The following discussion and analysis should be read in conjunction with the consolidated financial information together with the accompanying notes in the Accountants' Report set out in Appendix I to this document. Our consolidated financial information has been prepared in accordance with all applicable International Financial Reporting Standards (the "IFRSs"), which may differ in certain material aspects from generally accepted accounting principles in other jurisdictions. You should read the whole Appendix I and not rely merely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to the future events and financial performance that involve risks and uncertainties. These statements are based on our assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this document. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

Founded in 2017, we are a late-stage biotechnology company committed to transforming treatment paradigms for tumors. Our mission is to address a core challenge in oncology — the emerging treatment resistance that attributes to tumor defense system. We strategically focus on critical signaling hubs shared across multiple tumor types, most notably the FAK and integrin pathways, which play pivotal roles in tumor cell survival and contribute to treatment failure across different therapeutic modalities. In parallel, we dismantle the protective barrier surrounding tumor cells by targeting CAFs. Through these efforts, we aim to redefine the cancer treatment and open new frontiers for therapeutic innovation.

As of the Latest Practicable Date, our pipeline included: (i) our Core Product, ifebemtinib, a near-commercial, highly selective FAK inhibitor currently undergoing multiple clinical development programs in China; it has received Breakthrough Therapy Designations from the NMPA across three indications and Fast Track Designation from the FDA for one indication, demonstrating its significant potential as a backbone therapy in cancer treatment, (ii) IN10028, a second-generation selective FAK inhibitor designed to maintain our leadership in the selective FAK inhibitor sector, (iii) three innovative ADC candidates, namely (a) OMTX705, which targets CAFs in the TME and is synergistic with multiple modalities including anti-PD-1, (b) IN30758, which targets upstream FAK signaling and is synergistic with FAK inhibitors, and (c) IN30778, which targets a distinct tumor-associated antigen highly expressed and abundant in various solid tumors, and (iv) IN20518, a PD-1 and GDF15 dual-targeting bispecific antibody.

We currently have no products approved for commercial sales and have not generated any revenue from product sales during the Track Record Period. We incurred loss from operations of RMB142.6 million and RMB185.1 million for the year ended December 31, 2024 and 2025, respectively, which primarily resulted from expenses in relation to our R&D activities and administrative activities.

We expect to incur significant expenses for at least the next several years as we continue to advance our clinical development and pre-clinical study plans, and to prepare for the commercialization of our Core Product. After the [**REDACTED**], our financial performance may fluctuate from period to period due to, among other factors, the development status of our product candidates, regulatory approval timeline, and commercialization of our product candidates after approval.

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with all applicable IFRSs, which collectively includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by International Accounting Standards Board ("IASB"). See Note 2 to the Accountants' Report set out in Appendix I to this document for further details of the significant accounting policies adopted.

Notwithstanding that we recorded net liabilities of RMB765.0 million and RMB980.9 million as of December 31, 2024 and 2025, respectively, and incurred recurring losses from operations since incorporation and the financial information have been prepared on a going concern basis as the directors of the Company believe that the preferred shares will not be redeemed within the next 12 months from December 31, 2025 and will automatically converted into ordinary share and the financial liabilities will be reclassified to equity upon the completion of the [**REDACTED**]. Our Directors are satisfied that we will have sufficient financial resources to meet our financial obligations as they fall due and to sustain its operations for the foreseeable future after reviewing our cash flow projection, taking into account the expected working capital requirements covering the next 12 months from December 31, 2025.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our Ability to Successfully Develop and Commercialize Our Product Candidates

Our business and results of operations depend on our ability to successfully advance our product development programs, demonstrate favorable safety and efficacy clinical trial results, obtain the requisite regulatory approvals, secure adequate manufacturing capacity, and commercialize our products in targeted markets as planned. As of the Latest Practicable Date, we had built a synergistic pipeline centered on breaking through tumor defense systems, comprising (i) our Core Product, ifebemtinib, (ii) IN10028, (iii) OMTX705, (iv) IN30758 and (v) IN30778. The success of advancing pre-clinical studies and clinical development of, and obtaining the requisite regulatory approvals for our product candidates is crucial to grow our business and drive future results of operations. Although we have not generated any revenue from the product sales since inception, our performance following regulatory approvals will be affected by the market acceptance and supply of our commercialized products. This, in turn, depends upon our ability to demonstrate the distinctive characteristics and advantages in product safety, efficacy and cost effectiveness compared to our competitors' products and even other therapies. The sales volume of these products will be a key driver of our future results of operations.

Our Cost Structure

Our results of operations are significantly affected by our cost structure, which primarily consists of research and development expenses and administrative expenses. Research and development expenses have been and are expected to continue to be a major component in our cost structure. We have invested a significant portion of our efforts and financial resources in the development of our existing product candidates, and we expect to continue to incur substantial and increasing expenditures for the development and commercialization of our product candidates. During the Track Record Period, our research and development activities mainly related to the clinical advancement of our Core Product and other product candidates. We expect our research and development expenses to continue to increase for the foreseeable future as we advance the clinical development of our product candidates to maximize their clinical and commercial potential, as well as to explore and advance the clinical development of our product candidates for the treatment of additional indications. We expect our administrative expenses to increase in the future to support our product development efforts, commercialization with respect to our product candidates, if approved.

We expect our cost structure to evolve as we continue to develop and expand our business. As the pre-clinical studies and clinical trials of our product candidates continue to progress and as we gradually bring our pipeline products to commercialization, we expect to incur additional costs in relation to research and development, manufacturing, regulatory affairs, and sales and marketing efforts, among other things. Additionally, we anticipate increasing legal, compliance, accounting, insurance, and investor and public relations expenses associated with being a [**REDACTED**] company on the Stock Exchange.

Funding for Our Operations

During the Track Record Period, we funded our operations primarily through equity financings and bank borrowings. Going forward, after the successful commercialization of one or more of our product candidates, we expect to also fund our operations with funds generated from sales of our commercialized products. In addition, we may also pursue alternative sources of funding, such as licensing arrangements or other funding sources. The availability and timing of such funding will directly affect our liquidity position, cash flow and results of operations.

MATERIAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. The preparation of our 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. We set forth below those accounting policies that we believe are material to us or involve the most significant estimates and judgments used in the preparation of our consolidated financial statements. For details, see Notes 2 and 3 to the Accountants' Report set out in Appendix I to this document.

Material Accounting Policies

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss. Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

Share-based Payments

The fair value of share options granted to employee is recognized as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the applicable valuation model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest. Our grant of options over its equity instruments to the employees of subsidiaries undertakings in our Company and Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in separate financial statements of our Company.

Financial Assets at Amortized Cost

During the Track Record Period, the financial assets measured at amortized cost mainly consists of other receivable, the gross carrying amount of which was not material to us, and the nature of them are mainly deposits for rental or deposits for trade placed with suppliers. We have correctly separated the prepayments for goods and services to a different line item of the consolidated statement of financial position. In determining the expected credit losses for deposits and other receivables, our management have taken into account historical default experience and forward-looking information, as appropriate. Our management have assessed that deposits and other receivables have not had a significant increase in credit risk since initial recognition and the risk of default is insignificant, and therefore, loss allowance on these balances has been measured on a 12-month basis. The amount of loss allowance on these balances is insignificant.

Research and Development Expenses

Research and development expenses incurred on our pipelines are capitalized and deferred only when we can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, our intention to complete and our ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Research and development expenses which do not meet these criteria are expensed when incurred. Management will assess the progress of each of the research and development projects and determine the criteria met for capitalization. All Research and development expenses were expensed when incurred during the Track Record Period.

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

The following table sets forth a summary of our consolidated statements of profit or loss and comprehensive income for the years indicated:

	Year Ended December 31,	
	2024	2025
	(RMB'000)	
Net other income	2,472	1,260
Administrative expenses	(45,071)	(85,494)
Research and development expenses	(99,999)	(100,898)
Loss from operations	**(142,598)**	**(185,132)**
Finance income	7,495	2,309
Finance costs	(2,769)	(2,405)
Fair value changes on financial liabilities at FVTPL	(46,083)	(70,501)
Net finance cost	**(41,357)**	**(70,597)**
Loss before taxation	**(183,955)**	**(255,729)**
Income tax	(664)	(225)
Loss for the year	**(184,619)**	**(255,954)**

Non-IFRS Measures

We use adjusted net loss (non-IFRS measure) as additional financial measure, which is not required by, or presented in accordance with IFRS, to supplement our consolidated financial statements which are presented under IFRS. We believe that such non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impact of certain items and provides useful information to [**REDACTED**] and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted net loss (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as analytical tools, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net loss (non-IFRS measure) as loss for the year adjusted for equity-settled share-based payments, fair value changes on financial liabilities at FVTPL and [**REDACTED**] expenses. Equity-settled share-based payments are non-cash in nature. The financial liabilities at FVTPL relating to Preferred Shares will be derecognized and credit to equity as a result of the automatic conversion into Shares upon [**REDACTED**]. [**REDACTED**] expenses are one-off fees incurred in relation to the [**REDACTED**] and the [**REDACTED**].

The following table sets forth a reconciliation of our loss for the year to adjusted net loss (non-IFRS measure) for the years indicated.

	For the Year Ended December 31,	
	2024	**2025**
	(RMB in thousands)	
Loss for the year	**(184,619)**	**(255,954)**
Adjusted for:		
Equity-settled share-based payments	8,103	19,743
Fair value changes on financial liabilities at FVTPL	46,083	70,501
[**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]
Adjusted net loss for the year (non-IFRS measure)	**(130,433)**	**(151,274)**

Net Other Income

During the Track Record Period, our net other income mainly consisted of (i) government grants, and (ii) net foreign exchange loss. The following table sets forth a breakdown of our net other income in absolute amounts and as percentages of the total other income for the years indicated:

	Year Ended December 31,			
	2024		**2025**	
	RMB	*%*	*RMB*	*%*
	(in thousands, except for percentages)			
Government grants	3,341	135.2	1,642	130.3
Net foreign exchange loss	(869)	(35.2)	(382)	(30.3)
Total	**2,472**	**100.0**	**1,260**	**100.0**

Administrative Expenses

During the Track Record Period, our administrative expenses primarily included (i) staff costs in relation to personnel performing administrative functions, (ii) [**REDACTED**] expenses related to the [**REDACTED**], (iii) professional service fees in relation to our Series C financing activities, (iv) equity-settled share-based payments, (v) depreciation and amortization for right-of-use assets, property and equipment used for administrative purposes, and (vi) office and travel expenses. The following table sets forth a breakdown of our administrative expenses in absolute amounts and as percentages of the total administrative expenses for the years indicated:

	Year Ended December 31,			
	2024		2025	
	RMB	*%*	*RMB*	*%*
	(in thousands, except for percentages)			
Staff costs	22,781	50.5	24,673	28.9
Equity-settled share-based payments	8,103	18.0	19,743	23.1
Professional service fees	4,440	9.9	15,625	18.3
[**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Depreciation and amortization	2,878	6.4	2,946	3.4
Office and travel expenses	4,100	9.1	4,473	5.2
Others[(1)]	2,769	6.1	3,598	4.2
Total	**45,071**	**100.0**	**85,494**	**100.0**

Note:

(1) Others mainly included short term leases expenses and other miscellaneous costs.

Research and Development Expenses

During the Track Record Period, our research and development activities mainly related to the clinical advancement of our Core Product and other product candidates, and our research and development expenses primarily consisted of (i) clinical and pre-clinical expenses, (ii) staff costs in relation to personnel involved in R&D activities, (iii) materials for R&D activities, and (iv) depreciation and amortization expenses for right-of-use assets, property equipment and intangible assets used for R&D purposes. The following table sets forth a breakdown of our research and development expenses in absolute amounts and as percentages of the total research and development expenses for the years indicated:

	Year Ended December 31,			
	2024		2025	
	RMB	*%*	*RMB*	*%*
	(in thousands, except for percentages)			
Clinical and pre-clinical expenses	64,199	64.2	62,914	62.4
Staff costs	25,013	25.0	25,828	25.6
Materials	2,007	2.0	2,106	2.1
Depreciation and amortization	2,776	2.8	883	0.9
Others[(1)]	6,004	6.0	9,167	9.1
Total	**99,999**	**100.0**	**100,898**	**100.0**

Note:

(1) Others mainly included patent fees and system service fees.

For the year ended December 31, 2024 and 2025, costs and expenses in relation to R&D activities incurred for our Core Product, ifebemtinib, primarily consisted of clinical and pre-clinical expenses and material expenses, amounting to RMB52.5 million and RMB33.7 million, respectively, accounting for 52.5% and 33.4% of our total R&D expenses for the corresponding periods. For the year ended December 31, 2024 and 2025, our research and development expenses amounted to RMB100.0 million and RMB100.9 million, accounting for 68.9% and 54.1% of our total operating expenses (which equals the sum of research and development expenses and administrative expenses), respectively.

Finance Income

During the Track Record Period, our finance income represented interest income from U.S. dollar denominated cash held in commercial bank accounts. In 2024 and 2025, we recorded finance income of RMB7.5 million and RMB2.3 million, respectively.

Finance Costs

During the Track Record Period, our finance costs consisted of (i) interest on bank loans and (ii) interest on lease liabilities. The following table sets forth a breakdown of our finance costs for the years indicated:

	Year Ended December 31,	
	2024	2025
	(RMB'000)	
Interest on bank loans	2,575	2,286
Interest on lease liabilities	194	119
Total	**2,769**	**2,405**

Fair Value Changes on Financial Liabilities at FVTPL

We designated the Preferred Shares and derivative as financial liabilities at FVTPL. They are initially recognized at fair value. Subsequent to initial recognition, the Preferred Shares are carried at fair value with changes in fair value recognized in the consolidated statements of profit or loss. See "— Indebtedness — Financial Liabilities at FVTPL" for details. We recorded fair value loss on financial liabilities at FVTPL of RMB46.1 million and RMB70.5 million for the year ended December 31, 2024 and 2025, respectively. For further details, see Note 21 to the Accountants' Report set out in Appendix I to this document.

Income Tax

Our Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of our Group are domiciled and operate. We recorded income tax expense of RMB0.7 million and RMB0.2 million for the year ended December 31, 2024 and 2025, representing withholding taxes arising from our interest income from cash held in commercial banks.

British Virgin Islands

Pursuant to the rules and regulations of the British Virgin Islands, we are currently not subject to income tax.

Hong Kong

Our subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at 16.5% of the estimated assessable profits. No provision for Hong Kong profit tax had been made for the Track Record Period as there were no assessable profits during the Track Record Period.

Mainland China

Our subsidiaries established in mainland China were subject to the PRC Corporate Income Tax rate of 25% during the Track Record Period except for those subject to tax concessions disclosed in below. According to the tax incentives policies promulgated by the State Tax Bureau of the PRC in March 2023, effective for the period from January 1, 2023, an additional 100% of qualified research and development expenses incurred is allowed to be deducted from the taxable income. Our subsidiaries InxMed (Shanghai) Co., Ltd. and InxMed (Beijing) Co., Ltd. have been approved as small and micro-enterprise. These subsidiaries were subject to a preferential income tax rate of 5% during the Track Record Period.

Loss for the Year

As a result of the foregoing, we incurred loss of RMB184.6 million and RMB256.0 million for the year ended December 31, 2024 and 2025, respectively.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

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

Net Other Income

Our net other income decreased by 49.0% from RMB2.5 million for the year ended December 31, 2024 to RMB1.3 million for the year ended December 31, 2025. The change was primarily due to (i) a decrease of RMB1.7 million in government grants; and (ii) a decrease in foreign exchange loss of RMB0.5 million in relation to fluctuations in the exchange rate of U.S. dollar against Renminbi.

Administrative Expenses

Our administrative expenses increased by 89.7% from RMB45.1 million for the year ended December 31, 2024 to RMB85.5 million for the year ended December 31, 2025, primarily due to (i) an increase of RMB11.6 million in equity-settled share-based payments, and (ii) an increase of [**REDACTED**] in [**REDACTED**] expenses.

Research and Development Expenses

Our research and development expenses remain relatively stable at RMB100.0 million for the year ended December 31, 2024 and RMB100.9 million for the year ended December 31, 2025.

Finance Income

Our finance income decreased by 69.2% from RMB7.5 million for the year ended December 31, 2024 to RMB2.3 million for the year ended December 31, 2025, primarily due to a decrease of RMB4.1 million in interest income on cash at bank. This decrease was associated with a lower interest rates on overseas U.S. dollar deposits.

Finance Costs

Our finance costs decreased by 13.1% from RMB2.8 million for the year ended December 31, 2024 to RMB2.4 million for the year ended December 31, 2025, primarily due to a decrease of RMB0.3 million in interest on bank loans, in line with a lower bank borrowing interest rates.

Fair Value Changes on Financial Liabilities at FVTPL

Our fair value loss on financial liabilities at FVTPL increased significantly from RMB46.1 million for the year ended December 31, 2024 to RMB70.5 million for the year ended December 31, 2025, primarily due to the increase in the valuation of our Preferred Shares and the issuance of Series C Preferred Shares.

Loss for the Year

As a result of the foregoing, we recorded loss of RMB184.6 million and RMB256.0 million for the year ended December 31, 2024 and 2025, respectively.

DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,	
	2024	2025
	(RMB'000)	
Non-current assets		
Property, plant and equipment	1,737	816
Right-of-use assets	4,117	1,908
Intangible assets	700	616
Other non-current assets	20,184	25,045
Total non-current assets	**26,738**	**28,385**
Current assets		
Prepayments	3,810	5,103
Other receivables	1,695	1,801
Cash and cash equivalents	97,267	210,271
Total current assets	**102,772**	**217,175**
Current liabilities		
Trade and other payables	50,241	38,304
Bank loans	71,039	112,739
Financial liabilities at FVTPL	769,045	1,058,387
Lease liabilities	2,242	1,979
Total current liabilities	**892,567**	**1,211,409**
Net current liabilities	**(789,795)**	**(994,234)**
Total assets less current liabilities	**(763,057)**	**(965,849)**
Non-current liabilities		
Bank loans	–	15,000
Lease liabilities	1,953	49
Total non-current liabilities	**1,953**	**15,049**
Net liabilities	**(765,010)**	**(980,898)**
Capital and reserves		
Share capital	23	30
Treasury shares	–	(7)
Reserves	(765,033)	(980,921)
Total deficit	**(765,010)**	**(980,898)**

Property, Plant and Equipment

During the Track Record Period, our property, plant and equipment included laboratory equipment, office and other equipment, vehicles and leasehold improvements. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,	
	2024	2025
	(RMB'000)	
Laboratory equipment	1,101	336
Office and other equipment	204	159
Vehicles	53	15
Leasehold improvement	379	306
Total	**1,737**	**816**

Our property, plant and equipment decreased from RMB1.7 million as of December 31, 2024 to RMB0.8 million as of December 31, 2025, primarily due to (i) a decrease of RMB0.8 million in laboratory equipment, primarily due to the depreciation of our laboratory equipment, (ii) a decrease of RMB73 thousand in leasehold improvements, primarily due to the depreciation of the lease improvements of our office premises and R&D centers.

Right-of-use Assets

During the Track Record Period, our right-of-use assets represented our office premises. Our right-of-use assets decreased from RMB4.1 million as of December 31, 2024 to RMB1.9 million as of December 31, 2025, mainly due to the depreciation of our office premises.

Intangible Assets

During the Track Record Period, our intangible assets represented the software we have purchased. Our intangible assets slightly decreased from RMB700 thousand as of December 31, 2024 to RMB616 thousand as of December 31, 2025, primarily due to the amortization of our intangible assets.

Other Non-Current Assets

During the Track Record Period, other non-current assets represented value-added tax recoverable, which arose from input value-added taxes incurred on procurement related to our research and development activities. Other non-current assets increased from RMB20.2 million as of December 31, 2024 to RMB25.0 million as of December 31, 2025, primarily due to the accumulation of input tax credits from procurement activities.

Prepayments

During the Track Record Period, our prepayments consisted of prepayments made for services and materials and prepayments for [**REDACTED**] expenses. The following table sets forth the breakdown of our prepayments for the dates indicated:

	As of December 31,	
	2024	2025
Service and materials	3,810	2,447
Prepayment for [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]
	3,810	**5,103**

Our prepayments increased from RMB3.8 million as of December 31, 2024 to RMB5.1 million as of December 31, 2025, primarily due to an increase in prepayments for [**REDACTED**] expense in relation to the [**REDACTED**].

Other Receivables

During the Track Record Period, our other receivables primarily included deposits. The following table sets forth a breakdown of our other receivables as of the dates indicated:

	As of December 31,	
	2024	2025
	(RMB'000)	
Deposits	1,045	1,748
Others[(1)]	650	53
Total	**1,695**	**1,801**

Note:

(1) Others mainly included petty cash to employees.

Our other receivables increased from RMB1.7 million as of December 31, 2024 to RMB1.8 million as of December 31, 2025, primarily due to an increase of RMB0.7 million in deposits, as a result of the newly added deposit for our office in Shenzhen and Shanghai.

Cash and Cash Equivalents

During the Track Record Period, our cash and cash equivalents entirely consisted of cash in bank, denominated on Renminbi and U.S. dollar. The following table sets forth the details of our cash and cash equivalents as of the dates indicated.

	As of December 31,	
	2024	2025
	(RMB'000)	
Cash at bank	97,267	210,271
Denominated in:		
Renminbi	52,298	81,607
U.S. dollar	44,969	128,664
Total	**97,267**	**210,271**

Our cash and cash equivalents increased from RMB97.3 million as of December 31, 2024 to RMB210.3 million as of December 31, 2025, primarily due to our receipt of the proceeds from our Series C equity financing in 2025 and proceeds from bank borrowings.

Trade and Other Payables

During the Track Record Period, our trade and other payables primarily included trade payables due to suppliers. The following table sets forth the details of our trade and other payables as of the dates indicated.

	As of December 31,	
	2024	2025
	(RMB'000)	
Trade payables – third parties	48,171	34,258
Payables for [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]
Others	2,070	2,627
Total	**50,241**	**38,304**

Our trade and other payables decreased from RMB50.2 million as of December 31, 2024 to RMB38.3 million as of December 31, 2025, primarily due to a decrease of RMB13.9 million in the trade payables due to third parties, following our settlement of outstanding balances.

The following table sets forth an aging analysis of our trade payables as of the dates indicated, based on the invoice date:

	As of December 31,	
	2024	2025
	(RMB'000)	
Within 1 year	31,252	21,001
More than 1 year but within 2 years	10,358	180
More than 2 years but within 3 years	6,561	7,028
More than 3 years	–	6,049
Total	**48,171**	**34,258**

As of February 28, 2026, approximately RMB10.9 million, representing 31.9% of our trade payables as of December 31, 2025, were subsequently settled.

Banks Loans

The following table sets forth an aging analysis of our bank loans as of the dates indicated:

	As of December 31,	
	2024	2025
	(RMB'000)	
Within 12 months	71,039	112,739
Within 24 months	–	15,000
Total	**71,039**	**127,739**

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our primary uses of cash are to fund the research and development of our Core Product and other pipeline programs, administrative expenses and other recurring expenses. During the Track Record Period, we incurred negative cash flows from our operations and substantially all of our operating cash outflows resulted from our research and development expenses and administrative expenses. Our net cash used in operating activities was RMB120.2 million and RMB172.3 million for the year ended December 31, 2024 and 2025, respectively. For further details, see "— Cash Flows" in this section.

Our operating cash flow will continue to be affected by our research and development expenses and administrative expenses. We expect to improve our net operating cash outflows position following the approval and commercialization of our product candidates in the future. During the Track Record Period and up to the Latest Practicable Date, we funded our working capital requirements through proceeds from private equity and debt financing. Our management closely monitors uses of cash and cash equivalents and strives to maintain a robust liquidity for our operations. Going forward, we believe our liquidity requirements will be satisfied by a combination of [**REDACTED**] from the [**REDACTED**] and cash generated from our operations. As of December 31, 2025, our cash and cash equivalents amounted to RMB210.3 million.

Current Assets and Current Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,		As of February 28,
	2024	2025	2026
		(RMB'000)	
			(unaudited)
Current assets			
Prepayments	3,810	5,103	3,496
Other receivables	1,695	1,801	2,004
Cash and cash equivalents	97,267	210,271	184,269
Total current assets	**102,772**	**217,175**	**189,769**
Current liabilities			
Trade and other payables	50,241	38,304	35,806
Bank loans	71,039	112,739	120,000
Financial liabilities at FVTPL	769,045	1,058,387	1,183,122
Lease liabilities	2,242	1,979	1,758
Total current liabilities	**892,567**	**1,211,409**	**1,340,686**
Net current liabilities	**(789,795)**	**(994,234)**	**(1,150,917)**

Our net current liabilities increased from RMB994.2 million as of December 31, 2025 to RMB1,150.9 million as of February 28, 2026, due to the decrease in our cash and cash equivalents from RMB210.3 million as of December 31, 2025 to RMB184.3 million as of February 28, 2026, mainly reflecting cash utilized in our business operations.

Our net current liabilities increased from RMB789.8 million as of December 31, 2024 to RMB994.2 million as of December 31, 2025, due to an increase in our financial liabilities at FVTPL from RMB769.0 million as of December 31, 2024 to RMB1,058.4 million as of December 31, 2025, as a result of the appreciation of our Preferred Shares and the issuance of Series C Preferred Shares, partially offset by an increase in cash and cash equivalents from RMB97.3 million as of December 31, 2024 to RMB210.3 million as of December 31, 2025 as a result of the receipt of the proceeds from our Series C financing in 2025 and proceeds from bank borrowings.

We intend to further improve our net current liabilities position through various measures, for example: (i) We plan to improve our trade payables management by negotiating better credit terms with our suppliers for extended payment cycles; and (ii) We will continue to review regularly and update our liquidity and funding policies to ensure that it is aligned with our business plan and financial position. We will also utilize other financial resources available to us, including the net [**REDACTED**] from the [**REDACTED**], capital injection from equity shareholders, our cash and cash equivalents and our net cash flows from financing activities to fund our daily operations.

Cash Flows

The following table sets forth a summary of our cash flows for the years indicated:

	Year Ended December 31,	
	2024	2025
	(RMB'000)	
Net cash used in operating activities	(120,187)	(172,256)
Net cash used in investing activities	(154)	(376)
Net cash (used in)/generated from financing activities	(7,609)	286,502
Net (decrease)/increase in cash and cash equivalents	(127,950)	113,870
Effect of foreign exchange rate changes	1,931	(866)
Cash and cash equivalents at beginning of the year	223,286	97,267
Cash and cash equivalents at end of the year	97,267	210,271

Net Cash Used in Operating Activities

During the Track Record Period, we incurred negative cash flows from our operations. Substantially all of our operating cash outflows have resulted from our research and development expenses and administrative expenses.

For the year ended December 31, 2025, our net cash used in operating activities was RMB172.3 million, mainly due to our loss before taxation of RMB255.7 million, adjusted by (i) certain non-cash items, including fair value changes on financial liabilities at FVTPL of RMB70.5 million and share-based payment expenses of RMB19.7 million, and (ii) changes in working capital, which primarily included increase in other receivables and prepayments of RMB1.3 million. Such adjustments were partially offset by increase in trade and other payables of RMB9.6 million.

For the year ended December 31, 2024, our net cash used in operating activities was RMB120.2 million, mainly due to our loss before taxation of RMB184.0 million, adjusted by (i) certain non-cash items, including fair value changes on financial liabilities at FVTPL of RMB46.1 million and share-based payment expenses of RMB8.1 million, and (ii) changes in working capital, which primarily included increase in trade and other payments of RMB8.7 million. Such adjustments were partially offset by increase in other non-current assets of RMB5.7 million.

We expect to improve our net operating cash outflow positions by effectively managing our working capital, through (i) liaising with our suppliers for better payment terms, and (ii) improving our operational efficiency by carefully managing our administrative expenses.

Net Cash Used in Investing Activities

For the year ended December 31, 2025, our net cash used in investing activities was RMB0.4 million, mainly due to payment for purchase of property, plant and equipment of RMB0.4 million.

For the year ended December 31, 2024, our net cash used in investing activities was RMB0.2 million, mainly due to payment for purchase of property, plant and equipment of RMB0.2 million.

Net Cash Generated from/(Used in) Financing Activities

For the year ended December 31, 2025, our net cash generated from financing activities was RMB286.5 million, mainly due to (i) issuance of financial liabilities at FVTPL to investors of RMB237.0 million, and (ii) proceeds from bank loans of RMB147.7 million, partially offset by repayments of bank loans of RMB91.0 million.

For the year ended December 31, 2024, our net cash used in financing activities was RMB7.6 million, mainly due to (i) repayments of bank loans of RMB50.5 million, and (ii) payment for capital element of lease rentals of RMB2.6 million, partially offset by proceeds from bank loans of RMB48.0 million.

CASH OPERATING COSTS

The following table sets forth key information relating to our cash operating costs for the years indicated:

	Year Ended December 31,	
	2024	2025
	(RMB'000)	
Costs relating to research and development of our Core Product		
Clinical and pre-clinical expenses	(49,689)	(59,854)
Raw material expenses	(3,320)	(2,302)
Others	(160)	(536)
Subtotal	**(53,169)**	**(62,692)**
Costs relating to research and development of other product candidates		
Clinical and pre-clinical expenses	(13,705)	(33,646)
Raw material expenses	(1,488)	9,666
Licensing fees	–	(1,857)
Others	(1,657)	(644)
Subtotal	**(16,850)**	**(26,481)**
Other costs		
Staff Cost	(25,030)	(25,884)
Subtotal	**(25,030)**	**(25,884)**
Total cash operating costs	**(95,049)**	**(115,057)**

WORKING CAPITAL CONFIRMATION

Our Directors are of the opinion that, taking into account the financial resources available to our Group, including cash and cash equivalents, available banking facilities and the estimated [**REDACTED**] from the [**REDACTED**], we have sufficient working capital to cover at least 125% of our costs, including research and development expenses and administrative expenses, for at least the next 12 months from the expected date of this document.

Our cash burn rate refers to the average monthly (i) net cash used in operating activities, including clinical development and business development activities; and (ii) capital expenditures; and (iii) lease payments. We had cash and cash equivalents of RMB210.3 million as of December 31, 2025. We estimate that we will receive [**REDACTED**] of approximately HK$[**REDACTED**], equivalent to RMB[**REDACTED**] million, after deducting the [**REDACTED**] fees and expenses payable by us in the [**REDACTED**], assuming the [**REDACTED**] and the [**REDACTED**] are not exercised and assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the low-end of the [**REDACTED**] in this document. Assuming a future average cash burn rate of 1.2 times that of the year ended December 31, 2025, we estimate that our cash and cash equivalents as of December 31, 2025 will be able to maintain our financial viability for [**REDACTED**] months or, if we also take into account all estimated [**REDACTED**] from the [**REDACTED**], [**REDACTED**] months. We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing, if needed, with a minimum buffer of 12 months.

INDEBTEDNESS

During the Track Record Period, we had indebtedness in the form of bank loans, financial liabilities at FVTPL, and lease liabilities. The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,		As of February 28,
	2024	2025	2026
		(RMB'000)	*(unaudited)*
Current			
Financial liabilities at FVTPL	769,045	1,058,387	1,183,122
Bank loans	71,039	112,739	120,000
Lease liabilities	2,242	1,979	1,758
Subtotal	**771,287**	**1,173,105**	**1,304,880**
Non-current			
Bank loans	–	15,000	12,500
Lease liabilities	1,953	49	25
Subtotal	**1,953**	**15,049**	**12,525**
Total	**773,240**	**1,188,154**	**1,317,405**

Bank Loans

As of December 31, 2024, we had unsecured bank loans amounted to RMB71.0 million, with annual interest rates ranging from 3.10% to 3.65%. All the loans due within one year.

As of December 31, 2025, the unsecured bank loans amounted to RMB127.7 million, with carried interest rates ranging from 2.80% to 3.30%. Except for a loan of RMB15,000,000 due within 2 years, all other loans due within 1 year.

During the Track Record Period and up to the Latest Practicable Date, we had not been in violation of any of the material covenants pursuant to the respective bank loans we entered into with the relevant bank, and there was no delay or default in the repayment of loans during the Track Record Period. Taking our financial position into consideration, we are able to abide by these covenants amid current market conditions and that our capital raising abilities were not materially affected as of the Latest Practicable Date.

As of the Latest Practicable Date, we had unutilized banking facilities of RMB197.0 million.

Financial Liabilities at FVTPL

During the Track Record Period, financial liabilities at FVTPL represented Preferred Shares and derivative issued pursuant to the Pre-[**REDACTED**] Investments. Changes in fair value of these financial instruments had been recognized in our consolidated statements of profit or loss. Financial liabilities at FVTPL amounted to RMB769.0 million and RMB1,058.4 million as of December 31, 2024 and 2025, respectively. As of February 28, 2026, financial liabilities at FVTPL amounted to RMB1,183.1 million.

Lease Liabilities

Our lease liabilities primarily comprise leases of offices and staff dormitories. As of December 31, 2024 and 2025, and February 28, 2026, we had a total of current and non-current lease liabilities of RMB4.2 million, RMB2.0 million and RMB2.0 million, respectively.

Indebtedness Statement

Except as discussed above, we did not have any other material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of the Latest Practicable Date. Our Directors confirm that there have been no material changes in our indebtedness since February 28, 2026, being the latest practicable date for determining our indebtedness, up to the date of this document.

CAPITAL EXPENDITURES

Our capital expenditures during the Track Record Period were primarily related to purchases of property, plant and equipment in relation to our research and development. The following table sets forth the breakdown of our capital expenditures for the years indicated:

	Year Ended December 31,	
	2024	2025
	(RMB'000)	
Additions of items of property, plant and equipment	136	333

We expect to finance our planned capital expenditures primarily with our existing cash as well as [**REDACTED**] from the [**REDACTED**]. See "Future Plans and Use of [**REDACTED**]" in the document for more details. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

As of December 31, 2024 and 2025, we did not have any capital commitments, defined as capital expenditure we contracted but not yet provided for the purchase of items of property, plant and equipment.

CONTINGENT LIABILITIES

As of December 31, 2024 and 2025, we did not have any contingent liabilities. As of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we provided compensation to our key management personnel in the ordinary course of our business. For more details about our related party transactions, see Note 26 to the Accountants' Report in Appendix I to this document. Our Directors believe that our transactions with the related parties during the Track Record Period were conducted on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

KEY FINANCIAL RATIO

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

	As of December 31,	
	2024	2025
Current ratio[1]	0.12	0.18

Note:

(1) Current ratio is calculated as total current assets divided by total current liabilities as of the dates indicated.

Current Ratio

Our current ratio decreased from 0.12 as of December 31, 2024, primarily due to the decrease in total current assets and increase in total current liabilities. Our current ratio slightly increased from 0.12 as of December 31, 2024 to 0.18 as of December 31, 2025, primarily due to the increase in total current assets, partially offset by the increase in total current liabilities.

MARKET RISK DISCLOSURE

The risks associated with our financial instruments primarily include credit, liquidity, interest rate and current risks arising in the normal course of our business. See Note 24 to the Accountants' Report set out in Appendix I to this document for further details.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to our Group. Our credit risk is primarily attributable to other receivables. Our exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks for which we consider to have low credit risk. See Note 24 to the Accountants' Report set out in Appendix I to this document for further details.

Liquidity Risk

Liquidity risk is the risk that we will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Our approach to managing liquidity is to ensure, as far as possible, that we will have sufficient liquidity to meet our liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to our reputation. See Note 24 to the Accountants' Report set out in Appendix I to this document for further details.

Interests Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our interest rate risk arises primarily from cash at bank, bank loans and lease liabilities. See Note 24 to the Accountants' Report set out in Appendix I to this document for further details.

Currency Risk

The functional currency of our subsidiaries in mainland China is RMB. Almost all our operating activities are carried out in the mainland China with most of the transactions denominated in RMB. The major currency risk is from the intra-group loan between our Company in British Virgin Islands and our subsidiaries in mainland China. See Note 24 to the Accountants' Report set out in Appendix I to this document for further details.

DIVIDEND

As advised by our British Virgin Islands legal advisor, subject to the BVI Business Companies Act and the Memorandum and Articles of Association of our Company, our Board may declare a dividend in any currency at a time, and of an amount, and to any our Shareholders it thinks fit if it is satisfied, on reasonable grounds that, immediately after the payment of the dividend, the value of our Company's assets will exceed its liabilities and our Company is able to pay debts as they fall due. As we are a holding company incorporated under the laws of the British Virgin Islands, the payment and amount of any future dividends will also depend on the availability of dividends received from our subsidiaries. Any dividends we pay will be determined at the absolute discretion of our Board, taking into account factors including our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that our Board deems to be appropriate. Our shareholders may approve, in a general meeting, any declaration of dividends, which must not exceed the amount recommended by our Board.

Dividend distribution to our Shareholders is recognized as a liability in our financial statements in the period in which the dividends are approved by our Board. During the Track Record Period, we did not distribute or declare any dividends. We do not currently have a formal dividend policy or a fixed dividend payout ratio. We currently intend to retain all available funds and earnings, if any, to fund the development and expansion of our business and we do not anticipate paying any cash dividends in the foreseeable future. [**REDACTED**] should not purchase our ordinary shares with the expectation of receiving cash dividends. Any future determination to pay dividends will be made at the discretion of our Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the BVI Business Companies Act.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we did not have any distributable reserves.

[REDACTED] EXPENSE

[**REDACTED**] expenses to be borne by us are estimated to be approximately HK$[**REDACTED**] (including [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the indicative [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**]), which represent [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**], assuming no Shares are issued pursuant to the [**REDACTED**] and the [**REDACTED**]. The above [**REDACTED**] expenses are comprised of (i) [**REDACTED**] expenses of HK$[**REDACTED**], and (ii) [**REDACTED**] expenses of HK$[**REDACTED**], including (a) the legal advisors and the reporting accountants' expenses of HK$[**REDACTED**], and (b) other fees and expenses of HK$[**REDACTED**]. [During the Track Record Period, we charged [**REDACTED**] expenses of RMB[**REDACTED**] (HK$[**REDACTED**]) to our consolidated statements of profit or loss and recorded [**REDACTED**] expenses of RMB[**REDACTED**] (HK$[**REDACTED**]) as a deduction from equity upon the [**REDACTED**]. We expect to incur [**REDACTED**] expenses of approximately HK$[**REDACTED**] after the Track Record Period, approximately HK$[**REDACTED**] of which is expected to be charged to our consolidated statements of profit or loss, and approximately HK$[**REDACTED**] of which is attributable to the issue of Shares and will be deducted from equity upon [**REDACTED**]. The [**REDACTED**] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

[**REDACTED**]

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, there has been no material adverse change in our financial or trading position prospects since December 31, 2025 and up to the date of this document and there is no event since December 31, 2025 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report set out in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this document, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.