The following discussion and analysis should be read in conjunction with the consolidated financial information together with the accompanying notes in the Accountant's Report set out in Appendix I to this document. Our consolidated financial information has been prepared in accordance with the IFRS Accounting Standards, 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 future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider all of the information provided in this document.

OVERVIEW

We are a global clinical-stage biotechnology company dedicated to discovering and developing oral small molecule medicines to address unmet medical needs in cardiometabolic diseases and inflammatory disorders worldwide. We currently have no products approved for commercial sales and have not generated any revenue from product sales during the Track Record Period. For the years ended December 31, 2024 and 2025, we recorded a net profit of US$138.8 million and a net loss of US$44.6 million, respectively.

We expect to record significant losses for at least the next several years as we continue to advance our clinical development of our Core Product and Key Products, as well as preclinical programs. Subsequent to the [**REDACTED**], our financial performance may fluctuate from period to period due to, among other factors, the development status of our drug candidates, regulatory approval timeline, and commercialization of our drug candidates after approval.

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**"). The historical financial information has been prepared under the historical cost convention, except for certain financial liabilities measured at fair value.

The preparation of historical financial information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires our management to exercise its judgement in the process of applying our accounting policies. The accounting policies applied in the preparation of historical financial information have been consistently applied to the Track Record Period, unless otherwise stated. The historical financial information is presented in United States dollar ("**USD**" or "**US$**"), unless indicated otherwise.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our Ability to Successfully Develop and Commercialize Our Pipeline Candidates

Our business and results of operations depend on our ability to successfully advance our drug 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. We have advanced three oral small molecule programs into

clinical development, including ECC4703, ECC5004 and ECC0509. We are also advancing preclinical programs for cardiometabolic diseases, such as GIPR modulator, Amylin receptor agonist and UPA. See "Business — Our Pipeline" for more information on the development status of our drug candidates.

Although we currently have no product approved for commercial sales and have not generated any revenue from product sales, we expect to commercialize one or more of our drug candidates over the coming years as they move towards the final stages of development. To successfully develop and launch our drug candidates, we intend to continue investing in the research and development of our pipeline candidates, strengthening our TRANDD workflow system to continuously support our R&D activities, pursuing global collaboration with leading global partners and enhancing our operation capabilities for commercial launch of our drug candidates. For more details, see "Business — Our Strategies" and "Risk Factors — Risks Relating to the Development of Our Drug Candidates."

Our Existing and Future License and Collaboration Arrangements

During the Track Record Period, all of our revenue was derived from payments from AstraZeneca in accordance with the AstraZeneca Agreement we entered into in November 2023. Our revenue amounted to US$221.3 million and US$0.6 million in 2024 and 2025, respectively. We are eligible to receive further payments upon the achievement of specified development, regulatory and sales milestones, subject to terms and conditions of the AstraZeneca Agreement. Upon commercialization, we will also be eligible to receive high-single to mid-teens tiered royalties on net sales outside of Greater China. This collaboration allows us to maximize the global value of our assets and provide capital support for our other pipeline assets and sustainable long-term growth. See "Business — Our Collaboration and Licensing Agreement" for details.

Based on the success of our existing out-licensing agreement and collaboration partnership, we will continue to pursue value-accretive collaborations to accelerate clinical development and enable earlier market entry for our drug candidates. The timing and amounts of our milestone payments, royalties and other considerations in relation to our existing and future collaboration and licensing arrangements could have an impact on our future results of operations.

Our Cost and Expense Structure

Our results of operations are significantly affected by our cost and expense structure, which primarily consists of cost of revenue, research and development expenses and general and administrative expenses.

During the Track Record Period, our cost of revenue was primarily related to R&D services we provided in accordance with the AstraZeneca Agreement. In 2024 and 2025, our cost of revenue was US$8.8 million and US$16 thousand, respectively. In 2024 and 2025, our research and development expenses were US$16.2 million and US$36.7 million, respectively, accounting for 45.6% and 69.4% of our total operating expenses (which equals the sum of cost of revenue, research and development expenses and general and administrative expenses), respectively. In 2024 and 2025, our general and administrative expenses was US$10.6 million and US$16.2 million, respectively, accounting for 29.8% and 30.6% of our total operating expenses (as defined above).

We expect our cost and expense structure to evolve as we continue to develop and expand our business. As the preclinical studies and clinical trials of our drug 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 [**REDACTED**] and public relations expenses associated with being a [**REDACTED**] company in Hong Kong.

Funding for Our Operations

During the Track Record Period, we funded our operations primarily through equity and debt financing and revenue from the AstraZeneca Agreement. Upon successful commercialization of one or more of our drug candidates, we expect to fund our operations in part with income generated from sales of our commercialized drug products. As our business continues to expand, we may require further funding through equity [**REDACTED**], debt financing, out-license and collaboration arrangements, and other sources. Any fluctuation in the funding for our operations will impact on our cash flow and our results of operations. See also "Risk Factors — Risks Relating to Our Financial Position and Need for Additional Capital — We may need to obtain substantial additional financing to fund our operations and expansion, and if we fail to do so, we may be unable to complete the development and commercialization of our drug candidates."

Changes in our ability to fund our operations may affect our cash flow and results of operations. If we are unable to raise capital when needed or on acceptable terms, we could be forced to delay, limit, reduce or terminate our research and development programs or any future commercialization efforts.

MATERIAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING JUDGMENTS 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. Estimates and judgments are continually re-evaluated and are based on historical experience and other factors, including industry practices and expectations of future events that we believe to be reasonable under the circumstances. Nevertheless, actual results may differ from these estimates. We have not changed our assumptions or estimates in the past and have not noticed any material errors regarding our assumptions or estimates. We believe that the material accounting policy information and accounting judgments and estimates, such as those regarding impairment of non-financial assets, share-based compensation expenses and research and development expenses, in Notes 34 and 7 to the Accountant's Report set out in Appendix I to this document, respectively, are critical and/or involve the most important estimates and judgments we used in preparing our consolidated financial statements. Other information, such as revenue recognition policies set forth in Note 9 to the Accountant's Report set out in Appendix I to this document are also critical for our preparation of our consolidated financial statements.

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	Year Ended December 31,	
	2024	**2025**
	(US$'000)	*(US$'000)*
Revenue	**221,291**	**557**
Cost of revenue	(8,774)	(16)
Research and development expenses	(16,224)	(36,749)
General and administrative expenses	(10,605)	(16,180)
Operating profit/(loss)	**185,688**	**(52,388)**
Finance income	5,977	6,710
Finance costs	(28)	(128)
Change in fair value of convertible redeemable preferred shares	(6,061)	2,313
Other gains/(losses), net	648	(970)

	Year Ended December 31,	
	2024	2025
	(US$'000)	*(US$'000)*
Profit/(loss) before tax	**186,224**	**(44,463)**
Income tax expense	(47,382)	(137)
Profit/(loss) for the year	**138,842**	**(44,600)**
Other comprehensive (loss)/income		
Items that may be reclassified to profit or loss in subsequent periods (net of tax):		
Currency translation differences	(1,026)	1,650
Changes in fair value of financial liabilities from own credit risk	(3,235)	(4,876)
Other comprehensive loss for the year, net of tax	(4,261)	(3,226)
Total comprehensive income/(loss) for the year	**134,581**	**(47,826)**

Revenue

During the Track Record Period, all of our revenue was derived from payments we received from AstraZeneca in accordance with the AstraZeneca Agreement. In 2024 and 2025, our revenue amounted to US$221.3 million and US$0.6 million. These revenues during the Track Record Period primarily comprised income in relation to upfront payments, milestone payments, and reimbursement for R&D activities we undertook for ECC5004. See "Business — Our Collaboration and Licensing Agreement" for details.

Cost of Revenue

During the Track Record Period, our cost of revenue was primarily related to the R&D activities we conducted in accordance with the AstraZeneca Agreement. In 2024 and 2025, our cost of revenue was US$8.8 million and US$16 thousand, respectively.

Research and Development Expenses

During the Track Record Period, our research and development expenses primarily consisted of (i) external preclinical and clinical costs related to our drug candidates, (ii) staff costs, including salary, wages, as well as share-based payment expenses in relation to the Equity Incentive Plan for our R&D personnel, and (iii) others, such as costs of lab supplies, depreciation and amortization of property, as well as rental and office expenses for research and development purpose.

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	
	(US$'000)	*%*	*(US$'000)*	*%*
External preclinical and clinical costs	10,131	62.5	27,545	75.0
Staff costs	4,820	29.7	7,275	19.8
Others	1,273	7.8	1,929	5.2
Total	**16,224**	**100.0**	**36,749**	**100.0**

In 2024 and 2025, research and development expenses incurred for our Core Product ECC4703 were US$4.2 million, and US$11.2 million, respectively, accounting for 25.9%, and 30.6% of our total research and development expenses for the corresponding periods, respectively. The following table sets forth a breakdown of our research and development expenses by product for the years indicated:

	Year ended December 31,			
	2024		2025	
	(US$'000)	*%*	*(US$'000)*	*%*
ECC4703	4,208	25.9	11,231	30.6
ECC5004	5,816	35.8	14,649	39.9
ECC0509	592	3.6	892	2.4
Others[(1)]	5,608	34.7	9,977	27.1
Total	**16,224**	**100.0**	**36,749**	**100.0**

Note:

(1) Including research and development expenses for preclinical programs.

General and Administrative Expenses

During the Track Record Period, our general and administrative expenses consisted of (i) staff costs, including salary, wages, as well as share-based payment expenses in relation to the Equity Incentive Plan for our administrative personnel, (ii) professional service fees in relation to the advisory services, and (iii) others, such as depreciation and amortization of property, as well as rental and office expenses for general and administrative purpose.

The following table sets forth a breakdown of our general and administrative expenses in absolute amounts and as percentages of the total general and administrative expenses for the years indicated:

	Year Ended December 31,			
	2024		2025	
	(US$'000)	*%*	*(US$'000)*	*%*
Staff costs	4,252	40.1	7,909	48.9
Professional service fees	5,751	54.2	6,889	42.6
Others	602	5.7	1,382	8.5
Total	**10,605**	**100.0**	**16,180**	**100.0**

Finance Income

During the Track Record Period, our finance income represented our interest income from cash and cash equivalents, and other financial assets at amortized cost. Our finance income amounted to US$6.0 million and US$6.7 million in 2024 and 2025, respectively.

Finance Costs

During the Track Record Period, our finance costs were in relation to interest expenses on lease liabilities and borrowings. Our finance costs amounted to US$28 thousand and US$128 thousand in 2024 and 2025, respectively.

Change in Fair Value of Convertible Redeemable Preferred Shares

During the Track Record Period, our change in fair value of convertible redeemable preferred shares recognized in profit or loss represented the fair value change of convertible redeemable preferred shares we issued to our Pre-[**REDACTED**] investors, which did not arise from our own credit risks. In 2024 and 2025, we recorded fair value losses of convertible redeemable preferred shares of US$6.1 million and fair value gains of convertible redeemable preferred shares of US$2.3 million, respectively. Changes in the fair value that arises from our own credit risk are recognized in other comprehensive income.

We do not expect to record further gains or losses in relation to valuation changes in such instruments after the [**REDACTED**] as these convertible redeemable preferred shares will be reclassified as ordinary shares upon the [**REDACTED**] on a one-to-one basis. For details of our change in fair value of convertible redeemable preferred shares, see "— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Convertible Redeemable Preferred Shares" and Note 25 to the Accountant's Report set out in Appendix I to this document.

Other Gains/(Losses), Net

During the Track Record Period, our other gains or losses, net consisted of exchange gains or losses, mainly in relation to the fluctuations in the exchange rate of U.S. dollar against Renminbi, and other miscellaneous expenses. We recorded other gains, net of US$0.6 million and losses, net of US$1.0 million in 2024 and 2025, respectively.

Income Tax Expenses

All of our income tax expenses incurred during the Track Record Period derived from the payments we received from AstraZeneca in accordance with the AstraZeneca Agreement. We incurred income tax expenses of US$47.4 million and US$0.1 million in 2024 and 2025, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted at the end of each period comprising the Track Record Period in the countries where we and our subsidiaries operate and generate taxable income. Our management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. We measure our tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Our principal applicable taxes and tax rates are as follows:

— Cayman Islands: Our Company is incorporated in the Cayman Islands and is not subject to corporate income taxes.

— United States: Under the tax laws of the United States, the subsidiary which operates in the United States is subject to federal tax rate of 21% for the years ended December 31, 2024, and 2025. The the state tax blended rate for the years ended December 31, 2024, and 2025 is 4.8%. On July 4, 2025, H.R. 1, a U.S. budget reconciliation bill, was enacted. The legislation includes changes to income tax provisions related to research and development tax credits, interest expense limitation, bonus depreciation and future changes to international tax considerations. We have assessed the provisions of the new legislation and has integrated the resulting impacts into its effective income tax rate.

— PRC: Under the tax laws of the PRC, the subsidiaries which operate in PRC are subject to a tax rate of 25% for the years ended December 31, 2024 and 2025.

According to relevant laws and regulations promulgated by the State Administration of Tax of the PRC, enterprises engaging in research and development activities are entitled to claim 200% of their qualified research and development expenses so incurred as tax deductible expenses when determining their assessable profits for the years ended December 31, 2024 and 2025. The additional deduction of 100% of qualified research and development expenses is subject to the approval from the relevant tax authorities in the annual corporate income tax filling. We have made our best estimate for the additional deduction to be claimed in ascertaining the assessable profits for the years ended December 31, 2024 and 2025.

For details of our income tax expense, see Note 15 to the Accountant's Report set out in Appendix I to this document.

During the Track Record Period and up to the Latest Practicable Date, we had made all the required tax filings with the relevant tax authorities in the PRC and we are not aware of any outstanding or potential disputes with such tax authorities.

Profit/(Loss) for the Year

As a result of the foregoing, we recorded a profit of US$138.8 million, and a loss of US$44.6 million in 2024 and 2025, respectively.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our revenue decreased from US$221.3 million in 2024 to US$0.6 million in 2025, primarily as we recognized a large portion of the upfront payments received from AstraZeneca as revenue in 2024, as well as milestone payments received in October 2024 relating to the development of ECC5004 including the first patient dosed in the Phase IIb program.

Cost of Revenue

Our cost of revenue decreased from US$8.8 million in 2024 to US$16 thousand in 2025, as we fulfilled most of our performance obligation under the AstraZeneca Agreement in 2024.

Research and Development Expenses

Our research and development expenses increased from US$16.2 million in 2024 to US$36.7 million in 2025, primarily due to an increase of US$17.4 million in our external preclinical and clinical costs, mainly driven by the advancements of our clinical trials.

General and Administrative Expenses

Our general and administrative expenses increased from US$10.6 million in 2024 to US$16.2 million in 2025, primarily due to (i) an increase of US$3.7 million in staff costs, mainly driven by the increased general and administrative headcounts, which amounted to 16 as of December 31, 2025, and (ii) an increase of US$1.1 million in professional service fees, mainly due to the increased advisory services to strengthen our general and administrative functions, including accounting, tax, recruiting and legal support, as we expanded our organization and prepared for future growth.

Finance Income

Our finance income amounted to US$6.0 million and US$6.7 million in 2024 and 2025, respectively.

Finance Costs

Our finance costs amounted to US$28 thousand and US$128 thousand in 2024 and 2025, respectively.

Changes in Fair Value of Convertible Redeemable Preferred Shares

We recorded fair value losses of convertible redeemable preferred shares of US$6.1 million in 2024 and fair value gains of convertible redeemable preferred shares of US$2.3 million in 2025. This movement was reflected changes in key valuation assumptions adopted for the valuation of our Company, such as a decrease in the risk-free rate and an increase in volatility. For details, see Note 25 to the Accountant's Report set out in Appendix I to this document.

Other Gains/(Losses), Net

We recorded other gains, net of US$0.6 million in 2024, compared to other losses, net of US$1.0 million in the same period in 2025. This change was primarily attributable to the fluctuations in the exchange rate between the U.S. dollar and Renminbi.

Income Tax Expenses

Our income tax expenses decreased from US$47.4 million in 2024 to US$0.1 million in 2025, primarily due to the lower revenue and profit during 2025. See Note 15 to the Accountant's Report set out in Appendix I to this document.

Profit/(Loss) for the Year

As a result of the foregoing, we recorded a profit of US$138.8 million in 2024 and a loss of US$44.6 million in 2025, respectively.

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

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

	As of December 31,	
	2024	2025
	(US$'000)	*(US$'000)*
Non-current assets		
Property and equipment, net	868	705
Right-of-use assets	2,412	1,782
Deferred tax assets	–	–
Other financial assets at amortized cost	34,577	4,592
Other non-current assets	206	205
Total non-current assets	**38,063**	**7,284**

	As of December 31,	
	2024	2025
	(US$'000)	*(US$'000)*
Current assets		
Trade receivables	5,143	–
Other current assets	4,749	6,795
Income tax recoverable	–	4,000
Other financial assets at amortized cost	57,794	82,950
Cash and cash equivalents	96,022	55,923
Total current assets	**163,708**	**149,668**
Current liabilities		
Trade and other payables	9,000	10,298
Contract liabilities	409	–
Convertible redeemable preferred shares	128,798	131,361
Income taxes payable	2,612	–
Lease liabilities	562	669
Total current liabilities	**141,381**	**142,328**
Net current assets	**22,327**	**7,340**
Non-current liabilities		
Lease liabilities	1,931	1,281
Deferred tax liabilities	–	–
Total non-current liabilities	**1,931**	**1,281**
Net assets	**58,459**	**13,343**

Property and Equipment

During the Track Record Period, our property and equipment primarily consisted of computer equipment, furniture and fixture, and laboratory. Our property and equipment remained relatively stable at US$0.7 million as of December 31, 2025, compared to US$0.9 million as of December 31, 2024.

Right-of-use Assets

During the Track Record Period, our right-of-use assets represent our leases of laboratory and offices. Our right-of-use assets decreased from US$2.4 million as of December 31, 2024 to US$1.8 million as of December 31, 2025, primarily due to the depreciation of these assets.

Other Financial Assets at Amortized Cost

Other financial assets at amortized cost represent our investment-grade financial instruments that are held within a business model with the objective of collecting contractual cash flows, which consist solely of payments of principal and interest. We classify our other financial assets at amortized cost only if the asset is held within a business model whose objective is to collect the contractual cash flows, and the contractual terms give rise to cash flows that are solely payments of principal and interest.

Our other financial assets at amortized cost decreased from US$92.4 million as of December 31, 2024 to US$87.5 million as of December 31, 2025, primarily due to an increase in short-term investments. The following table sets forth the analysis of the expected recovery dates of our other financial assets at amortized cost as of the dates indicated:

	As of December 31,	
	2024	2025
	(US$'000)	*(US$'000)*
Within 12 months	57,794	82,950
More than 12 months and less than 24 months	34,577	4,592
Total	**92,371**	**87,542**

For details, see Note 22 to the Accountant's Report set out in Appendix I to this document.

Cash and Cash Equivalents

Our cash and cash equivalents decreased from US$96.0 million as of December 31, 2024 to US$55.9 million as of December 31, 2025, in line with the increase in our short-term investments.

Trade Receivables

During the Track Record Period, our trade receivables derived from the AstraZeneca Agreement. We recorded trade receivables of US$5.1 million and nil as of December 31, 2024 and 2025, respectively.

Other Current Assets

During the Track Record Period, our other current assets mainly consisted of (i) prepaid research and development service fees to certain research and development service providers, (ii) VAT receivables in relation to our purchases, (iii) cash advance in relation to retention bonus, (iv) interest receivables derived from our financial assets, and (v) others.

The following table sets forth a breakdown of our other current assets as of the dates indicated:

	As of December 31,	
	2024	2025
	(US$'000)	*(US$'000)*
Prepaid research and development service fees	1,711	3,050
VAT receivables	678	1,000
Cash advance	1,215	935
Interest receivables	791	880
Others	354	930
Total	**4,749**	**6,795**

Our other current assets increased from US$4.7 million as of December 31, 2024 to US$6.8 million as of December 31, 2025, primarily due to an increase of US$1.3 million in our prepaid research and development service fees in line with advancements of our research and development activities.

Income Tax Recoverable

We recorded income tax recoverable of US$4.0 million as of December 31, 2025, compared to nil as of December 31, 2024, as we are eligible for a preferential tax rate, under which we expect to receive a tax refund. See Note 15 to the Accountant's Report set out in Appendix I to this document for details.

Trade and Other Payables

During the Track Record Period, our trade and other payables mainly consisted of (i) accrued expenses, (ii) trade payables, and (iii) accrued staff costs. The following table sets forth a breakdown of our trade and other payables as of the dates indicated:

	As of December 31,	
	2024	2025
	(US$'000)	*(US$'000)*
Accrued expenses	5,332	5,834
Accrued staff costs	2,172	2,987
Trade payables	1,496	1,477
Total	**9,000**	**10,298**

Our trade and other payables increased from US$9.0 million as of December 31, 2024 to US$10.3 million as of December 31, 2025, primarily due to increases of accrued expenses and accrued staff costs, in line with the growth of our business. As of February 28, 2026, approximately US$1,436 thousand, representing 97.2% of our trade payables as of December 31, 2025, had been subsequently settled.

Contract Liabilities

We recorded contract liabilities of US$0.4 million and nil as of December 31, 2024 and 2025, respectively. The contract liabilities primarily reflected our obligation to provide services over time to AstraZeneca for which we have received payments under the AstraZeneca Agreement. See "Business — Our Collaboration and Licensing Agreement" for details.

Convertible Redeemable Preferred Shares

Our convertible redeemable preferred shares issued to our Pre-[**REDACTED**] investors were recognized as liabilities due to the preferential rights attached to such shares. As of December 31, 2024 and 2025 we had convertible redeemable preferred shares of US$128.8 million and US$131.4 million, respectively.

Convertible redeemable preferred shares issued by us are redeemable upon occurrence of certain future events. This instrument can be converted into ordinary shares of us at any time at the option of the holders or automatically converted into ordinary shares either upon occurrence of an qualified [**REDACTED**] of our Company, or when we obtain the vote or written consent of the holders of no less than fifty percent of such series of the preferred shares.

During the Track Record Period, we designated the convertible redeemable preferred shares as financial liabilities at fair value through profit or loss. We initially recognize the convertible redeemable preferred shares at fair value, after which the convertible redeemable preferred shares are carried at fair value with changes in fair value recognized in the statements of profit or loss and other comprehensive income. The fair values of our convertible redeemable preferred shares or derivative financial instruments at fair value through profit or loss, which are not traded in an active

market, are determined by using valuation techniques. Significant judgements and assumptions are exercised by management in selecting valuation models and unobservable inputs at the end of each reporting period. Changing the key assumptions used by management could materially affect the fair values of these financial liabilities and as a result, affect our financial position and results of operation. For details, see Note 25 to the Accountant's Report set out in Appendix I to this document.

Lease Liabilities

Our lease liabilities primarily consisted of leases of offices and laboratory. Our lease liabilities amounted to US$2.5 million and US$2.0 million as of December 31, 2024 and 2025, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash during the Track Record Period were to fund the research and development of our Core Product, Key Products and other pipeline programs. During the Track Record Period and up to the Latest Practicable Date, we primarily funded our working capital requirements through equity [**REDACTED**], debt financing and payments received under our collaboration and licensing arrangement.

Our management closely monitors the use of cash and bank balances and strives to maintain healthy liquidity for our operations. Going forward, we believe our liquidity requirements will be satisfied by a combination of net [**REDACTED**] from the [**REDACTED**], equity [**REDACTED**], debt financing, funds to be received from existing and potential collaboration arrangements and cash to be generated from our operations after the commercialization of our drug candidates. With the continuing expansion of our business, we may require further funding through public or private [**REDACTED**], debt financing, collaboration arrangements or other sources.

Current Assets and 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
	(US$'000)	*(US$'000)*	*(US$'000) (unaudited)*
Current assets			
Trade receivables	5,143	–	–
Other current assets	4,749	6,795	14,292
Income tax recoverable	–	4,000	–
Other financial assets at amortized cost	57,794	82,950	69,351
Cash and cash equivalents	96,022	55,923	64,783
Total current assets	**163,708**	**149,668**	**148,426**
Current liabilities			
Trade and other payables	9,000	10,298	10,798
Contract liabilities	409	–	–
Convertible redeemable preferred shares	128,798	131,361	131,361
Income tax payable	2,612	–	–
Lease liabilities	562	669	683
Total current liabilities	**141,381**	**142,328**	**142,842**
Net current assets	**22,327**	**7,340**	**5,584**

Our net current assets decreased from US$7.3 million as of December 31, 2025 to US$5.6 million as of February 28, 2026, primarily attributable to a decrease of US$13.6 million in the current portion of other financial assets at amortized cost, and a decrease of US$4.0 million in income tax recoverable, partially offset by an increase of US$8.9 million in cash and cash equivalents and an increase of US$7.5 million in other current assets.

Our net current assets decreased from US$22.3 million as of December 31, 2024 to US$7.3 million as of December 31, 2025, primarily attributable to a decrease of US$40.1 million in cash and cash equivalents, partially offset by an increase of US$25.2 million in the current portion of other financial assets at amortized cost.

Cash Flows

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

	Year Ended December 31,	
	2024	**2025**
	(US$'000)	*(US$'000)*
Operating cash flows before changes in operating assets and liabilities	188,041	(48,555)
Changes in operating assets and liabilities	(150,268)	4,466
Income tax paid	(53,200)	(6,749)
Net cash used in from operating activities	(15,427)	(50,838)
Net cash (used in)/generated from investing activities	(52,845)	11,416
Net cash used in financing activities	(1,804)	(1,062)
Net decrease in cash and cash equivalents	**(70,076)**	**(40,484)**
Cash and cash equivalents at beginning of the year	166,858	96,022
Effect of foreign exchange rate changes, net	(760)	385
Cash and cash equivalents at end of the year	**96,022**	**55,923**

Net Cash Used in Operating Activities

In 2025, our net cash used in operating activities was US$50.8 million, which was primarily attributable to our loss before taxation of US$44.5 million adjusted by certain non-cash and working capital items, including (i) negative adjustments, which primarily resulted from interest income from other financial assets at amortized cost of US$6.7 million, fair value gains on financial liabilities at fair value through profit or loss of US$2.3 million, and an increase in other assets of US$1.4 million, and (ii) positive adjustments, which primarily resulted from a decrease in trade receivables of US$5.1 million, and share-based compensation expenses of US$2.7 million.

In 2024, our net cash used in operating activities was US$15.4 million, which was primarily attributable to our profit before taxation of US$186.2 million adjusted by certain non-cash and working capital items, including (i) negative adjustments, which primarily resulted from an increase in contract liabilities of US$149.5 million, income tax paid of US$53.2 million, and interest income from other financial assets at amortized cost of US$6.0 million, and (ii) positive adjustments, which primarily resulted from fair value losses on financial liabilities at fair value through profit or loss of US$6.1 million.

We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. In view of our net operating cash outflows throughout the Track Record Period, we plan to improve such position by rapidly advancing our pipeline products towards commercialization to generate revenue from product sales,

entering into collaboration and licensing agreements with major pharmaceutical companies for our pipeline products, and considering business development opportunities at every stage of the development of our product candidates, and adopting comprehensive measures to effectively control our cost and operating expenses. For example, we plan to continue to regularly evaluate our existing and future arrangements and actively seek mutually beneficial strategic cooperations to control our research and development costs.

Net Cash (Used in)/Generated from Investing Activities

In 2025, our net cash generated from investing activities was US$11.4 million, which was primarily attributable to proceeds from financial assets at amortized cost of US$83.5 million, partially offset by payments for other financial assets at amortized cost of US$77.2 million.

In 2024, our net cash used in investing activities was US$52.8 million, which was primarily attributable to payments for other financial assets at amortized cost of US$137.3 million, partially offset by proceeds from redemption of other financial assets at amortized cost of US$80.1 million.

Net Cash Used in Financing Activities

In 2025, our net cash used in financing activities was US$1.1 million, which was primarily attributable to principal element of lease payments of US$0.5 million, and payments of [**REDACTED**] of US$0.4 million.

In 2024, our net cash used in financing activities was US$1.8 million, which was primarily attributable to repayments of our short-term loan of US$1.4 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**
	(US$'000)	*(US$'000)*
Costs relating to research and development of our Core Product		
External preclinical and clinical costs	3,473	12,250
Others	–	30
Subtotal	**3,473**	**12,280**
Costs relating to research and development of our Key Products		
External preclinical and clinical costs	14,091	12,512
Others	401	22
Subtotal	**14,492**	**12,534**
Other costs		
Staff costs (excluding share-based compensation expenses)	5,260	5,402
Total	**23,225**	**30,216**

WORKING CAPITAL CONFIRMATION

Our Directors are of the opinion that, taking into account the financial resources available to our Group, including cash and bank balances, financial assets held by us, and the estimated net [**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 amount of cash used in operations, purchase of property, plant and equipment, and payment for lease liabilities. We estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] million in the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the low end of the [**REDACTED**] stated in this document. Assuming an average cash burn rate going forward of 1.5 times the level in December 31, 2025, we estimate that (i) our financial resources available to us, including cash and cash equivalents and current other financial assets at amortized cost as of December 31, 2025 will be able to maintain our financial viability for [**REDACTED**] months, (ii) if we take into account [**REDACTED**]% of the estimated net [**REDACTED**] from the [**REDACTED**] (namely, the portion allocated for our working capital and other general corporate purposes), [**REDACTED**] months, or, (iii) if we take into account all estimated net [**REDACTED**] from the [**REDACTED**], [**REDACTED**] months. We will continue to monitor our cash flows used in operations closely and expect to raise our next round of financing no earlier than six months after the completion of the [**REDACTED**].

INDEBTEDNESS

During the Track Record Period, we had indebtedness in the form of 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
	(US$'000)	*(US$'000)*	*(US$'000) (unaudited)*
Current			
Convertible redeemable preferred shares	128,798	131,361	131,361
Lease liabilities	562	669	683
Non-current			
Lease liabilities	1,931	1,281	1,140
Total	**131,291**	**133,311**	**133,184**

For details of our convertible redeemable preferred shares, and lease liabilities see "— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Convertible Redeemable Preferred Shares" and "— Lease Liabilities."

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 our Group did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or material breach of covenants during the Track Record Period and up to 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

In 2024 and 2025, we incurred capital expenditures of US$0.7 million and US$32 thousand, respectively, in connection with the purchase of property and equipment in order to enhance our development capabilities and expand our business operations.

We plan to fund our planned capital expenditures mainly through a combination of the net [**REDACTED**] from the [**REDACTED**], equity [**REDACTED**], debt financing, funds from existing and potential collaboration arrangements, revenue expected to be generated from sales of our products in the future and others. See "Future Plans and Use of [**REDACTED**]" 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 as appropriate.

CAPITAL COMMITMENTS

As of December 31, 2024 and 2025, we did not have any capital commitment.

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

We did not have any material related party transactions during the Track Record Period. For details, see Note 29 to the Accountant's Report set out in Appendix I to this document.

KEY FINANCIAL RATIO

Our current ratio, which equals to current assets divided by current liabilities, amounted to 1.2 and 1.1 as of December 31, 2024 and 2025, respectively.

FINANCIAL RISK DISCLOSURE

Our activities are exposed to a variety of financial risks: market risk, credit risk, and liquidity risk. Our overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. Risk management is carried out by our senior management. For details, see Note 4 to the Accountant's Report set out in Appendix I to this document.

DIVIDEND

We did not declare or pay any dividend during the Track Record Period. 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. Investors 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.

As advised by our Cayman counsel, under the Cayman Companies Act, a Cayman Islands company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. There is no assurance that dividends of any amount will be declared to be distributed in any year.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we had distributable reserves of US$0.1 million, representing the retained profits of our Group as of the same date.

[**REDACTED**]

[**REDACTED**] to be borne by us are estimated to be approximately HK$[**REDACTED**] million (equivalent to approximately US$[**REDACTED**] million) (including [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per Share), which represent [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**], assuming no Shares are issued pursuant to the [**REDACTED**]. The above [**REDACTED**] are comprised of (i) [**REDACTED**]-related expenses of HK$[**REDACTED**] million (equivalent to approximately US$[**REDACTED**] million), and (ii) non-[**REDACTED**]-related expenses of HK$[**REDACTED**] million (equivalent to approximately US$[**REDACTED**] million), including (a) the legal advisors and the reporting accountant's expenses of HK$[**REDACTED**] million (equivalent to approximately US$[**REDACTED**] million), and (b) other fees and expenses of HK$[**REDACTED**] million (equivalent to approximately US$[**REDACTED**] million). As of December 31, 2025, we had incurred HK$[**REDACTED**] million (equivalent to approximately US$[**REDACTED**] million) of [**REDACTED**] for the [**REDACTED**], among which HK$[**REDACTED**] million (equivalent to approximately US$[**REDACTED**] million) was expensed through the consolidated statements of comprehensive loss. We expect to further incur [**REDACTED**] after the Track Record Period, approximately HK$[**REDACTED**] million (equivalent to approximately US$[**REDACTED**] million) of which is expected to be charged to our consolidated statements of comprehensive income, and approximately HK$[**REDACTED**] million (equivalent to approximately US$[**REDACTED**] million) of which is attributable to the issue of Shares and will be deducted from equity upon [**REDACTED**]. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [**REDACTED**] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

[**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 Accountant's 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.