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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF TYLIGAND BIOSCIENCE LTD. AND CITIC SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Tyligand Bioscience Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[4] to I-[54], 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 and the six months ended 30 June 2026 (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 30 June 2026 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-[4] to I-[54] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [**REDACTED**] (the "Document") in connection with the [**REDACTED**] of 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* as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting 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 30 June 2026 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2025 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on *Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

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-[4] 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 and the six months ended 30 June 2025.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

[●]
Certified Public Accountants
Hong Kong
[Date]

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 as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (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		Six months ended 30 June	
		2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
REVENUE	*5*	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	*5*	8,345	4,935	2,006	2,801
Changes in fair value of financial liabilities at fair value through profit or loss		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	*7*	–	(2,927)	(241)	(5,049)
Finance costs	*8*	(657)	(237)	(76)	(160)
LOSS BEFORE TAX	*6*	(70,461)	(183,723)	(77,565)	(116,559)
Income tax expense	*11*	–	–	–	–
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD		(70,461)	(183,723)	(77,565)	(116,559)
Attributable to:					
Ordinary equity holders of the parent		(70,461)	(183,723)	(77,565)	(116,559)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic (RMB per share)	*13*	(6.87)	(17.92)	(7.57)	(11.37)
Diluted (RMB per share)	*13*	(6.87)	(17.92)	(7.57)	(11.37)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December		As at 30 June
		2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*14*	18,831	15,647	14,068
Right-of-use assets	*15*	2,484	10,798	8,794
Deposits and other receivables	*17*	6,146	10,632	14,820
Total non-current assets		27,461	37,077	37,682
CURRENT ASSETS				
Trade receivables	*16*	6,107	23,744	12,332
Prepayments, deposits and other receivables	*17*	4,906	9,068	11,880
Financial assets at fair value through profit or loss	*18*	27,000	48,000	38,000
Cash and cash equivalents	*19*	145,209	163,305	165,906
Total current assets		183,222	244,117	228,118
CURRENT LIABILITIES				
Trade payables	*20*	318	639	14,054
Other payables and accruals	*21*	24,485	42,705	47,313
Deferred income	*22*	2,000	3,000	3,000
Lease liabilities	*15*	2,541	4,190	4,412
Financial liabilities at fair value through profit or loss	*23*	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	*15*	141	6,341	4,116
Total non-current liabilities		141	6,341	4,116
Net liabilities		(343,986)	(519,427)	(611,712)
EQUITY				
Equity attributable to ordinary equity holders of the parent				
Share capital	*25*	70	70	70
Share-based payment reserve	*26*	3,872	12,154	36,428
Accumulated losses	*26*	(347,928)	(531,651)	(648,210)
Deficiency in assets		(343,986)	(519,427)	(611,712)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2024

	Share capital	Share-based payment reserve	Accumulated losses	Deficiency in assets
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	70	–	(277,467)	(277,397)
Loss for the year	–	–	(70,461)	(70,461)
Equity-settled share-based payment expenses	–	3,872	–	3,872
At 31 December 2024	70	3,872	(347,928)	(343,986)

Year ended 31 December 2025

	Share capital	Share-based payment reserve	Accumulated losses	Deficiency in assets
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	70	3,872	(347,928)	(343,986)
Loss for the year	–	–	(183,723)	(183,723)
Equity-settled share-based payment expenses	–	8,282	–	8,282
At 31 December 2025	70	12,154	(531,651)	(519,427)

Six months ended 30 June 2025 (unaudited)

	Share capital	Share-based payment reserve	Accumulated losses	Deficiency in assets
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	70	3,872	(347,928)	(343,986)
Loss for the period (unaudited)	–	–	(77,565)	(77,565)
Equity-settled share-based payment expenses (unaudited)	–	1,516	–	1,516
At 30 June 2025 (unaudited)	70	5,388	(425,493)	(420,035)

Six months ended 30 June 2026

	Share capital	Share-based payment reserve	Accumulated losses	Deficiency in assets
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2026	70	12,154	(531,651)	(519,427)
Loss for the period	–	–	(116,559)	(116,559)
Equity-settled share-based payment expenses	–	24,274	–	24,274
At 30 June 2026	70	36,428	(648,210)	(611,712)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December		Six months ended 30 June	
		2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax		(70,461)	(183,723)	(77,565)	(116,559)
Adjustments for:					
Finance costs	*8*	657	237	76	160
Finance income	*5*	(2,127)	(2,844)	(944)	(1,250)
Fair value gains on financial assets at fair value through profit or loss	*5*	(854)	(773)	(403)	(201)
Fair value (gains)/losses on financial liabilities at fair value through profit or loss	*23*	(14,776)	45,985	32,298	(22,983)
Gain on lease termination	*15*	(890)	–	–	–
Foreign exchange (gains)/losses, net	*5/7*	(3,339)	2,927	241	5,049
Depreciation of property, plant and equipment	*14*	3,380	3,378	1,655	1,614
Depreciation of right-of-use assets	*15*	4,958	4,084	1,958	2,206
Share-based payment expenses	*27*	3,872	8,282	1,516	24,274
		(79,580)	(122,447)	(41,168)	(107,690)
(Increase)/decrease in trade receivables		(6,107)	(17,637)	(4,237)	10,957
(Increase)/decrease in prepayments, deposits and other receivables		(2,921)	(5,057)	302	(636)
Increase in deferred income		2,000	1,000	–	–
(Decrease)/increase in trade payables		(752)	321	(77)	13,415
(Increase)/decrease in other payables and accruals		9,293	15,895	(8,379)	3,556
Cash used in operations		(78,067)	(127,925)	(53,559)	(80,398)
Interest received		663	441	192	306
Net cash flows used in operating activities		(77,404)	(127,484)	(53,367)	(80,092)

continued/...

	Note	Year ended 31 December		Six months ended 30 June	
		2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		1,464	2,403	752	944
Payments for property, plant and equipment		(620)	(220)	(106)	(40)
Purchase of financial assets at fair value through profit or loss		(382,000)	(226,000)	(108,000)	(155,000)
Withdrawal of financial assets at fair value through profit or loss		355,854	205,773	100,403	165,201
Net cash flows (used in)/from investing activities		(25,302)	(18,044)	(6,951)	11,105
CASH FLOWS FROM FINANCING ACTIVITIES					
Principal and interest of lease payments		(6,032)	(4,739)	(2,474)	(2,365)
Payments of [**REDACTED**]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Proceeds from issue of convertible redeemable preferred shares		212,258	260,976	102,096	113,854
Proceeds from loans with warrants to purchase preferred shares		75,305	30,000	–	28,006
Repayments of loans with warrants to purchase preferred shares		(96,096)	(118,399)	(102,231)	(58,006)
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 beginning of 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 END OF YEAR/PERIOD	*19*	145,209	163,305	82,041	165,906

	Note	Year ended 31 December		Six months ended 30 June	
		2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and bank balances		102,079	44,359	35,827	108,013
Non-pledged time deposits with original maturity of less than three months when acquired		43,130	118,946	46,214	57,893
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	*19*	145,209	163,305	82,041	165,906

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December		As at 30 June
		2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Investments in subsidiaries	*1*	348,108	560,943	740,582
Total non-current assets		348,108	560,943	740,582
CURRENT ASSETS				
Other receivables	*17*	288	423	408
Cash and cash equivalents	*19*	43,828	100,568	57,434
Total current assets		44,116	100,991	57,842
CURRENT LIABILITIES				
Other payables and accruals		7	7	7
Financial liabilities at fair value through profit or loss	*23*	409,751	714,052	804,617
Total current liabilities		409,758	714,059	804,624
NET CURRENT LIABILITIES		(365,642)	(613,068)	(746,782)
TOTAL ASSETS LESS CURRENT LIABILITIES		(17,534)	(52,125)	(6,200)
Net liabilities		(17,534)	(52,125)	(6,200)
EQUITY				
Share capital	*25*	70	70	70
Share-based payment reserve	*26*	3,872	12,154	36,428
Accumulated losses	*26*	(21,476)	(64,349)	(42,698)
Deficiency in assets		(17,534)	(52,125)	(6,200)

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Tyligand Bioscience Ltd. (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability on 1 December 2017 under the laws of the Cayman Islands. The registered office address of the Company is P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the discovery and development of innovative cancer therapeutics.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, and the particulars of which are as follows:

Name	Place and date of registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Tyligand Bioscience LLC ("Tyligand LLC") *(note a)*	United States of America ("USA") 27 August 2021	–	100%	–	Research and development of innovative drugs
Trasveda Ltd. *(note a)*	Cayman Islands 17 March 2025	United States Dollar ("USD") 50,000	100%	–	Research and development of innovative drugs
Tyligand Bioscience (HK) Limited ("Tyligand HK") *(note c)*	Hong Kong 5 December 2017	Hong Kong Dollar ("HKD") 1	100%	–	Investment holding
Tyligand Pharmaceuticals (Hainan) Limited* ("Tyligand Hainan") 泰勵生物醫藥(海南)有限公司 *(note a)*	The People's Republic of China ("PRC")/ Chinese mainland 14 April 2022	RMB1,000,000	–	100%	Research and development of innovative drugs
Tyligand Pharmaceuticals (Suzhou) Limited* ("Tyligand Suzhou") 泰勵生物醫藥(蘇州)有限公司 *(note b)*	PRC/Chinese mainland 13 September 2023	USD40,000,000	–	100%	Research and development of innovative drugs
Tyligand Bioscience (Shanghai) Limited* ("Tyligand Shanghai") 泰勵生物科技(上海)有限公司 *(note b)*	PRC/Chinese mainland 10 May 2018	RMB500,000,000	–	100%	Research and development of innovative drugs

* The English names of these companies registered in the PRC represent the best efforts made by the directors of the Company to directly translate their Chinese names as they did not register any official English names.

Notes:

a. No audited financial statements have been prepared for these entities for the years ended 31 December 2024 and 2025 as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdictions of incorporation.

b. The statutory financial statements of Tyligand Suzhou and Tyligand Shanghai for the years ended 31 December 2024 and 2025 prepared in accordance with PRC Generally Accepted Accounting Principles ("PRC GAAP") were audited by Shanghai Heyi Certified Public Accountants (General Partnership) (上海和頤會計師事務所(普通合夥)).

c. The statutory financial statements of Tyligand HK for the year ended 31 December 2024 prepared in accordance with Small and Medium-sized Entities Financial Reporting Standard and Hong Kong Companies Ordinance were audited by Cindy C. W. Lam CPA (Practising). No audited financial statements have been prepared for this entity for the year ended 31 December 2025.

The Company

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

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Investments, at cost	348,108	560,943	740,582

The investment cost in subsidiaries includes capital contributions by the Company to the subsidiaries and the share-based payments in respect of the share options granted by the Company to certain employees (including directors) and consultants of the subsidiaries for their services rendered to the subsidiaries under the Company's share option plan as set out in note 27 to the Historical Financial Information. Since the Company grants share options directly to the employees and consultants of subsidiaries and settles them in its own equity, the share-based payment compensation related to those employees and consultants of subsidiaries is treated as a deemed capital contribution by the Company to the subsidiaries and is included in the Company's cost of investments in subsidiaries.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared on a going concern basis not withstanding that, as at 30 June 2026, the Group's current liabilities exceeded its current assets by RMB645,278,000 and had net liabilities of RMB611,712,000, primarily due to the significant balance of the financial liabilities at fair value through profit or loss of RMB804,617,000, which is a balance due to the holders of convertible redeemable preferred shares. The details of the financial liabilities at fair value through profit or loss are included in note 23 to the Historical Financial Information. Pursuant to the shareholders' resolution of the Company on 21 January 2026, the redemption rights shall be terminated in their entirety immediately before the first filing of the [**REDACTED**] by the Company with The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "First Filing"), provided that (1) the First Filing is completed no later than 30 June 2026; and (2) such redemption clauses shall be automatically reinstated and restored in their entirety to the fullest effect immediately after the earlier of the following events: (a) the Company's [**REDACTED**] is withdrawn by the Company, is rejected or returned by the Stock Exchange or the China Securities Regulatory Commission; (b) the Company's [**REDACTED**] for the First Filing lapses and has not been renewed within six months after the date of lapse; and (c) [**REDACTED**] is not consummated within eighteen months since the First Filing. In this regard, the directors of the Company are of the opinion that it is unlikely that the Company is required to settle or redeem the convertible redeemable preferred shares in the next twelve months from 30 June 2026.

The Company's directors have also reviewed the Group's cash flow projections, which cover a period of at least twelve months from 30 June 2026. The directors are of the opinion that the Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for the next twelve months from 30 June 2026.

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations, as issued by the International Accounting Standards Board ("IASB"). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2026, together with the relevant transitional provisions, have been consistently applied by the Group in the preparation of the Historical Financial Information and Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention, except for the structured deposits and certain financial liabilities which have been measured at fair value. The Historical Financial Information is 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 statements of the Company and its subsidiaries for the Relevant Periods. A subsidiary is an 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.

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/accumulated losses, 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 amended 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 amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[1]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
IFRS 20	*Regulatory Assets and Regulatory Liabilities*[2]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[1]
Amendments to IAS 28	*Amendments to the Fair Value Option for Investments in Associates and Joint Ventures*[1]

1 Effective for annual/reporting periods beginning on or after 1 January 2027

2 Effective for annual periods beginning on or after 1 January 2029

3 No mandatory effective date yet determined but available for adoption

IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact the Group's presentation in the statement of profit or loss and other comprehensive income and disclosures of the Group's financial performance. The new standard is not expected to have any impact on the Group's results of operations and financial position but has impact on the presentation and disclosure of the Group's financial statements. Other than IFRS 18, so far, the Group considers that other new and amended IFRS Accounting Standards are unlikely to have a significant impact on the Group's results of operations and financial position.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Fair value measurement

The Group measures the structured deposits and certain financial liabilities at fair value at the end of each 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.

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 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 deferred tax assets 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 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 directors and consultants 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 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:

Leasehold improvements	16.67%
Office equipment	19.40%
Machinery and equipment	9.70%
Electronic equipment	32.33%

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 periods.

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.

Research and development expenses

All research 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:

Equipment, laboratory and office premises	3 to 6 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.

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) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are presented as a separate line item in the consolidated statements 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 (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 assets that are 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 ("FVTPL"), as appropriate.

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. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 Revenue from Contracts with Customers in accordance with the policies set out for "Revenue recognition" below.

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 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 statements 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.

Impairment of financial assets

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

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant 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 (except for trade receivables and contract assets) 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.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as at amortised cost or at fair value through profit or loss, as appropriate.

All financial liabilities are recognised initially at fair value and, in case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Group's financial liabilities mainly include trade payables, other payables and accruals and financial liabilities at fair value through profit or loss (which are comprised of convertible redeemable preferred shares and loans with warrants to purchase preferred shares).

Subsequent measurement

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

Financial liabilities at amortised cost (trade payables, other payables and accruals)

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.

Financial liabilities at fair value through profit or loss

Convertible redeemable preferred shares and loans with warrants to purchase preferred shares are designated as financial liabilities at FVTPL. Gains or losses on financial liabilities designated at FVTPL are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to 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.

Cash and cash equivalents

Cash and cash equivalents in the statements 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 any 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 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 each 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 goodwill or 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 differences; 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 carry forward 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 carry forward 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 differences; 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 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 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 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.

Revenue recognition

Revenue from contracts with customers

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

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Collaboration revenue

At contract inception, the Group analyses the collaboration arrangements to assess whether they are within the scope of IFRS 11 *Joint Arrangements*. This assessment determines whether such arrangements involve joint operating activities performed by parties that are both active participants in the activities and are exposed to significant risks and rewards dependent on the commercial success of such activities. Based on the Group's assessment, no collaboration arrangement was within the scope of IFRS 11 during each of the reporting periods.

In determining the appropriate amount of revenue to be recognised as the Group fulfils its obligations under each of the collaboration agreements, the management of the Company applies the five-step model under IFRS 15.

The collaboration arrangements may contain more than one unit of account or performance obligation, including grants of licences to intellectual property rights, agreements to provide research and development services and other deliverables. The collaboration arrangements typically do not include a right of return for any deliverable. In general, the consideration allocated to each performance obligation is recognised when the obligation is satisfied either by delivering a good or rendering a service, and is limited to the consideration that is not constrained. Non-refundable payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as contract liabilities.

The Group's revenue is generated from the collaboration agreements with third parties, which generally contain multiple performance obligations including (1) grants of licences to intellectual property rights and (2) the research and development services.

(a) Licences of intellectual property

Milestone payments

At the inception of each arrangement that includes development milestone payments and commercial milestone payments, the management of the Company evaluates whether the milestones are considered probable of being reached and estimates the amount to be included in the transaction price

using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. Milestones related to development-based activities may include the initiation of various phases of clinical trials. Due to the uncertainty involved in meeting these development-based targets, they are generally fully constrained at contract inception. The management of the Company assesses whether the variable consideration is fully constrained for each reporting period based on the facts and circumstances surrounding the clinical trials. Upon changes to the constraint associated with the developmental milestones, variable consideration is included in the transaction price when a significant reversal of revenue recognised is not expected to occur and is allocated to the separate performance obligations. Due to the inherent uncertainty with the approval process, regulatory milestones are fully constrained until the period in which those regulatory approvals are achieved. Regulatory milestones are included in the transaction price in the period regulatory approval is obtained.

Royalties

For arrangements that include sales-based royalties or sublicence proceeds sharing royalties, the Group recognises revenue when the related sales or the event of related sublicence proceeds sharing occur.

(b) Research and development services

The Group provides a customer with a project team of scientists and technical staff dedicated to the customer's studies for a specific period of time and charges the customer at a fixed rate per employee and the Group has assessed that the customer simultaneously receives and consumes the benefit provided by the Group's performance. Therefore, the performance obligation for research and development services is satisfied over time and revenue is recognised over the service period.

Other income

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 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).

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 profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Share-based payments

The Company operates a share option scheme. Employees (including directors) and consultants of the Group receive remuneration in the form of share-based payments, whereby employees and consultants render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees and consultants are measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 27 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in "share-based payment reserve" 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

reporting period 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.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments or is otherwise beneficial to the employees (including directors) and consultants as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in the Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries operating in the 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.

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 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 financial statements:

Research and development expenses

All research costs are charged to profit or loss as incurred. Costs incurred on each pipeline to develop new products are 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 judgments on the technical feasibility of existing pipelines being successfully commercialised and bringing economic benefits to the Group.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax 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.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end 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

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. They 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 at 31 December 2024 and 2025 and 30 June 2026, in the opinion of the directors, no indicators of impairment for such non-financial assets were identified notwithstanding that the Group recorded a loss for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2026, since (i) the assets' value have not declined significantly, and (ii) the assets are not obsolete or physically damaged.

Fair value measurement of financial liabilities at FVTPL

The fair value of the financial liabilities measured at FVTPL is determined using valuation techniques, including the back-solve method. Such valuation requires the Group to make estimates of the key assumptions including the risk-free rate, discount for lack of marketability ("DLOM") and volatility, which are subject to uncertainty.

Fair value of share-based payment transactions

Estimating the fair value of share-based payment transactions requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

For the measurement of the fair value of share-based payment transactions with employees (including directors) and consultants at the grant date, the Group uses a binomial model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 27 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the discovery and development of innovative cancer therapeutics, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Company's directors for purposes of resource allocation and performance assessment. Therefore, no further operating segment analysis thereof is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Chinese mainland	5,514	17,904	4,982	–
Overseas	2,342	8,416	4,234	4,058
Total	7,856	26,320	9,216	4,058

The revenue information above is based on the locations of the headquarters of the customers.

(b) Non-current assets

During the Relevant Periods, nearly all of the Group's non-current assets were located in the Chinese mainland. No geographical information in accordance with IFRS 8 *Operating Segments* is presented.

Information about major customers

The revenue generated from sales to two customers during the Relevant Periods and the six months ended 30 June 2025 is set out below:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Customer A	2,342	8,416	4,234	4,058
Customer B	5,514	17,904	4,982	–
Total	7,856	26,320	9,216	4,058

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue from contracts with customers	7,856	26,320	9,216	4,058

(a) Disaggregated revenue information

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Types of services				
Research and development services	2,342	8,416	4,234	4,058
Royalty income from the licensing of intellectual property	5,514	17,904	4,982	–
Total	7,856	26,320	9,216	4,058
Timing of revenue recognition				
Over time	2,342	8,416	4,234	4,058
At a point in time	5,514	17,904	4,982	–
Total	7,856	26,320	9,216	4,058

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Research and development services

For research and development services, revenue is recognised over time at the amount to which the Group has the right to invoice for services performed. The Group has no unsatisfied performance obligations arising from revenue contracts that have an original expected duration of more than one year. Therefore, management of the Group applied the practical expedient under IFRS 15 and did not disclose the value of unsatisfied performance obligations.

Licensing of intellectual property

The performance obligation is satisfied at a point in time when the customer is able to use and benefit from the licence and payment is due within 30 days from the date of billing.

There were no transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2024 and 2025 and 30 June 2026.

An analysis of other income and gains is as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Other income				
Bank interest income	2,127	2,844	944	1,250
Government grants*	801	204	200	1,054
Others	63	979	324	296
Total other income	2,991	4,027	1,468	2,600

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Gains				
Foreign exchange gains, net	3,339	–	–	–
Gain on lease termination	890	–	–	–
Fair value gains on financial assets at FVTPL	854	773	403	201
Others	271	135	135	–
Total gains	5,354	908	538	201
Total	8,345	4,935	2,006	2,801

* The government grants have been received from the government authorities to support the Group's operating activities. There are no unfulfilled conditions relating to these government grants.

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	Notes	Year ended 31 December		Six months ended 30 June	
		2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Cost of services		735	3,694	1,593	2,668
Depreciation of property, plant and equipment*	*14*	3,380	3,378	1,655	1,614
Depreciation of right-of-use assets*	*15*	4,958	4,084	1,958	2,206
Research and development expenses*		72,813	115,239	43,207	95,830
[**REDACTED**]		[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Lease payments not included in the measurement of lease liabilities*		194	320	129	47
Employee benefit expense (including directors' and chief executive's remuneration *(note 9)*)*:					
Salaries, bonuses and allowances		36,580	40,504	16,789	18,877
Equity-settled share-based payment expenses		3,872	8,282	1,516	24,274
Pension scheme contributions and social welfare		3,069	3,049	1,674	1,711
Total		43,521	51,835	19,979	44,862

* Research and development expenses include expenses relating to depreciation of property, plant and equipment, depreciation of right-of-use assets, lease payments not included in the measurement of lease liabilities and employee benefit expense, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

7. OTHER EXPENSES

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Foreign exchange differences, net	–	2,927	241	5,049

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest on lease liabilities	401	190	29	160
Interest accretion for non-current portion of payroll payables	256	47	47	–
Total	657	237	76	160

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the Relevant Periods and the six months ended 30 June 2025, disclosed pursuant to the requirements of Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Fees	–	–	–	–
Other emoluments:				
Salaries, allowances and benefits in kind	3,543	3,582	1,783	1,814
Performance related bonuses	200	50	25	347
Equity-settled share-based payment expenses	–	3,083	–	10,961
Total	3,743	6,715	1,808	13,122

	Salaries, allowances and benefits in kind	Performance related bonuses	Total
	RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2024			
Director and chief executive:			
Dr. Zhang Tony Yantao *(note (i))*	1,763	50	1,813
Directors:			
Dr. Zhong Boyu *(note (ii))*	1,780	150	1,930
Mr. Zhang Haiquan *(note (iii))*	–	–	–
Mr. Xu Tianhong *(note (iv))*	–	–	–
Mr. Zhao Qun *(note (v))*	–	–	–
Mr. Guo Hua *(note (vi))*	–	–	–
Dr. Jiang Fei *(note (vii))*	–	–	–
Dr. Xu Hansen *(note (viii))*	–	–	–
Total	3,543	200	3,743

	Salaries, allowances and benefits in kind	Performance related bonuses	Equity-settled share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2025				
Director and chief executive:				
Dr. Zhang Tony Yantao *(note (i))*	1,765	30	1,743	3,538
Directors:				
Dr. Zhong Boyu *(note (ii))*	1,817	20	1,340	3,177
Mr. Guo Hua *(note (vi))*	–	–	–	–
Dr. Jiang Fei *(note (vii))*	–	–	–	–
Dr. Xu Hansen *(note (viii))*	–	–	–	–
Mr. Yan Shengfeng *(note (ix))*	–	–	–	–
Total	3,582	50	3,083	6,715

	Salaries, allowances and benefits in kind	Performance related bonuses	Equity-settled share-based payment expenses	Total
	RMB'000 (unaudited)	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
Six months ended 30 June 2025 (unaudited)				
Director and chief executive:				
Dr. Zhang Tony Yantao *(note (i))*	885	15	–	900
Directors:				
Dr. Zhong Boyu *(note (ii))*	898	10	–	908
Mr. Guo Hua *(note (vi))*	–	–	–	–
Dr. Jiang Fei *(note (vii))*	–	–	–	–
Dr. Xu Hansen *(note (viii))*	–	–	–	–
Total	1,783	25	–	1,808

	Salaries, allowances and benefits in kind	Performance related bonuses	Equity-settled share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2026				
Director and chief executive:				
Dr. Zhang Tony Yantao *(note (i))*	903	176	6,195	7,274
Directors:				
Dr. Zhong Boyu *(note (ii))*	911	171	4,766	5,848
Mr. Guo Hua *(note (vi))*	–	–	–	–
Dr. Jiang Fei *(note (vii))*	–	–	–	–
Dr. Xu Hansen *(note (viii))*	–	–	–	–
Mr. Yan Shengfeng *(note (ix))*	–	–	–	–
Total	1,814	347	10,961	13,122

Notes:

(i) Dr. Zhang Tony Yantao was appointed as a director and the chief executive of the Company on 1 December 2017 and re-designated as an executive director of the Company on 26 January 2026.

(ii) Dr. Zhong Boyu was appointed as a director of the Company on 1 December 2017 and re-designated as an executive director of the Company on 26 January 2026.

(iii) Mr. Zhang Haiquan was appointed as a director of the Company on 19 April 2021 and resigned as a director of the Company on 17 April 2024.

(iv) Mr. Xu Tianhong was appointed as a director of the Company on 19 April 2021 and resigned as a director of the Company on 17 April 2024.

(v) Mr. Zhao Qun was appointed as a director of the Company on 19 April 2021 and resigned as a director of the Company on 17 April 2024.

(vi) Mr. Guo Hua was appointed as a director of the Company on 23 November 2022.

(vii) Dr. Jiang Fei was appointed as a director of the Company on 17 April 2024.

(viii) Dr. Xu Hansen was appointed as a director of the Company on 17 April 2024 and re-designated as a non-executive director of the Company on 26 January 2026.

(ix) Mr. Yan Shengfeng was appointed as a director of the Company on 13 August 2025 and resigned as a director of the Company on 26 January 2026.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods and the six months ended 30 June 2025.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the Relevant Periods and the six months ended 30 June 2025, included two, two, two and two (unaudited) directors, 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 nor chief executive of the Company are as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Salaries, allowances and benefits in kind	4,019	3,948	2,185	2,086
Performance related bonuses	390	865	555	992
Pension scheme contributions	359	497	119	198
Equity-settled share-based payment expenses	2,137	2,838	678	6,502
Total	6,905	8,148	3,537	9,778

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

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
			(Unaudited)	
HKD500,001 to HKD1,000,000	–	–	1	–
HKD1,000,001 to HKD1,500,000	–	–	1	–
HKD1,500,001 to HKD2,000,000	1	–	1	–
HKD2,000,001 to HKD2,500,000	1	1	–	–
HKD3,000,001 to HKD3,500,000	1	1	–	1
HKD3,500,001 to HKD4,000,000	–	1	–	1
HKD4,000,001 to HKD4,500,000	–	–	–	1
Total	3	3	3	3

During the Relevant Periods and the six months ended 30 June 2025, share options were granted to three non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in note 27 to the Historical Financial Information. The fair values of such options, which have been recognised in profit or loss over the vesting periods, were determined as at the dates of grant and the amounts included in the Historical Financial Information for the Relevant Periods and the six months ended 30 June 2025 are included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

During the Relevant Periods and the six months ended 30 June 2025, 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/or operate.

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains.

Hong Kong

The subsidiary incorporated in Hong Kong was subject to Hong Kong profits tax at the statutory rate of 16.5% on any estimated assessable profits arising in Hong Kong during the Relevant Periods and the six months ended 30 June 2025. No Hong Kong profits tax was provided for as the Group did not generate any assessable profits arising in Hong Kong during the Relevant Periods and the six months ended 30 June 2025.

United States of America

The subsidiary which operates in the United States of America is subject to statutory U.S. federal corporate income tax at a rate of 21%. No provision for the United States profits tax has been made as the Group had no assessable profits derived from or earned in the United States of America during the Relevant Periods and the six months ended 30 June 2025.

Chinese mainland

Pursuant to the Corporate Income Tax Law of the People's Republic of China and the respective regulations (the "CIT Law"), the entities which operate in the Chinese mainland are subject to CIT at a rate of 25% on the taxable income during the Relevant Periods and the six months ended 30 June 2025.

Pursuant to Caishui [2023] No. 12 "Circular of the Ministry of Finance, the State Administration of Taxation Issued on the Further Support for Preferential Income Tax Policies for Small Low-profit Enterprises"(財政部税務總局關於進一步支持小微企業和個體工商戶發展有關税費政策的公告), certain subsidiaries whose annual taxable income is less than RMB1,000,000 will be included in the actual taxable income at 25%, based on which the enterprise income tax payable will be calculated at a reduced tax rate of 20%. This policy took effect on 1 January 2023 and will expire on 31 December 2027.

Pursuant to the relevant CIT Law, Tyligand Shanghai and Tyligand Suzhou were entitled to claim 200% of the qualified research and development expenses so incurred as tax-deductible expenses when determining the assessable profits for the Relevant Periods and the six months ended 30 June 2025.

Pillar Two income taxes

The Group is out of the scope of the Pillar Two model rules because the revenue for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026 did not exceed Euro 750 million. The Group continues to closely monitor Pillar Two legislative developments, as more countries prepare to enact the Pillar Two model rules, to evaluate the potential future impact on its financial statements.

A reconciliation of the tax credit applicable to loss before tax at the statutory rate for the jurisdictions in which the Company's major subsidiaries are domiciled and/or to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Loss before tax	(70,461)	(183,723)	(77,565)	(116,559)
Tax at the statutory tax rate (25%)	(17,615)	(45,931)	(19,391)	(29,140)
Effect of different tax rate operating in other jurisdictions	(1,896)	16,032	11,158	(4,407)
Gains not taxable for tax purposes	(1,300)	(116)	(59)	(930)
Expenses not deductible for tax purposes	993	2,292	662	6,088
Tax losses and temporary differences not recognised	29,792	46,709	18,556	49,749
Additional deductible allowance for qualified research and development expenses	(9,974)	(18,986)	(10,926)	(21,360)
Tax charge at the Group's effective rate	–	–	–	–

Deferred tax assets have not been recognised in respect of the losses and deductible temporary differences as the Company and its subsidiaries 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 and the six months ended 30 June 2025.

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

The calculation of the basic loss per share amounts is based on the loss attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares outstanding during the Relevant Periods and the six months ended 30 June 2025.

No adjustment has been made to the basic loss per share amounts presented for the Relevant Periods and the six months ended 30 June 2025 in respect of a dilution as the impact of the share options, the convertible redeemable preferred shares and the loans with warrants to purchase preferred shares outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

In calculating the basic loss per share amounts, the subdivision of the ordinary shares was not taken into consideration by the Company, where the Company will subdivide its ordinary share from one share of USD0.001 each into five shares of USD0.0002 each, which will become effective upon the conditions of the [**REDACTED**] of the Company's shares being fulfilled.

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

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
			(unaudited)	
Loss attributable to ordinary equity holders of the parent, used in the basic loss and diluted per share calculation (RMB'000)	(70,461)	(183,723)	(77,565)	(116,559)
Weighted average number of ordinary shares outstanding during the year/period used in the basic and diluted loss per share calculations	10,250,000	10,250,000	10,250,000	10,250,000

14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold improvements	Office equipment	Machinery and equipment	Electronic equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2024					
At 1 January 2024:					
Cost	8,639	108	18,610	2,191	29,548
Accumulated depreciation	(3,206)	(71)	(2,532)	(2,077)	(7,886)
Net carrying amount	5,433	37	16,078	114	21,662
At 1 January 2024, net of accumulated depreciation	5,433	37	16,078	114	21,662
Additions	478	–	63	8	549
Depreciation provided during the year	(1,438)	(21)	(1,854)	(67)	(3,380)
At 31 December 2024, net of accumulated depreciation	4,473	16	14,287	55	18,831
At 31 December 2024:					
Cost	9,117	108	18,673	2,199	30,097
Accumulated depreciation	(4,644)	(92)	(4,386)	(2,144)	(11,266)
Net carrying amount	4,473	16	14,287	55	18,831

	Leasehold improvements	Office equipment	Machinery and equipment	Electronic equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2025					
At 1 January 2025:					
Cost	9,117	108	18,673	2,199	30,097
Accumulated depreciation	(4,644)	(92)	(4,386)	(2,144)	(11,266)
Net carrying amount	4,473	16	14,287	55	18,831
At 1 January 2025, net of accumulated depreciation	4,473	16	14,287	55	18,831
Additions	80	–	49	65	194
Depreciation provided during the year	(1,457)	(13)	(1,889)	(19)	(3,378)
At 31 December 2025, net of accumulated depreciation	3,096	3	12,447	101	15,647
At 31 December 2025:					
Cost	9,197	108	18,722	2,264	30,291
Accumulated depreciation	(6,101)	(105)	(6,275)	(2,163)	(14,644)
Net carrying amount	3,096	3	12,447	101	15,647

	Leasehold improvements	Office equipment	Machinery and equipment	Electronic equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 30 June 2026					
At 1 January 2026:					
Cost	9,197	108	18,722	2,264	30,291
Accumulated depreciation	(6,101)	(105)	(6,275)	(2,163)	(14,644)
Net carrying amount	3,096	3	12,447	101	15,647
At 1 January 2026, net of accumulated depreciation	3,096	3	12,447	101	15,647
Additions	–	6	–	29	35
Depreciation provided during the period	(708)	–	(889)	(17)	(1,614)
At 30 June 2026, net of accumulated depreciation	2,388	9	11,558	113	14,068
At 30 June 2026:					
Cost	9,197	114	18,722	2,293	30,326
Accumulated depreciation	(6,809)	(105)	(7,164)	(2,180)	(16,258)
Net carrying amount	2,388	9	11,558	113	14,068

15. LEASES

The Group as a lessee

The Group has lease contracts for the equipment, laboratory and office premises used in its operations. The lease term of the equipment is 13 months, and leases of office premises and laboratory have lease terms of 3 to 6 years. In general, the Group is not permitted to transfer or sublease the leased assets outside the Group.

(a) Right-of-use assets

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

	Equipment	Laboratory and office premises	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2024			
As at 1 January 2024	–	14,021	14,021
Depreciation charge	–	(4,958)	(4,958)
Lease termination	–	(6,579)	(6,579)
As at 31 December 2024	–	2,484	2,484
31 December 2025			
As at 1 January 2025	–	2,484	2,484
Additions	–	12,398	12,398
Depreciation charge	–	(4,084)	(4,084)
As at 31 December 2025	–	10,798	10,798
30 June 2026			
As at 1 January 2026	–	10,798	10,798
Additions	202	–	202
Depreciation charge	(47)	(2,159)	(2,206)
As at 30 June 2026	155	8,639	8,794

(b) Lease liabilities

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

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year/period	15,782	2,682	10,531
Additions	–	12,398	202
Lease termination	(7,469)	–	–
Accretion of interest recognised during the year/period	401	190	160
Payments	(6,032)	(4,739)	(2,365)
Carrying amount at the end of the year/period	2,682	10,531	8,528
Analysed into:			
Current portion	2,541	4,190	4,412
Non-current portion	141	6,341	4,116

The maturity analysis of lease liabilities is disclosed in note 32 to the Historical Financial Information.

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

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Depreciation expense of right-of-use assets	4,958	4,084	1,958	2,206
Gain on lease termination	(890)	–	–	–
Interest on lease liabilities	401	190	29	160
Expense relating to short-term and low-value leases	194	320	129	47
Total amount recognised in profit or loss	4,663	4,594	2,116	2,413

(d) The total cash outflows for leases are disclosed in note 28 (c) to the Historical Financial Information.

16. TRADE RECEIVABLES

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	6,107	23,744	12,332
Impairment	–	–	–
Total	6,107	23,744	12,332

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 days, depending on the contract terms. The Group does not hold any collateral or other credit enhancements on its accounts receivable balances. Trade receivables are not interest-bearing.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the date of revenue recognition and net of loss allowance, is as follows:

	As at 31 December		As at 30 June
	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

An impairment analysis is performed at each reporting date. The directors of the Company are of the opinion that the ECL in respect of the balance of trade receivables is minimal.

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at 31 December		As at 30 June
	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
Total	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
Total	4,906	9,068	11,880

The Company

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Current:			
Amount due from a subsidiary	271	407	408
Other receivables	17	16	–
Total	288	423	408

The Group's and the Company's financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. The above financial assets were categorised in Stage 1 at 31 December 2024 and 2025 and 30 June 2026. In calculating the ECL rate, the Group considers the historical loss rate and adjusts it for forward-looking macroeconomic data. During the Relevant Periods and the six months ended 30 June 2025, the Group estimated that the expected credit loss rate for them was minimal.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Structured deposits	27,000	48,000	38,000

The amounts of structured deposits represented short-term investments issued by banks with no predetermined or guaranteed return, which are either principal-protected or non-principal-protected investments. The financial products have expected rates of return (not guaranteed), depending on the market prices of underlying financial instruments, including bonds, debentures and other financial assets. The expected return rates of structured deposits were 1.30% to 2.25% per annum during the year ended 31 December 2024, 0.60% to 2.30% per annum during the year ended 31 December 2025 and 0.35% to 2.70% per annum during the six months ended 30 June 2026.

19. CASH AND CASH EQUIVALENTS

The Group

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	102,079	44,359	108,013
Non-pledged time deposits with original maturity of less than three months when acquired	43,130	118,946	57,893
Cash and cash equivalents	145,209	163,305	165,906
Denominated in			
RMB	95,233	31,812	58,469
USD	49,976	131,493	107,437
Total cash and cash equivalents	145,209	163,305	165,906

The Company

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	698	9,194	16,569
Non-pledged time deposits with original maturity of less than three months when acquired	43,130	91,374	40,865
Cash and cash equivalents	43,828	100,568	57,434
Denominated in			
RMB	–	7	13
USD	43,828	100,561	57,421
Total cash and cash equivalents	43,828	100,568	57,434

The RMB is not freely convertible into other currencies, however, under the 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. Short-term time deposits earn fixed interest in accordance with the deposit agreements. The bank balances and short-term time deposits are deposited with creditworthy banks with no recent history of default.

20. TRADE PAYABLES

An ageing analysis of the trade payables as at 31 December 2024 and 2025 and 30 June 2026, based on the invoice date, is as follows:

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	318	639	14,054
Total	318	639	14,054

Trade payables are non-interest-bearing and are generally settled on terms of 30 to 60 days.

21. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Current:			
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

Other payables of the Group are non-interest-bearing and repayable on demand. The carrying amounts of financial liabilities included in other payables and accruals as at 31 December 2024 and 2025 and 30 June 2026 approximated to their fair values due to their short-term maturities.

22. DEFERRED INCOME

The Group

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Government grants	2,000	3,000	3,000

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

	Year ended 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year/period	–	2,000	3,000
Grants received during the year/period	2,000	1,000	–
At the end of the year/period	2,000	3,000	3,000

23. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

		As at 31 December		As at 30 June
	Notes	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*
Convertible redeemable preferred shares	*(1)*	408,454	713,106	804,617
Loans with warrants to purchase preferred shares	*(2)*	116,730	30,640	–
Total		525,184	743,746	804,617

The Company

		As at 31 December		As at 30 June
	Notes	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*
Convertible redeemable preferred shares	*(1)*	408,454	713,106	804,617
Warrants to purchase preferred shares	*(2)*	1,297	946	–
Total		409,751	714,052	804,617

(1) Convertible redeemable preferred shares

In September 2018, the Company issued 5,500,000 Series pre-A preferred shares with a par value of USD0.001 per share ("Series pre-A Preferred Shares") to several independent investors for a total consideration of RMB55,000,000 or RMB10.00 per share.

In April 2021, the Company issued 4,142,825 Series A preferred shares with a par value of USD0.001 per share ("Series A Preferred Shares") to several independent offshore investors for a total consideration of USD12,609,000 or USD3.04 per share.

In April 2021, the Company issued 2,500,000 Series A preferred shares with a par value of USD0.001 per share ("Series A Preferred Shares") to several independent onshore investors for a total consideration of RMB50,000,000 or RMB20.00 per share.

In November 2022, the Company issued 3,069,263 Series A+ preferred shares with a par value of USD0.001 per share ("First Tranche of Series A+ Preferred Shares") to several independent investors for a total consideration of USD10,000,000 or USD3.26 per share.

In June 2023, the Company issued 2,622,788 Series A+ preferred shares with a par value of USD0.001 per share ("Second Tranche of Series A+ Preferred Shares") to several independent investors for a total consideration of USD8,995,000 or USD3.43 per share.

In April and November 2024, the Company issued 7,554,574 Series A++ preferred shares with a par value of USD0.001 per share ("Series A++ Preferred Shares") to several independent investors for a total consideration of USD27,273,000 or USD3.61 per share.

In August, September and October 2025, the Company issued 4,246,110 Series B preferred shares with a par value of USD0.001 per share ("Series B Preferred Shares") and 896,901 warrants to purchase Series B preferred shares to several independent investors for a total consideration of USD24,224,000 or USD4.71 per share.

In January 2026, the Company issued 2,547,669 Series B Preferred Shares with a par value of USD0.001 per share to several independent investors for a total consideration of USD12,000,000 or USD4.71 per share.

Series pre-A, Series A, First and Second Tranche of Series A+, Series A++ and Series B preferred shares are collectively referred to as the Preferred Shares. The holders of these shares are collectively referred to as Preferred Shareholders.

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

Upon the occurrence of the earliest of the following events which cannot be controlled by the Company, the Preferred Shares shall be redeemed by the Company at the option of the Preferred Shareholders:

(i) the failure of the Company to complete a qualified [**REDACTED**] of the Company's ordinary shares ("Qualified [**REDACTED**]") by 31 December 2028;

(ii) any misrepresentation or fraud by any of the warrantors of any representations or warranties under the transaction documents, resulting in significant losses to the holders of Preferred Shares;

(iii) any material breach or non-compliance with any applicable laws by any of the warrantors (including, without limitation, the non-attainment of marketing authorisation approvals or permits), which, if curable, is not cured within thirty (30) business days after the receipt of written notice of such breach, resulting in significant losses to the holders of the Preferred Shares;

(iv) any management holder's commission of fraud (including having sales proceeds not recorded in the books of the Group or material internal control defects of the Group caused intentionally by any of the management holders) or conviction of any founder for a felony (or similar and/or equivalent criminal convictions under other jurisdictions) by the court, with the founder held criminally responsible, causing such founder to be unable to work for the Group for more than six (6) consecutive months;

(v) the voluntary termination of the employment of Dr. Zhang Tony Yantao or Dr. Zhong Boyu with the Group other than due to force majeure (including but not limited to disability, death or health reason), in violation of the transaction documents;

(vi) any breach or violation of the non-compete or non-solicitation agreements with the Group or the failure to perform the non-compete or non-solicitation undertakings and/or full time commitment by any founder, which, if curable, is not cured within thirty (30) business days after the receipt of written notice by any holder of the Preferred Shares, or any other breach by any warrantors under the transaction documents, resulting in significant losses to the holders of the Preferred Shares;

(vii) if the Company has satisfied all of the conditions of a Qualified [**REDACTED**], and each preferred director has voted in favour of the Qualified [**REDACTED**], but the holders of the ordinary shares (or the directors nominated by such holder) fail to approve such Qualified [**REDACTED**];

(viii) inability of the Group to obtain the ownership certificate for the key intellectual property rights of three or more of the key products or revocation or invalidation of such certificates after they are initially obtained, or a final non-appealable judgement by court of competent jurisdiction determining that the key intellectual property rights of three or more of the key products of the Group infringe the intellectual property of any third party, or if any dispute regarding the ownership of the key intellectual property rights of three or more of the key products of the Group, resulting in a final non-appealable judgement by court of competent jurisdiction that the Group does not own such intellectual property rights;

(ix) the exercise of the redemption rights held by any other holders of Preferred Shares; or

(x) any breach or violation of the restriction on transfer of shares by any management holder.

The redemption price for each Series pre-A and Series A Preferred Share redeemed shall be 100% of the respective issue price and any declared but unpaid dividends on such Series pre-A and Series A Preferred Share, plus an amount accruing thereon daily at a rate of twelve percent (12%) per annum of the respective issue price, compounding annually, beginning on the date of the applicable original issue date, and ending on the date that the Series pre-A and Series A redemption price is paid in full, minus any amounts previously received in respect of each Series B Preferred Share through any form of payment or distribution by the Company.

The redemption price for each Series A+, Series A++ and Series B Preferred Share redeemed shall be 100% of the respective issue price and any declared but unpaid dividends on such Series A+, Series A++ and Series B Preferred Share, plus an amount accruing thereon daily at a rate of ten percent (10%) per annum of the respective issue price, compounding annually, beginning on the date of the applicable original issue date, and ending on the date that the Series A+, Series A++ and Series B redemption price is paid in full, minus any amounts previously received in respect of each Series B Preferred Share through any form of payment or distribution by the Company.

Liquidation preference

In the event of any liquidation, dissolution or winding up of the Group, whether voluntary or involuntary, all assets and funds of the Group legally available for distribution to the shareholders shall be distributed to shareholders in the following order and manner:

The holders of the Series B, Series A++, Series A+, Series A and Series pre-A Preferred Shares shall be entitled to receive for each Preferred Share held by such holder, on parity with each other and prior and in preference to any distribution of any of the assets or funds of the Group to the holders of any previously issued preferred shares, ordinary shares and any other existing class or series of shares by reason of their ownership of such shares, an amount per share equal to the greater of (a) the aggregate of 100% of the issue price, and any and all accrued but unpaid dividends on such preferred share per share, plus an amount calculated at the simple rate of 10% of the issue price per annum accrued from the original issue date, minus any amounts previously received in respect of each preferred share through any form of dividend or other similar distribution by the Company; and (b) the amount such holder would be entitled to receive assuming that all the then issued and outstanding Preferred Shares held by such holder had been converted to ordinary shares of the Company and it accordingly participated in distributions with the holders of the Company's ordinary shares. If the assets and funds thus distributed among the holders of Preferred Shares shall be insufficient to permit the payment to such holders of the full the series of preference amount, then the entire assets and funds of the Group legally available for distribution shall be distributed on a pari passu, and pro rata basis among the holders of Preferred Shares in proportion to the aggregate series preference amount each such holder is otherwise entitled to receive.

Conversion

The holders of the Preferred Shares shall have the rights described below with respect to the conversion of the Preferred Shares into the Company's ordinary shares:

(a) Conversion ratio

Each Preferred Share shall be convertible at the option of the holder thereof, at any time after the date of issuance of such Preferred Share, into such number of fully paid and non-assessable ordinary shares as determined by dividing the issue price of such Preferred Share by the then-effective applicable conversion price for such Preferred Share. The "conversion price" for the preferred share shall initially be the applicable issue price for each Preferred Share, resulting in an initial conversion ratio for the Preferred Share of 1:1, and thereafter shall be subject to adjustment and readjustment from time to time as hereinafter provided, being no less than the par value.

(b) Optional conversion

Any Preferred Share may, at the option of the holder thereof, be converted at any time after the date of issuance of such Preferred Share, without the payment of any additional consideration, into fully paid and non-assessable ordinary shares based on the then-effective conversion price.

(c) Automatic conversion

Each Preferred Share shall automatically be converted, based on the then-effective conversion price, without the payment of any additional consideration, into fully paid and non-assessable ordinary shares immediately prior to the closing of an [**REDACTED**] approved by the majority of the preferred directors.

Presentation and classification

The Group and the Company have designated the convertible redeemable preferred shares as a whole as financial liabilities measured at FVTPL in the statements of financial position. The change in fair value of the convertible redeemable preferred shares is recognised in profit or loss except for the portion attributable to own credit risk change, which is charged to other comprehensive income with no subsequent reclassification to profit or loss. Management considered that the fair value change in the Preferred Shares attributable to changes in the Group's own credit risk was not significant.

As the Preferred Shareholders can convert the Preferred Shares to ordinary shares of the Company at any time, the Preferred Shares were classified as current liabilities as at 31 December 2024 and 2025 and 30 June 2026.

(2) Loans with warrants to purchase preferred shares

Prior to investing in the Company, onshore investors shall obtain requisite overseas direct investment approval ("ODI approval"). In the Preferred Shares financing, prior to obtaining ODI approval, these onshore investors entered into initial investment agreements with the Group in 2024 and 2025 and the six months ended 30 June 2026, whereby these onshore investors agreed to provide loans to Tyligand Shanghai (the "WFOE"), a subsidiary of the Company registered in the PRC, and the Company agreed to issue Preferred Share Purchase Warrants (the "Warrants") to these investors. Once these onshore investors obtain ODI approval, the WFOE shall return to these onshore investors the principal amounts of the initial investments, and such amounts shall be paid by these onshore investors to the Company as part of the purchase consideration for the Preferred Shares.

The abovementioned loans together with the warrants were designated as financial liabilities at fair value through profit or loss, which are initially recognised at fair value. The component of fair value changes relating to the Company's own credit risk is recognised in other comprehensive income. Amounts recorded in other comprehensive income related to credit risk are not subject to recycling in profit or loss but are transferred to retained earnings/accumulated losses when realised. Fair value changes relating to market risk are recognised in profit or loss.

Presentation and classification

The movements of the financial liabilities at fair value through profit or loss are set out below:

	Convertible redeemable preferred shares	Loans with warrants to purchase preferred shares	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2024	206,091	142,402	348,493
Issuance of convertible redeemable preferred shares	212,258	–	212,258
Addition to loans with warrants to purchase preferred shares	–	75,305	75,305
Repayments of loans with warrants to purchase preferred shares	–	(96,096)	(96,096)
Changes in fair value	(9,895)	(4,881)	(14,776)
At 31 December 2024 and 1 January 2025	408,454	116,730	525,184
Issuance of convertible redeemable preferred shares	260,976	–	260,976
Addition to loans with warrants to purchase preferred shares	–	30,000	30,000

	Convertible redeemable preferred shares	Loans with warrants to purchase preferred shares	Total
	RMB'000	*RMB'000*	*RMB'000*
Repayments of loans with warrants to purchase preferred shares	–	(118,399)	(118,399)
Changes in fair value	43,676	2,309	45,985
At 31 December 2025 and 1 January 2026	713,106	30,640	743,746
Issuance of convertible redeemable preferred shares	113,854	–	113,854
Addition to loans with warrants to purchase preferred shares	–	28,006	28,006
Repayment of loans with warrants to purchase preferred shares	–	(58,006)	(58,006)
Changes in fair value	(22,343)	(640)	(22,983)
At 30 June 2026	804,617	–	804,617

The Group has used the back-solve method to determine the underlying equity value of the Group and adopted the equity allocation model to determine the fair value of the above financial liabilities at fair value through profit or loss.

The key valuation assumptions used to determine the fair values of the above financial liabilities at fair value through profit or loss are as follows:

	As at 31 December		As at 30 June
	2024	2025	2026
Risk-free rate	4.27%	3.55%	4.15%
DLOM	24.47%	19.18%	17.06%
Volatility	74.64%	70.63%	75.57%

The Group estimated the risk-free rate based on the yield of the US Government Bond with maturity close to the expected exit timing as of the valuation date. The DLOM was estimated based on the option-pricing method. Under the option-pricing method, the cost of a put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the discount for lack of marketability. Volatility was estimated based on daily stock prices of comparable companies for a period equal to the expected terms for a liquidation or redemption event as of the valuation date.

Set out below is a summary of significant unobservable inputs to the valuation of financial liabilities categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December 2024 and 2025 and 30 June 2026.

		(Decrease)/increase in the fair value		
Significant unobservable input	Increase/(decrease) in the input	As at 31 December		As at 30 June
		2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*
Risk-free rate	5%/(5%)	(36)/93	(25)/48	(39)/46
DLOM	5%/(5%)	(4,774)/4,774	(6,389)/6,389	(7,063)/7,063
Volatility	5%/(5%)	(211)/213	(273)/275	(421)/482

24. DEFERRED TAX

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

Deferred tax liabilities

	Right-of-use assets
	RMB'000
At 1 January 2024	3,505
Deferred tax credited to profit or loss during the year	(2,883)
At 31 December 2024 and 1 January 2025	622
Deferred tax charged to profit or loss during the year	2,078
At 31 December 2025 and 1 January 2026	2,700
Deferred tax credited to profit or loss during the period	(501)
At 30 June 2026	2,199

Deferred tax assets

	Tax losses	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2024	–	3,505	3,505
Deferred tax credited/(charged) to profit or loss during the year	391	(3,274)	(2,883)
At 31 December 2024 and 1 January 2025	391	231	622
Deferred tax (charged)/credited to profit or loss during the year	(391)	2,469	2,078
At 31 December 2025 and 1 January 2026	–	2,700	2,700
Deferred tax charged to profit or loss during the period	–	(501)	(501)
At 30 June 2026	–	2,199	2,199

For presentation purposes, the deferred tax assets and liabilities have been offset in the statements of financial position.

The Group has accumulated tax losses in Chinese mainland of RMB439,951,000, RMB653,210,000 and RMB845,458,000 as at 31 December 2024 and 2025 and 30 June 2026, respectively, which will expire within one to five years for offsetting against future taxable profits of the companies in which the losses arose.

The Group has unrecognised deductible temporary differences of RMB3,166,000, RMB465,000 and RMB1,000 as at 31 December 2024 and 2025 and 30 June 2026, respectively.

Deferred tax assets have not been recognised in respect of these losses and temporary differences as they have arisen in the Company and a subsidiary 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.

25. SHARE CAPITAL

The Group and the Company

The Company was incorporated in the Cayman Islands on 1 December 2017 with authorised share capital of USD500,000 divided into 500,000,000 shares with a par value of USD0.001 each, consisting of ordinary shares and preferred shares.

Issued and fully paid

	Number of ordinary shares in issue	Share capital
		RMB'000
As at 1 January 2024, 31 December 2024 and 2025 and 30 June 2026	10,250,000	70

There was no movement in the issued share capital of the Company during the Relevant Periods.

26. RESERVES

The Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statements of changes in equity.

The Company

	Share-based payment reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2024	–	(38,703)	(38,703)
Profit and total comprehensive income for the year	–	17,227	17,227
Equity-settled share-based payment expenses	3,872	–	3,872
At 31 December 2024 and 1 January 2025	3,872	(21,476)	(17,604)
Loss and total comprehensive loss for the year	–	(42,873)	(42,873)
Equity-settled share-based payment expenses	8,282	–	8,282
At 31 December 2025 and 1 January 2026	12,154	(64,349)	(52,195)
Profit and total comprehensive income for the period	–	21,651	21,651
Equity-settled share-based payment expenses	24,274	–	24,274
At 30 June 2026	36,428	(42,698)	(6,270)

27. SHARE-BASED PAYMENTS

Share incentive scheme

The Company established a share incentive scheme for core employees, directors and consultants which was adopted pursuant to a resolution passed in June 2023 (the "2023 Scheme") for the purpose of providing incentives and rewards to eligible employees (including directors) and consultants who contribute to the success of the Group's operations. The 2023 Scheme will expire in 10 years.

Under the 2023 Scheme, the directors of the Company approved to grant up to 3,849,376 share options. Each share option represents one ordinary share (being five ordinary shares upon successful [**REDACTED**] of the Company's ordinary shares).

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the 2023 Scheme as an equity-settled plan. Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings. The 2023 Scheme includes a service condition under which 50% of the share options will vest on the third anniversary, and 25% each on the fourth and fifth anniversaries, of the vesting commencement date. Specifically, 200,000 share options granted in 2025 are subject to graded vesting of 25% annually on the second through fifth anniversaries of the employment date, with accelerated vesting permissible upon achievement of non-market performance conditions prescribed in the share option agreement, and 4,000 share options granted in 2026 shall be vested 100% upon [**REDACTED**].

The fair value of services received in return for share options granted to employees (including directors) and consultants were measured by reference to the fair value of the share options. During the Relevant Periods, the Company granted 673,143, 2,965,957 and 306,576 share options, respectively, with average fair values of USD2.09, USD2.08 and USD2.67 (equivalent to RMB14.86, RMB14.68 and RMB18.16) per share, respectively.

The following numbers of share options were outstanding under the 2023 Scheme during the Relevant Periods and the six months ended 30 June 2025:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
			(unaudited)	
At the beginning of the year/period	–	673,143	673,143	3,619,100
Granted during the year/period	673,143	2,965,957	–	306,576
Forfeited during the year/period	–	(20,000)	–	(76,300)
At the end of the year/period	673,143	3,619,100	673,143	3,849,376

			Number of share options		
		Exercise price	As at 31 December		As at 30 June
Grant Year	Expiry Year	USD per share	2024	2025	2026
2024	2033	USD0.001	673,143	653,143	603,143
2025	2033	USD0.001-USD1.53	–	2,965,957	2,939,657
2026	2033	USD0.001	–	–	306,576
			673,143	3,619,100	3,849,376

During the Relevant Periods, equity-settled share-based payment expenses of RMB3,872,000, RMB8,282,000 and RMB24,274,000 were charged to profit or loss, respectively.

The fair value of equity-settled share options granted as at 31 December 2024 and 2025 and 30 June 2026 was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	At grant date		
	As at 31 December		As at 30 June
	2024	2025	2026
Expected volatility	67.0%	67.6%	67.30%
Risk-free interest rate	4.51%	4.17%	4.23%
Discount for lack of marketability	25.71%	19.18%	18.87%

28. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2024 and 2025 and the six months ended 30 June 2026, the Group had non-cash additions to right-of-use assets of nil, RMB12,398,000 and RMB202,000, and non-cash additions to lease liabilities of nil, RMB12,398,000 and RMB202,000 in the consolidated statements of financial position, respectively.

(b) Changes in liabilities arising from financing activities

	Lease liabilities	Financial liabilities at FVTPL	Accrued [REDACTED] in other payables and accruals	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	15,782	348,493	[**REDACTED**]	364,275
Cash flows (used in)/from financing activities	(6,032)	191,467	[**REDACTED**]	185,435
Non-cash changes:				
Changes in fair value	–	(14,776)	[**REDACTED**]	(14,776)
Lease termination	(7,469)	–	[**REDACTED**]	(7,469)
Accretion of interest	401	–	[**REDACTED**]	401
At 31 December 2024 and 1 January 2025	2,682	525,184	[**REDACTED**]	527,866
Cash flows (used in)/from financing activities	(4,739)	172,577	[**REDACTED**]	166,551
Cash flows used in operating activities	–	–	[**REDACTED**]	(3,829)
Non-cash changes:				
New leases	12,398	–	[**REDACTED**]	12,398
Addition in deferred [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
[**REDACTED**] charged to profit or loss	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Changes in fair value	–	45,985	[**REDACTED**]	45,985
Accretion of interest	190	–	[**REDACTED**]	190
At 31 December 2025 and 1 January 2026	10,531	743,746	[**REDACTED**]	763,390
Cash flows (used in)/from financing activities	(2,365)	83,854	[**REDACTED**]	76,182
Cash flows used in operating activities	–	–	[**REDACTED**]	(11,636)
Non-cash changes:				
New leases	202	–	[**REDACTED**]	202
Addition in deferred [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
[**REDACTED**] charged to profit or loss	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Changes in fair value	–	(22,983)	[**REDACTED**]	(22,983)
Accretion of interest	160	–	[**REDACTED**]	160
At 30 June 2026	8,528	804,617	[**REDACTED**]	817,357

(c) Total cash outflows for leases

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

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Within operating activities	194	320	129	47
Within financing activities	6,032	4,739	2,474	2,365
Total	6,226	5,059	2,603	2,412

29. RELATED PARTY TRANSACTIONS

The Group has no related party transactions other than compensation of key management personnel of the Group.

An analysis of the compensation of key management personnel of the Group is as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries, allowances and benefits in kind	6,664	6,581	3,368	3,432
Performance related bonuses	440	840	420	1,198
Pension scheme contributions	248	377	119	136
Equity-settled share-based payment expenses	1,564	5,152	678	15,460
Total	8,916	12,950	4,585	20,226

30. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments of the Group as at 31 December 2024 and 2025 and 30 June 2026 are as follows:

Financial assets

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at amortised cost:			
Trade receivables	6,107	23,744	12,332
Financial assets included in prepayments, deposits and other receivables	1,320	2,236	1,316
Cash and cash equivalents	145,209	163,305	165,906
Financial assets at FVTPL:			
Structured deposits	27,000	48,000	38,000
Total	179,636	237,285	217,554

Financial liabilities

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities at amortised cost:			
Trade payables	318	639	14,054
Financial liabilities included in other payables and accruals	17,168	37,913	42,047
Financial liabilities at FVTPL:			
Convertible redeemable preferred shares	408,454	713,106	804,617
Loans with warrants to purchase preferred shares	116,730	30,640	–
Total	542,670	782,298	860,718

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts			Fair values		
	As at 31 December		As at 30 June	As at 31 December		As at 30 June
	2024	2025	2026	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets:						
Rental and other deposits, non-current portion	90	1,223	1,223	90	1,223	1,223

Management has assessed that the fair values of cash and cash equivalents, trade receivables, 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 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 reporting period, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for financial reporting.

The fair values of the financial assets and liabilities measured at FVTPL 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 fair values of the non-current portion of financial assets included in prepayments, deposits and other receivables 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 fair value of the convertible redeemable preferred shares and that of the loans with warrants to purchase preferred shares are determined using the valuation techniques, including the back-solve method, and are within Level 3 fair value measurement. Further details are set out in note 23 to the Historical Financial Information.

Fair value hierarchy

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

Assets measured at fair value:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Structured deposits	–	27,000	–	27,000

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Structured deposits	–	48,000	–	48,000

As at 30 June 2026

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Structured deposits	–	38,000	–	38,000

Liabilities measured at fair value:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities at FVTPL	–	–	525,184	525,184

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities at FVTPL	–	–	743,746	743,746

As at 30 June 2026

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities at FVTPL	–	–	804,617	804,617

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

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, and financial liabilities at FVTPL. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The Company's board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from financing activities of the Company and certain subsidiaries in currencies other than the Company's and the subsidiaries' functional currencies. The following table demonstrates the sensitivity at 31 December 2024 and 2025 and 30 June 2026 to a reasonably possible change in the USD/RMB exchange rate, with all other variables held constant, of the Group's loss before tax and equity (due to changes in the fair values of monetary assets and liabilities). For the purpose of internal foreign exchange rate risk management, the effect of foreign exchange on convertible redeemable preferred shares is excluded.

	Increase/(decrease) in rate of foreign currency	Increase/(decrease) in loss before tax	Increase/(decrease) in equity
	%	*RMB'000*	*RMB'000*
31 December 2024			
If RMB weakens against USD	5	(2,499)	2,499
If RMB strengthens against USD	(5)	2,499	(2,499)
31 December 2025			
If RMB weakens against USD	5	(6,575)	6,575
If RMB strengthens against USD	(5)	6,575	(6,575)
30 June 2026			
If RMB weakens against USD	5	(5,372)	5,372
If RMB strengthens against USD	(5)	5,372	(5,372)

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.

The credit risk of the Group's financial assets, which comprise cash and cash equivalents, trade receivables and financial assets included in prepayments, deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

There were concentrations of credit risk as the trade receivable balances as at 31 December 2024 and 2025 and 30 June 2026 were due from two customers.

Maximum exposure and staging as at 31 December 2024 and 2025 and 30 June 2026

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/period-end staging classification as at 31 December 2024 and 2025 and 30 June 2026.

The amounts presented are gross carrying amounts for financial assets.

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*
Trade receivables	–	–	–	6,107	6,107
Financial assets included in prepayments, deposits and other receivables*	1,320	–	–	–	1,320
Cash and cash equivalents	145,209	–	–	–	145,209
Total	146,529	–	–	6,107	152,636

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	–	–	–	23,744	23,744
Financial assets included in prepayments, deposits, other receivables and other assets*	2,236	–	–	–	2,236
Cash and cash equivalents	163,305	–	–	–	163,305
Total	165,541	–	–	23,744	189,285

As at 30 June 2026

	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	–	–	–	12,332	12,332
Financial assets included in prepayments, deposits, other receivables and other assets*	1,316	–	–	–	1,316
Cash and cash equivalents	165,906	–	–	–	165,906
Total	167,222	–	–	12,332	179,554

* The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when 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, the credit quality of the financial assets is considered to be "doubtful".

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 Group monitors its risk of a shortage of funds by considering the maturities of both its financial liabilities and financial assets.

The maturity profile of the Group's financial liabilities and lease liabilities as at 31 December 2024 and 2025 and 30 June 2026, based on the contractual undiscounted payments, is as follows:

The Group

	As at 31 December 2024		
	Less than 1 year or on demand	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	318	–	318
Financial liabilities included in other payables and accruals	17,168	–	17,168
Lease liabilities	2,575	152	2,727
Financial liabilities at FVTPL	629,311	–	629,311
Total	649,372	152	649,524

	As at 31 December 2025		
	Less than 1 year or on demand	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	639	–	639
Financial liabilities included in other payables and accruals	37,913	–	37,913
Lease liabilities	4,474	6,497	10,971
Financial liabilities at FVTPL	828,477	–	828,477
Total	871,503	6,497	878,000

	As at 30 June 2026		
	Less than 1 year or on demand	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	14,054	–	14,054
Financial liabilities included in other payables and accruals	42,047	–	42,047
Lease liabilities	4,477	4,331	8,808
Financial liabilities at FVTPL	1,569,809	–	1,569,809
Total	1,630,387	4,331	1,634,718

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.

33. EVENTS AFTER RELEVANT PERIODS

There were no material subsequent events after the end of the Relevant Periods that require additional disclosure or adjustments.

34. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2026.