arrangements, which typically involve large, lump-sum milestone payments. Consequently, the specific timing of these substantial settlements disproportionately impacts our overall trade receivables collection rate at any given financial cut-off date. Notwithstanding the above, our Directors are of the view that there is no material recoverability issue or heightened credit risk associated with these balances. We maintain regular and effective communication with these customers regarding their settlement schedules. Given the nature of these collaborative arrangements, the creditworthiness of the counterparties, and the successful subsequent collection of RMB1.1 million as of July 31, 2026, our Directors are of the view that the expected credit loss in respect of the balance of trade receivables is minimal.

Financial Assets at FVTPL

During the Track Record Period, our financial assets at FVTPL mainly represented our investments in structured deposits. In accordance with our risk management and investment strategy, we manage and evaluate the performance of these investments on a fair value basis and therefore these investments are designated as financial assets at FVTPL.

Our financial assets at FVTPL increased from RMB27.0 million as of December 31, 2024 to RMB48.0 million as of December 31, 2025, primarily due to the purchase of structured deposits in the third quarter of 2025 from reputable commercial banks. Our financial assets at FVTPL decreased from RMB48.0 million as of December 31, 2025 to RMB38.0 million as of June 30, 2026, primarily due to the withdrawal of certain structured deposits as we reallocated a portion of our funds to USD-denominated time deposits. The expected return rates of these structured deposits ranged from 1.30% to 2.25% per annum during the year ended December 31, 2024, from 0.60% to 2.30% per annum during the year ended December 31, 2025, and from 0.35% to 2.70% per annum during the six months ended June 30, 2026.

To monitor and control the investment risks associated with our financial assets at FVTPL portfolio, we have adopted a comprehensive set of internal policies and guidelines to monitor and control the investment risks regarding our financial assets measured at FVTPL. We make investment decisions based on our estimated capital requirements and our annual budget, taking into account the duration, expected returns and risks of the wealth management product to better utilize excess cash when our cash sufficiently covers our ordinary course of business. We generally limit our purchases to low-risk and short-term products which are redeemable on demand from reputable commercial risks. Our finance department is responsible for proposing, analyzing and evaluating potential investment in financial products and led by our financial manager with requisite expertise and experience for this purpose. Investment proposals are subject to review and approval by our chief executive officer.

After the [**REDACTED**], we may continue to purchase low-risk wealth management products based on our operational needs, strictly in accordance with our internal policies and measures, as well as the requirements under Chapter 14 of the Listing Rules.

Cash and Cash Equivalents

During the Track Record Period, our cash and cash equivalents primarily represented cash balances at bank. Our cash and cash equivalents increased from RMB145.2 million as of December 31, 2024 to RMB163.3 million as of December 31, 2025, primarily due to receipt of proceeds from equity financing. Our cash and cash equivalents remained relatively stable at RMB163.3 million as of December 31, 2025 and RMB165.9 million as of June 30, 2026. For an analysis on cash flows during the Track Record Period, see "— Liquidity and Capital Resources" below. The following table sets forth a breakdown of our cash and cash equivalents by currency type as of the dates indicated.

	As of December 31,		As of June 30,
	2024	2025	2026
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Denominated in:			
– RMB	95,233	31,812	58,469
– USD	49,976	131,493	107,437
Total	**145,209**	**163,305**	**165,906**

Trade Payables

During the Track Record Period, our trade payables primarily consisted of payables in relation to our research and development activities. Our trade payables remained relatively stable at RMB0.3 million as of December 31, 2024 and RMB0.6 million as of December 31, 2025. Our trade payables increased significantly from RMB0.6 million as of December 31, 2025 to RMB14.1 million as of June 30, 2026, which was generally in line with the development progress of our drug candidates. The aging of all our trade payables as of December 31, 2024, 2025 and June 30, 2026 was within three months.

As of July 31, 2026, RMB13.4 million, or 95.2%, of our trade payables as of June 30, 2026 had been subsequently settled.

Our Directors confirm that there has not been any material default on our part in the payment of trade payables during the Track Record Period and up to the Latest Practicable Date.

Other Payables and Accruals

During the Track Record Period, our other payables and accruals consisted of (i) accrued expenses for research and development expenses, (ii) payroll payables in relation to staff salaries and other employee welfare and benefits, (iii) accrued [**REDACTED**], (iv) other payables, representing reimbursement payable to employees and consultation fees payable to professional parties, (v) other tax payables, which primarily represent individual income tax withheld from our employees' salaries to be remitted to the relevant tax authorities in the following month, and (vi) contract liabilities related to prepayments for our ongoing technology advisory services for one year under a consultation agreement signed in February 2025. The following table sets forth the details of our other payables and accruals as of the dates indicated.

	As of December 31,		As of June 30,
	2024	2025	2026
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Accrued expenses for research and development expenses	15,061	26,575	36,231
Payroll payables	7,004	3,975	4,961
Accrued [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Other payables	2,107	2,225	1,604
Other tax payables	313	537	305
Contract liabilities	–	280	–
Total	**24,485**	**42,705**	**47,313**

Our other payables and accruals increased from RMB24.5 million as of December 31, 2024 to RMB42.7 million as of December 31, 2025, primarily because we initiated the phase 1b monotherapy clinical trial in July 2025 and the phase 2 monotherapy clinical trial in August 2025 of our Core Product TSN1611, and incurred the related costs in the year ended December 31, 2025. Our other payables and accruals further increased from RMB42.7 million as of December 31, 2025 to RMB47.3 million as of June 30, 2026, primarily due to an increase of RMB9.7 million in accrued expenses for research and development, driven by the continued advancement of clinical trials for our Core Product TSN1611, partially offset by a decrease of RMB4.9 million in accrued [**REDACTED**].

Our Directors confirm that there has not been any material default on our part in the payment of other payables and accruals during the Track Record Period and up to the Latest Practicable Date.

As of July 31, 2026, RMB[5.0] million, or [10.6]%, of our other payables and accruals as of June 30, 2026 had been subsequently settled.

Deferred Income

During the Track Record Period, our deferred income mainly represented the government grants received that are subject to conditions which have not yet been fulfilled. Our deferred income increased from RMB2.0 million as of December 31, 2024 to RMB3.0 million as of December 31, 2025, and remained relatively stable at RMB3.0 million as of June 30, 2026.

Lease Liabilities

During the Track Record Period, our lease liabilities represented leased properties used as our laboratory and office premises. Our lease liabilities increased from RMB2.7 million as of December 31, 2024 to RMB10.5 million as of December 31, 2025, primarily due to the renewal of our office lease in August 2025. Our lease liabilities then decreased from RMB10.5 million as of December 31, 2025 to RMB8.5 million as of June 30, 2026, primarily due to lease payments made during the period.

Financial Liabilities at FVTPL

Our financial liabilities at FVTPL primarily consisted of (i) convertible redeemable preferred shares, and (ii) loans with warrants to purchase preferred shares. Our financial liabilities at FVTPL increased from RMB525.2 million as of December 31, 2024 to RMB743.7 million as of December 31, 2025, and further to RMB804.6 million as of June 30, 2026, mainly due to an increase in convertible redeemable preferred shares, partially offset by a decrease in loans with warrants to purchase shares. For details, see Note 23 to the Accountants' Report set out in Appendix I to this document.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash during the Track Record Period were to fund our continued research and development efforts for our drug candidates and our business operations. We recorded net cash used in operating activities of RMB77.4 million, RMB127.5 million, RMB53.4 million and RMB80.1 million for the years/periods ended December 31, 2024, 2025, and for the six months ended June 30, 2025 and 2026, respectively. During the Track Record Period, we funded our operations primarily through equity financing and revenue from the provision of research and development services and joint development arrangements. As of June 30, 2026, we had cash and cash equivalents and financial assets measured at FVTPL of RMB203.9 million. As of June 30, 2026, we have RMB50.0 million unutilized banking facilities.

Current Assets and Liabilities

	As of December 31,		As of June 30,
	2024	2025	2026
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Current assets			
Trade receivables	6,107	23,744	12,332
Prepayments, deposits and other receivables	4,906	9,068	11,880
Financial assets at FVTPL	27,000	48,000	38,000
Cash and cash equivalents	145,209	163,305	165,906
Total current assets	**183,222**	**244,117**	**228,118**
Current liabilities			
Trade payables	318	639	14,054
Other payables and accruals	24,485	42,705	47,313
Deferred income	2,000	3,000	3,000
Lease liabilities	2,541	4,190	4,412
Financial liabilities at FVTPL	525,184	743,746	804,617
Total current liabilities	**554,528**	**794,280**	**873,396**
Net current liabilities	**(371,306)**	**(550,163)**	**(645,278)**

We recorded net current liabilities during the Track Record Period, primarily due to the financial liabilities at FVTPL, representing our convertible redeemable preferred shares and loans with warrants to purchase preferred shares. Our convertible redeemable preferred shares will be converted into Ordinary Shares upon the [**REDACTED**] becoming unconditional. For details, see "Financial Information — Description of Selected Items from the Consolidated Statements of Financial Position — Financial Liabilities at FVTPL."

Our net current liabilities increased from RMB371.3 million as of December 31, 2024 to RMB550.2 million as of December 31, 2025, primarily due to an increase in financial liabilities at FVTPL of RMB218.6 million, partially offset by an increase in our cash and cash equivalents of RMB18.1 million and an increase in our financial assets at FVTPL of RMB21.0 million. Our net current liabilities further increased from RMB550.2 million as of December 31, 2025 to RMB645.3 million as of June 30, 2026, primarily due to an increase in financial liabilities at FVTPL of RMB60.9 million, an increase in trade payables of RMB13.4 million, a decrease in trade receivables of RMB11.4 million and a decrease in our financial assets at FVTPL of RMB10.0 million.

We expect to continue to incur significant expenses for the foreseeable future as we advance our drug candidates, which will be funded by a combination of our cash and cash equivalents and [**REDACTED**] from the [**REDACTED**].

Working Capital Sufficiency

Although we recorded significant net current liabilities during the Track Record Period, our Directors are of the view that we have sufficient working capital to cover at least 125% of our costs, including research and development expenses and administrative expenses (including any production costs), for at least the next 12 months from the date of this document, primarily for the reasons set out below.

- ***Cash on hand and cash inflow from our operations.*** As of June 30, 2026, we had (i) cash and cash equivalents of RMB165.9 million, and (ii) financial assets at FVTPL of RMB38.0 million (collectively, "**Financial Resources**"). As of the Latest Practicable Date, approximately 20% of the net proceeds from our Pre-[**REDACTED**] Investments remained unutilized, which will further support our working capital. See "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments — Series B Financing." In addition, we have unutilized banking facilities of RMB50.0 million. Upon the successful commercialization of one or more of our drug candidates, we expect to fund our operations in part with income generated from sales of our commercialized drugs.

- ***Cash burn rate.*** Our cash burn rate refers to the average monthly amount of net cash used in operating activities, payment for property, plant and equipment, and principal and interest of lease payments. For the six months ended June 30, 2026, our average monthly cash used amounted to approximately RMB13.8 million. Going forward, we forecast an average cash burn of RMB27.8 million per month for the 18-month period from July 1, 2026 to December 31, 2027, which represents approximately 2.0 times the level for the six months ended June 30, 2026. This expected increase in cash burn rate is primarily attributable to the following assumptions: (i) the expected increase in research and development expenses associated with pipeline advancement including the ongoing advancement of clinical trials for our Core Product, TSN1611, covering multiple indications, dual regions, and combination therapies. For details, see "Business — Our Small Molecule Drug Portfolio — TSN1611 — Our Core Product — A Phase 2 Stage KRAS G12D Inhibitor"; (ii) the expected increase in expenses associated with early-stage research and development, the advancement of our other pipeline products, and the further enhancement of our ADC and payload technology platforms; and (iii) the expected increase in staff costs due to headcount expansion. These assumptions are in line with our overall expansion plan and intended [**REDACTED**], pursuant to which we plan to allocate [**REDACTED**]%, [**REDACTED**]% and [**REDACTED**]% of our [**REDACTED**] for the development of our Core Product, TSN1611, the preclinical studies and clinical trials of our other pipeline products, and the further enhancement of technology platforms, respectively, over the next three years.

  We estimate that we will receive [**REDACTED**] of approximately HK$[**REDACTED**] in the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the low end of the indicative [**REDACTED**] range stated in this document.

Assuming an average cash burn rate going forward of 2.0 times the level for the six months ended June 30, 2026, we estimate that (i) our Financial Resources as of June 30, 2026, without taking into account the estimated [**REDACTED**] from the [**REDACTED**], will be sufficient to maintain our financial viability for over 7 months, assuming our research and development progress remains unchange, or, (ii) if we take into account all estimated [**REDACTED**] from the [**REDACTED**], over [**REDACTED**] months with such resources expected to be fully utilized by around [**REDACTED**]. Our Directors and management team will continue to monitor our working capital, cash flows and our business development progress. We expect we will seek the next round of financing at least twelve months after the [**REDACTED**].

Cash Flows

The following table sets forth the components of our consolidated statements of cash flows for the periods indicated.

	For the year ended December 31,		For the six months ended June 30,	
	2024	2025	2025	2026
	(RMB'000)	*(RMB'000)*	*(RMB'000) (unaudited)*	*(RMB'000)*
Operating cash flows before movement in working capital	(79,580)	(122,447)	(41,168)	(107,690)
Changes in working capital	1,513	(5,478)	(12,391)	27,292
Interest received	663	441	192	306
Net cash flows used in operating activities	(77,404)	(127,484)	(53,367)	(80,092)
Net cash flows (used in)/from investing activities	(25,302)	(18,044)	(6,951)	11,105
Net cash flows from/(used in) financing activities	185,435	166,551	(2,609)	76,182
Net increase/(decrease) in cash and cash equivalents	82,729	21,023	(62,927)	7,195
Cash and cash equivalents at the beginning of the year/period	59,144	145,209	145,209	163,305
Effect of foreign exchange rate changes, net	3,336	(2,927)	(241)	(4,594)
Cash and cash equivalents at the end of the year/period	145,209	163,305	82,041	165,906

Net Cash Flows Used in Operating Activities

For the six months ended June 30, 2026, we had net cash used in operating activities of RMB80.1 million, which was primarily attributable to our loss before taxation of RMB116.6 million, as adjusted by (i) certain non-cash and non-operating items, primarily including share-based payment expenses of RMB24.3 million and fair value gains on financial liabilities at FVTPL of RMB23.0 million, and (ii) changes in working capital that positively affected our cash flows, primarily including an increase in trade payables of RMB13.4 million and a decrease in trade receivables of RMB11.0 million; partially offset by changes in working capital that negatively affected our cash flows, primarily including an increase in prepayments, deposits and other receivables of RMB0.6 million.

For the year ended December 31, 2025, we had net cash used in operating activities of RMB127.5 million, which was primarily attributable to our loss before taxation of RMB183.7 million, as adjusted by (i) certain non-cash and non-operating items, primarily including fair value losses on financial liabilities at FVTPL of RMB46.0 million, and (ii) changes in working capital that positively affected our cash flows, primarily including an increase in other payables and accruals of RMB15.9 million; partially offset by changes in working capital that negatively affected our cash flows, primarily including an increase in trade receivables of RMB17.6 million and an increase in prepayments, deposits and other receivables of RMB5.1 million.

For the year ended December 31, 2024, we had net cash used in operating activities of RMB77.4 million, which was primarily attributable to our loss before taxation of RMB70.5 million, as adjusted by (i) certain non-cash and non-operating items, primarily including fair value gains on financial liabilities at FVTPL of RMB14.8 million and depreciation of right-of-use assets of RMB5.0 million, and (ii) changes in working capital that positively affected our cash flows, primarily including an increase in other payables and accruals of RMB9.3 million; partially offset by changes in working capital that negatively affected our cash flows, primarily including an increase in trade receivables of RMB6.1 million and an increase in prepayments, deposits and other receivables of RMB2.9 million.

We monitor and maintain a level of cash and cash equivalents that we consider sufficient to fund our operations and mitigate the impact of fluctuations in cash flows. In view of our net operating cash outflows throughout the Track Record Period, we plan to improve our liquidity position by: (i) advancing our pipeline candidates towards commercialization to generate revenue from product sales, (ii) receiving corresponding payments pursuant to joint development arrangements with our partners and provision of R&D services, and actively pursue business development opportunities for entering into additional license and collaboration arrangements with major pharmaceutical companies to further diversify our revenue streams, (iii) enhancing our working capital management, and (iv) further improving our operational efficiency to enhance our working capital position through regular review and updates of our liquidity and funding policies to ensure alignment with our business strategies and financial position, and regular preparation of cash flow and funding summaries to monitor our cash flows.

Net Cash Flows Used in/(from) Investing Activities

For the six months ended June 30, 2026, we had net cash generated from investing activities of RMB11.1 million, primarily attributable to the withdrawal of financial assets at FVTPL of RMB165.2 million, partially offset by the purchase of financial assets at FVTPL of RMB155.0 million.

For the year ended December 31, 2025, we had net cash used in investing activities of RMB18.0 million, primarily attributable to the purchase of financial assets at FVTPL of RMB226.0 million, partially offset by the withdrawal of financial assets at FVTPL of RMB205.8 million.

For the year ended December 31, 2024, we had net cash used in investing activities of RMB25.3 million, primarily attributable to the purchase of financial assets at FVTPL of RMB382.0 million, partially offset by the withdrawal of financial assets at FVTPL of RMB355.9 million.

Net Cash Flows Generated from Financing Activities

For the six months ended June 30, 2026, we had net cash generated from financing activities of RMB76.2 million, primarily attributable to the proceeds from issue of convertible redeemable preferred shares and loans with warrants to purchase preferred shares of RMB141.9 million, partially offset by the repayments of loans with warrants to purchase preferred shares of RMB58.0 million.

For the year ended December 31, 2025, we had net cash generated from financing activities of RMB166.6 million, primarily attributable to the proceeds from issue of convertible redeemable preferred shares and loans with warrants to purchase preferred shares of RMB291.0 million, partially offset by the repayments of loans with warrants to purchase preferred shares of RMB118.4 million.

For the year ended December 31, 2024, we had net cash generated from financing activities of RMB185.4 million, primarily attributable to the proceeds from issue of convertible preferred shares and loans with warrants to purchase preferred shares of RMB287.6 million, partially offset by the repayments of loans with warrants to purchase convertible preferred shares of RMB96.1 million.

CASH OPERATING COSTS

The following table sets forth our cash operating costs for the periods indicated.

	For the year ended December 31,		For the six months ended June 30,	
	2024	2025	2025	2026
	(RMB'000)	*(RMB'000)*	*(RMB'000)* unaudited	*(RMB'000)*
Costs relating to research and development of our Core Product				
Clinical and preclinical expenses	10,371	25,841	12,323	59,430
Entrusted R&D expenses	8,647	19,294	5,320	2,687
Staff costs	7,256	10,020	3,404	3,855
Cost of materials	2,264	784	246	114
Others	2,425	3,665	2,482	999
Subtotal	**30,963**	**59,604**	**23,775**	**67,085**
Costs relating to research and development of our other drug candidates				
Clinical and preclinical expenses	4,566	8,631	6,365	12,354
Entrusted R&D expenses	2,951	4,858	1,089	2,714
Staff costs	15,269	15,329	8,659	8,746
Cost of materials	2,004	2,985	1,232	1,652
Others	4,898	5,167	2,519	3,006
Subtotal	**29,688**	**36,970**	**19,864**	**28,472**
Other cash operating costs				
Staff costs	12,421	13,739	6,598	7,987
Professional service fees	3,442	7,695	1,320	1,131
Office travel and business operation expense	2,626	3,758	1,218	957
Others	3,088	2,055	796	924
Subtotal	**21,577**	**27,247**	**9,932**	**10,999**
Total	**82,228**	**123,821**	**53,571**	**106,556**

INDEBTEDNESS

As of December 31, 2024, 2025 and June 30, 2026, except as disclosed in the table below, we did not have any material indebtedness.

	As of December 31,		As of June 30,
	2024	2025	2026
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Current			
Financial liabilities at FVTPL	525,184	743,746	804,617
Lease liabilities	2,541	4,190	4,412
Non-current			
Lease liabilities	141	6,341	4,116
Total	**527,866**	**754,277**	**813,145**

Except as discussed above, we did not have any other material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of the Latest Practicable Date. Our Directors further confirm that our Group did not experience any difficulty in obtaining additional debt or equity financing during the Track Record Period and up to the Latest Practicable Date.

As of June 30, 2026, we have RMB50.0 million unutilized banking facilities. Our Directors confirm that there have been no material changes in our indebtedness since June 30, 2026, up to the date of this document.

CAPITAL EXPENDITURES

For the years ended December 31, 2024, 2025, and for the six months ended June 30, 2025 and 2026, we incurred capital expenditures of RMB620,000, RMB220,000, RMB106,000 and RMB40,000, respectively, all of which were the payments for property, plant and equipment. These payments were primarily incurred for our research and development activities and business operations.

We plan to finance our future capital expenditures primarily with our existing cash and cash equivalents as well as [**REDACTED**] from the [**REDACTED**]. For further details, see "Future Plans and [**REDACTED**]" in this document. We may reallocate the funds to be utilized on capital expenditures based on our ongoing business needs.

CAPITAL COMMITMENTS

As of December 31, 2024, December 31, 2025 and June 30, 2026, we did not have any material capital commitments.

CONTINGENT LIABILITIES

As of December 31, 2024, December 31, 2025 and June 30, 2026, we did not have any contingent liabilities. Our Directors confirm that there has been no material change in our contingent liabilities since June 30, 2026 to the date of this document.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

We did not have, during the years/periods presented, and we do not currently have, any off-balance sheet arrangements such as relationships with unconsolidated entities or financial partnerships, which are often referred to as structured finance or special purpose entities, established for the purpose of facilitating financing transactions that are not required to be reflected on our balance sheets.

KEY FINANCIAL RATIO

The following table sets forth our key financial ratio as of the dates indicated.

	As of December 31,		As of June 30,
	2024	2025	2026
Current ratio[(1)]	0.33	0.31	0.26

Note:

(1) Current ratio equals current assets divided by current liabilities as of the end of the year/period.

MATERIAL RELATED PARTY TRANSACTIONS

We did not have any material related party transactions during the Track Record Period. See Note 29 to the Accountants' Report set out in Appendix I to this document for details on our transactions with related parties during the Track Record Period.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Our activities expose us to a variety of financial risks, including foreign currency risks, credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. Risk management is carried out by our management. For further details, see Note 32 to the Accountants' Report set out in Appendix I to this document.

DIVIDENDS

We did not declare or pay dividends on our Shares during the Track Record Period. We currently expect to retain all future earnings for use in operation and expansion of our business, and do not anticipate paying cash dividends in the foreseeable future. The declaration and payment of any dividends in the future will be determined by our Board of Directors and subject to our Articles of Association and Cayman Islands law, and will depend on a number of factors, including the successful commercialization of our products as well as our earnings, capital requirements, overall financial condition and contractual restrictions. Currently, we do not have any dividend policy or a fixed dividend payout ratio. As confirmed by our legal advisor as to Cayman Islands law, notwithstanding that the Company may have accumulated losses, the Company may declare dividend (a) out of profits of the Company if the Company has sufficient profits, realized or unrealized, unless such is contrary to the accounting principles adopted by the Company or (b) out of the share premium of the Company if following the date on which the dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business. In determining whether to declare a dividend, our Board will need to be satisfied that the declaration of dividend is in the best interest of the Company and may make provision for losses. In light of our accumulated losses as disclosed in this document, it is unlikely that we will be eligible to pay a dividend out of our profits in the foreseeable future.

[**REDACTED**]

[**REDACTED**] to be borne by us are estimated to be approximately HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**] per Share), representing approximately [**REDACTED**]% of the estimated [**REDACTED**] from the [**REDACTED**] assuming no Shares are issued pursuant to the [**REDACTED**]. The [**REDACTED**] consist of (i) [**REDACTED**]-related expenses, including [**REDACTED**], of approximately HK$[**REDACTED**], and (ii) non-[**REDACTED**]-related expenses of approximately HK$[**REDACTED**], comprising (a) fees and expenses of our legal advisors and reporting accountants of approximately HK$[**REDACTED**], and (b) other fees and expenses of approximately HK$[**REDACTED**]. In 2024, 2025 and the six months ended June 30, 2026, we incurred [**REDACTED**] of [**REDACTED**], respectively. Approximately HK$[**REDACTED**] is expected to be charged to our consolidated statements of profit or loss before or upon completion of the [**REDACTED**]. Approximately HK$[**REDACTED**] of the estimated [**REDACTED**] is directly attributable to the [**REDACTED**] of new Shares to the [**REDACTED**] and will be accounted for as a deduction from equity upon completion of the [**REDACTED**]. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE LIABILITIES

The unaudited [**REDACTED**] statement of adjusted consolidated net tangible liabilities of us prepared in accordance with Rule 4.29 of the Listing Rules is to illustrate the effect of the [**REDACTED**] on the net tangible assets of us attributable to the owners of our Company as of June 30, 2026 as if the [**REDACTED**] had taken place on that date. This unaudited [**REDACTED**] statement of adjusted consolidated net tangible liabilities has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of us as of June 30, 2026, or at any future dates following the [**REDACTED**]. For details, see Appendix II to this document.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that up to the date of this document, there has been no material adverse change in our financial or [**REDACTED**] position or prospects since June 30, 2026, which is the end date of the periods reported on in the Accountants' Report included in Appendix I to this document, and there is no event since June 30, 2026 that would materially affect the information as set out in the Accountants' Report included in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.