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

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis 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, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this document, including the sections headed "Risk Factors" and "Business."

OVERVIEW

We are a biopharmaceutical company with a self-developed BeyondX Oral MedChem Platform, focusing on the design, discovery, clinical development, and commercialization of orally bioavailable medicines, which goes beyond the chemical space defined by the traditional "Rule of Five" molecules for patients with cancer and autoimmune diseases worldwide.

During the Track Record Period, our revenue was generated from upfront payments and technology transfer milestone payment pursuant to the LP-168 License Agreement. We did not record any revenue in 2024 and our revenue amounted to RMB32.1 million in 2025. As we incurred substantial research and development expenses during the Track Record Period, our loss for year amounted to RMB3.4 million and RMB207.4 million in 2024 and 2025, respectively.

BASIS OF PRESENTATION AND PREPARATION

We were incorporated in the Delaware on October 29, 2021, and redomiciled to the jurisdiction of the Cayman Islands on December 8, 2021. Our Company, as the holding company of our business, indirectly owns subsidiaries in the PRC and the United States that are principally engaged in research and development of pharmaceutical products. See "History, Reorganization and Corporate Structure." Our historical financial information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the "**IASB**"). For details, see Note 2.1 to the Accountants' Report as set out in Appendix I to this document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our Ability to Successfully Develop and Commercialize Our Drug Candidates

Our business and results of operations depend on our ability to successfully develop and commercialize our drug candidates. Factors including the safety and efficacy clinical trial results of our drug candidates, our ability to obtain the requisite regulatory approvals for our drug candidates in time, and our ability to successfully commercialize our drugs are crucial for our business and results of operations. As of the Latest Practicable Date, our pipeline comprised of six in-house developed drug candidates, including three clinical-stage drug assets, namely LP-168, LP-108 and LP-118. LP-168 represents a BTK inhibitors with a "covalent & non-covalent" dual mechanisms, for which we submitted the NDA application for the treatment of R/R MCL to the NMPA in May 2025.

Although we currently have no drug candidate approved for commercial sale and have not generated any revenue from drug sales, we expect to commercialize one or more of our drug candidates over the coming years as they progress through late-stage development. We also expect to advance multiple additional drug candidates into the clinic in the near-term. See "Business — Our Drug Portfolio" and "Risk Factors — Risks Relating to Commercialization and Manufacturing of Our Drug Candidates."

Our Existing and Future Collaboration Arrangements

During the Track Record Period, we entered into a collaboration agreement with Hansoh Pharma under which we granted Hansoh Pharma the exclusive right to research, develop, register, manufacture and commercialize LP-168 for non-oncology indications in Chinese mainland, Hong Kong, Macau and Taiwan. Pursuant to the terms under the LP-168 License Agreement, we are entitled to a non-refundable upfront payment of RMB28.84 million (inclusive of VAT) and potential payments upon reaching certain R&D, regulatory and sales based commercial milestones of up to RMB729 million, plus tiered royalties up to double-digit on future product sales. For details, see "Business — Licensing Agreement — License Agreement with Hansoh Pharma for LP-168." We may enter into new collaboration and/or licensing arrangements to maximize the global value of our drug candidates and provide capital support for further pipeline development and long-term growth. Our results of operations will be affected by the scope, timing and performance of these arrangements. The amount and timing of consideration we may receive are inherently uncertain and depend on factors such as development progress, regulatory outcomes, commercialization execution by our partners, pricing and reimbursement, and competitive dynamics.

Operating Expenses

Our results of operations are significantly affected by our cost structure, which is primarily driven by research and development expenses.

As part of our core strategy, we are committed to ongoing investment in the R&D of our Core Product, LP-168, and to support the advancement and expansion of our drug pipeline. Consequently, we have dedicated considerable financial resources to advancing the R&D of our clinical- and preclinical-stage drug candidates. Our current research and development activities mainly relate to drug discovery, preclinical studies and clinical trials, as well as CMC of our drug candidates. As a result, our research and development expenses primarily consist of trial and testing expenses, employee benefit expenses, consulting fees, patent application fees, depreciation and amortization expenses, material costs, and others. In 2024 and 2025, our research and development expenses were RMB149.5 million and RMB128.7 million, respectively, accounting for 85.4% and 69.7%, in terms of our total operating expenses for the same period, respectively. We expect our research and development expenses to continue to increase in the foreseeable future as we advance drug candidates. We also anticipate increasing legal, compliance, accounting, insurance and investor and public relations expenses associated with being a public company in Hong Kong.

Change in Fair Value of Financial Liabilities at Fair Value Through Profit or Loss ("FVTPL")

During the Track Record Period, we issued preferred shares to certain Pre-[**REDACTED**] Investors. For details, see "History, Reorganization and Corporate Structure — Pre-[**REDACTED**] Investments." We adopted the option-pricing method and equity allocation model to determine the fair value of the preferred shares, which fluctuated due to market conditions and other key assumptions which are subject to uncertainty. We recorded change in fair value of financial liabilities at FVTPL of RMB159.9 million and RMB73.9 million in 2024 and 2025, respectively, in line with fluctuations of the valuation of our preferred shares. For details, please see "History, Reorganization and Corporate Structure — Pre-[**REDACTED**] Investments." Our preferred shares will be converted into Shares upon the [**REDACTED**], after which point we will no longer recognize any changes in fair value. The redemption right attached to our preferred shares has been terminated. See Note 26 of "Appendix I — Accountants' Report" to this document.

Funding for Our Operations

During the Track Record Period, we funded our operations primarily through proceeds from the issuance of preferred shares and our bank borrowings. Upon the successful commercialization of one or more of our drug candidates, we expect to fund our operations in part with income generated from sales of our commercialized drug products. As our business continues to expand, we may require further funding through existing cash and cash equivalents, [**REDACTED**] from the [**REDACTED**], future commercialization and sales of our drug candidates, equity offerings, out-license and collaboration arrangements, proceeds from commercial loans, and other sources. For details, see "Risk Factors — Risks Relating to the Development and Clinical Trials of Our Drug Candidates — 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."

MATERIAL ACCOUNTING POLICIES AND CRITICAL JUDGMENTS AND ESTIMATES

The preparation of historical financial statements in conformity with IFRS Accounting Standards requires our management to make judgments, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Such judgments, estimates and assumptions are continually evaluated and are based on historical experience and various other factors, including expectations of future events, that are believed to be reasonable under the circumstances, from which our actual results may differ. Our critical accounting policies, estimates and judgments, which are important for an understanding of our financial condition and results of operations, are set forth in detail in Note 2 and Note 3 to the Accountants' Report set out in Appendix I to this document.

Impairment of Non-Financial Assets (Other than Goodwill)

We assess whether there are any indicators of impairment for all non-financial assets (including right-of-use assets) as of December 31, 2024 and 2025. Our non-financial assets are tested for impairment when there are indicators that their carrying amounts may not be recoverable. An impairment exists when the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of fair value less costs of disposal is based on available data from binding sales transactions in arm's length transactions of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and select an appropriate discount rate in order to calculate the present value of those cash flows.

As of December 31, 2024 and 2025, no indicators of impairment for our non-financial assets were identified based on the following assessments:

Our property, plant and equipment mainly consisted of laboratory premises for research and development purposes. As of December 31, 2024 and 2025, no impairment indicator was identified for our property, plant and equipment, considering that (i) the progress of all pipelines remained in line with expectations; (ii) all of our property, plant and equipment were in good condition and normal use; and (iii) no obsolescence or physical damage occurred during the Track Record Period.

Our intangible assets mainly consisted of software. As of December 31, 2024 and 2025, no impairment indicator was identified for our intangible assets, considering that (i) the progress of all pipelines remained in line with expectations; (ii) all of our intangible assets were in good condition and normal use; and (iii) no obsolescence or physical damage occurred during the Track Record Period.

Our right-of-use assets included office and laboratory premises leased from third parties. As of December 31, 2024 and 2025, no impairment indicator was identified for our right-of-use assets, considering that (i) the progress of all pipelines remained in line with expectations; (ii) all of our right-of-use assets were in good condition and normal use; and (iii) no obsolescence or physical damage to such right-of-use assets occurred during the Track Record Period.

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

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

	Year ended December 31,	
	2024	2025
	(RMB in thousands)	
Revenue	–	32,066
Cost of sales	–	–
Gross profit	**–**	**32,066**
Other income and gains	12,072	19,786
Research and development expenses	(149,515)	(128,696)
Administrative expenses	(25,466)	(55,881)
Other expenses	(26)	(423)
Finance costs	(339)	(334)
Change in fair value of financial liabilities at fair value through profit or loss ("FVTPL")	159,889	(73,896)
Loss before tax	(3,385)	(207,378)
Income tax expense	–	–
Loss for the year	**(3,385)**	**(207,378)**
Attributable to:		
Owners of the parent	(3,385)	(207,378)

Revenue

We did not record any revenue in 2024 and our revenue amounted to RMB32.1 million in 2025. During the Track Record Period, our revenue was primarily derived from contracts with Hansoh Pharma, mainly related to the upfront payment and technology transfer milestone payment pursuant to the LP-168 License Agreement. For details, please see "Business — Licensing Agreement — License Agreement with Hansoh Pharma for LP-168."

Other Income and Gains

During the Track Record Period, our other income and gains mainly consisted of (i) government grants income, representing subsidies received from the local governments for the purpose of compensation of expenses spent on research and clinical trial activities, and allowances for new drug development, the conditions of which had been fulfilled as of the Latest Practicable Date, (ii) bank interest income, mainly derived from our bank deposits, (iii) foreign exchange gains, net, and (iv) others, primarily associated with the purchase of R&D supplies by Hansoh Pharma pursuant to the terms of the LP-168 License Agreement. The following table sets forth a breakdown of our other income and gains in absolute amounts and as percentages of the total other income for the periods indicated.

	Year ended December 31,			
	2024		2025	
	(RMB'000)	*%*	*(RMB'000)*	*%*
Government grants income*	6,912	57.3	10,873	55.0
Bank interest income	4,283	35.5	5,332	26.9
Gain on lease termination	103	0.9	–	–
Foreign exchange gains, net	774	6.4	–	–
Other	–	–	3,581	18.1
Total	**12,072**	**100.0**	**19,786**	**100.0**

* The government grants mainly represent one-off subsidies received from the local governments for the purpose of compensation of expenses spent on research and clinical trial activities, and allowances for new drug development. There were no unfulfilled conditions or contingencies relating to the grants.

Research and Development Expenses

During the Track Record Period, our research and development expenses primarily consisted of (i) trial and testing expenses, primarily including fees related to trial sites, as well as CRO and CDMO, (ii) employee benefit expenses, mainly for our R&D personnels, (iii) depreciation and amortization expenses, (iv) material costs, and (v) others, primarily include travel expenses for R&D personnels. 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 periods indicated.

	Year ended December 31,			
	2024		2025	
	(RMB'000)	*%*	*(RMB'000)*	*%*
Trial and testing expenses	78,526	52.5	58,251	45.3
Employee benefit expenses	56,656	37.9	59,737	46.4
Depreciation and amortization expenses	5,208	3.5	4,315	3.4
Material costs	1,202	0.8	1,309	1.0
Others	7,923	5.3	5,084	4.0
Total	**149,515**	**100.0**	**128,696**	**100.0**

During the Track Record Period, our research and development expenses were primarily devoted to the clinical development of LP-168, our Core Product. In 2024 and 2025, our research and development expenses incurred on LP-168 amounted to RMB113.6 million and RMB92.8 million, respectively, representing approximately 76.0% and 72.1% of our total research and development expense for the same year. The movement of our research and development expenses attributable to our Core Product was primarily in line with its commercialization schedule. We have submitted the NDA application to the NMPA for LP-168 for the treatment in R/R MCL in May 2025, and expect that we can receive the NDA and commence commercialization in 2026.

Administrative Expenses

During the Track Record Period, our administrative expenses primarily consisted of (i) employee benefit expenses, mainly for our supporting and administrative staff, (ii) professional service fees, primarily for our tax consultants and professional fees related to our financial activities, (iii) utilities and office expenses, (iv) depreciation and amortization expenses, (v) travel and business hospitality expenses, and (vi) others. The following table sets forth a breakdown of our administrative expenses in absolute amounts and as percentages of the total administrative expenses for the periods indicated.

	Year ended December 31,			
	2024		2025	
	(RMB'000)	*%*	*(RMB'000)*	*%*
Employee benefit expenses	13,009	51.1	15,041	26.9
Professional service fees	5,590	22.0	33,448	59.9
Utilities and office expenses	853	3.3	1,747	3.1
Depreciation and amortization expenses	1,068	4.2	580	1.0
Travel and business hospitality expenses	2,745	10.8	2,990	5.4
Others	2,201	8.6	2,075	3.7
Total	**25,466**	**100.0**	**55,881**	**100.0**

Other Expenses

During the Track Record Period, our other expenses represented (i) foreign exchange losses, net as a result of fluctuations in exchange rate, (ii) loss on lease termination, primarily associated with the termination and relocation of our offices in line with our strategic expansion, (iii) loss on disposal of property, plant and equipment, mainly related to the write-off of our aged office equipment, and (iv) others.

Finance Costs

During the Track Record Period, our finance costs consist of (i) interest on bank borrowings, and (ii) interest on lease liabilities, mainly related to our office and laboratory lease agreements. The following table sets forth a breakdown of our finance costs for the periods indicated.

	Year ended December 31,	
	2024	2025
	(RMB in thousands)	
Interest on bank borrowings	277	290
Interest on lease liabilities	62	44
Total	**339**	**334**

Change in Fair Value of Financial Liabilities at FVTPL

We have issued preferred share to our Pre-[**REDACTED**] Investors. Our change in fair value of financial liabilities at FVTPL was primarily in line with fluctuations of the valuation of our preferred shares as set out in "History, Reorganization and Corporate Structure — Pre-[**REDACTED**] Investments." Upon [**REDACTED**], all of our preferred shares will be automatically converted to Shares.

Income Tax Expense

We did not record any income tax expense during the Track Record Period. We are subject to income tax at the following rates on an entity basis on profits arising in or derived from the jurisdictions in which we are domiciled and operated.

Cayman Islands/BVI — Pursuant to the rules and regulations of the Cayman Islands and the BVI, we are not subject to any income tax in the Cayman Islands and the BVI.

USA — Our subsidiary incorporated in California, USA, is subject to statutory United States federal corporate income tax at a rate of 21%. It was also subject to the state income tax in California at a rate of 8.84% during the Track Record Period. We were initially incorporated in Delaware, USA, and subsequently redomiciled to the Cayman Islands. For U.S. tax purposes, we are also treated as a USA domestic entity. As a result, we are also subject to U.S. taxation.

Hong Kong — The first HK$2.0 million of assessable profits of our Hong Kong subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. No provision for Hong Kong profits tax has been made as we have no assessable profits derived from or earned in Hong Kong during the Track Record Period.

China — The provision for corporate income tax in China is based on the statutory rate of 25% of the taxable profits determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on January 1, 2008. Guangzhou Lupeng was qualified as a High and New Technology Enterprises to enjoy a preferential income tax rate of 15% from 2023 to 2025.

Loss for the Year

As a result of the foregoing, we incurred loss of RMB3.4 million and RMB207.4 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

We did not record any revenue in 2024. In 2025, our revenue amounted to RMB32.1 million, which was primarily derived from contracts with Hansoh Pharma, mainly related to the upfront payment and technology transfer milestone payment pursuant to the LP-168 License Agreement. For details, please see "Business — Licensing Agreement — License Agreement with Hansoh Pharma for LP-168."

Other Income and Gains

Our other income and gains increased by 63.9% from RMB12.1 million in 2024 to RMB19.8 million in 2025, primarily due to (i) an increase of RMB4.0 million in government grants income, primarily related to incentives received from local government to support our R&D activities, particularly for certain early-stage preclinical drug discovery programs, and (ii) an increase of RMB1.0 million in bank interest income, primarily because we received the upfront payment and technology transfer milestone payment from the LP-168 License Agreement.

Research and Development Expenses

Our research and development expenses decreased by 13.9% from RMB149.5 million in 2024 to RMB128.7 million in 2025, primarily due to a decrease of RMB20.3 million in trial and testing expenses, primarily in line with our CRO and CDMO services for our Core Product, LP-168. This was primarily because we have submitted the NDA application to the NMPA for LP-168 for the treatment in R/R MCL in May 2025.

Administrative Expenses

Our administrative expenses increased significantly from RMB25.5 million in 2024 to RMB55.9 million in 2025, primarily due to (i) an increase of RMB27.9 million in professional service fees, primarily associated with Series B financing activity and the proposed [**REDACTED**], and (ii) an increase of RMB2.0 million in employee benefit expenses, in line with the increased headcount to support our business expansion.

Other Expenses

Our other expenses increased from RMB26.0 thousand in 2024 to RMB423.0 thousand in 2025, primarily due to (i) an increase of RMB398.0 thousand in foreign exchange losses, net, due to the fluctuations in foreign exchange rates, and (ii) an increase of loss on lease termination primarily due to our strategic office expansion. This was partially offset by a decrease of RMB10.0 thousand in the loss on disposal of property, plant and equipment, mainly attributable to the disposal of our aged office equipment.

Finance Costs

Our finance costs remained relatively stable at RMB0.3 million and RMB0.3 million in 2024 and 2025, respectively.

Change in Fair Value of Financial Liabilities at FVTPL

Our change in fair value of financial liabilities at FVTPL decreased from RMB159.9 million in 2024 to RMB73.9 million in 2025, in line with our valuation as a result of the challenging market conditions and difficult fundraising climate prevalent throughout 2024. For details, see "History, Reorganization and Corporate Structure — Pre-[**REDACTED**] Investments."

Loss for the Year

As a result of the foregoing, we recorded a loss of RMB3.4 million and RMB207.4 million in 2024 and 2025, respectively.

DESCRIPTION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth a summary of our consolidated balance sheets as of the dates indicated.

	As of December 31,	
	2024	2025
	(RMB in thousands)	
Non-current assets		
Property, plant and equipment	6,061	2,995
Intangible assets	49	42
Right-of-use assets	950	2,674
Other non-current assets	12,815	14,981
Total non-current assets	**19,875**	**20,692**
Current assets		
Prepayments, other receivables and other assets	8,227	15,354
Amounts due from related parties	823	823
Cash and bank balances	105,833	681,732
Total current assets	**114,883**	**697,909**

	As of December 31,	
	2024	2025
	(RMB in thousands)	
Current liabilities		
Trade payables	36,086	42,439
Contract liabilities	27,208	–
Other payables and accruals	6,767	10,860
Interest-bearing bank borrowings	7,508	–
Lease liabilities	842	1,961
Deferred income	344	547
Preferred shares	936,713	1,730,120
Total current liabilities	**1,015,468**	**1,785,927**
Net current liabilities	**(900,585)**	**(1,088,018)**
Total assets less current liabilities	**(880,710)**	**(1,067,326)**
Non-current liabilities		
Lease liabilities	–	583
Total non-current liabilities	**–**	**583**
Net liabilities	**(880,710)**	**(1,067,909)**

Property, Plant and Equipment

During the Track Record Period, our property, plant and equipment primarily consisted of laboratory equipment, office equipment, leasehold improvements and transportation equipment. Our property, plant and equipment decreased from RMB6.1 million as of December 31, 2024 to RMB3.0 million as of December 31, 2025, primarily due to the depreciation of our laboratory equipment in relation to R&D activities for our Core Product.

Other Non-Current Assets

During the Track Record Period, our other non-current assets primarily consisted of (i) value-added tax ("**VAT**") recoverable, representing the amount of VAT we paid associated with our purchase, and (ii) deposits.

Our other non-current assets increased from RMB12.8 million as of December 31, 2024 to RMB15.0 million as of December 31, 2025, primarily due to an increase in value-added tax paid with respect to our procurement of materials to support the R&D of our LP-168 and LP-108.

Prepayments, Other Receivables and Other Assets

During the Track Record Period, our prepayments, other receivables and other assets primarily consisted of (i) prepayments for research and development services in relation to clinical trials for our drug candidates, such as advanced payments to certain clinical trial sites, (ii) deferred [**REDACTED**] expenses, and (iii) other receivables, mainly representing deposits for leased properties. The following table sets forth the details of our prepayments, other receivables and other assets as of the dates indicated.

	As of December 31,	
	2024	2025
	(RMB in thousands)	
Prepayments	7,891	11,869
Deferred [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]

	As of December 31,	
	2024	2025
	(RMB in thousands)	
Other receivables	336	50
Total	**[REDACTED]**	**[REDACTED]**

Our prepayments, other receivables and other assets increased from RMB8.2 million as of December 31, 2024 to RMB15.4 million as of December 31, 2025, primarily due to an increase in our prepayments to clinical trial sites in line with our clinical trial progress. In particular, we made prepayments to trials site for the Phase II clinical trial for LP-168 in R/R MCL patients without prior BTK treatments (i.e., BTK naive patients) in 2025. Additionally, we recorded deferred [**REDACTED**] expenses for our proposed [**REDACTED**] as of December 31, 2025.

As of April 30, 2026, RMB1.8 million, or 11.7%, of our prepayments, other receivables and other assets as of December 31, 2025 had been subsequently settled.

Cash and Bank Balances

During the Track Record Period, our cash and bank balances primarily consisted of cash at bank and in hand. Our cash and bank balances increased from RMB105.8 million as of December 31, 2024 to RMB681.7 million as of December 31, 2025. This increase was mainly because we received proceeds from our Series B Financing in late 2025.

Trade Payables

During the Track Record Period, our trade payables primarily related our R&D service providers. Our trade payables increased from RMB36.1 million as of December 31, 2024 to RMB42.4 million as of December 31, 2025, mainly related to CMC payments related to pre-NDA preparation work for our Core Product, as well as payments in line with our ongoing clinical trials. The following is an aged analysis of our trade payables presented based on the invoice dates as of the dates indicated.

	As of December 31,	
	2024	2025
	(RMB in thousands)	
Within 1 year	35,858	42,438
Over 1 year	228	1
Total	**36,086**	**42,439**

As of April 30, 2026, RMB10.6 million, or 25.0%, of our trade payables as of December 31, 2025 had been subsequently settled.

Contract Liabilities

During the Track Record Period, our contract liabilities primarily consisted of upfront fees in relation to our LP-168 Licensing Agreement. We recorded contract liabilities as of December 31, 2024 because we received the upfront fee from Hansoh Pharma pursuant to the terms under the LP-168 Licensing Agreement. We did not record any contract liabilities as of December 31, 2025 in line with the performance schedule of the LP-168 Licensing Agreement.

Other Payables and Accruals

During the Track Record Period, our other payables and accruals primarily consisted of (i) payroll payable, representing bonuses to certain employees as well as payments related to our employee optimization initiatives, (ii) accrued [**REDACTED**] expenses, (iii) other payables, primarily related to deposits related to our professional service provider, (iv) other tax payables, and (v) payables for property, plant and equipment, primarily related to laboratory equipment. The following table sets forth the details of our other payables and accruals as of the dates indicated.

	As of December 31,	
	2024	2025
	(RMB in thousands)	
Payroll payable	5,734	8,195
Accrued [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]
Other payables	982	1,086
Other tax payables	16	100
Payables for property, plant and equipment	35	–
Total	[**REDACTED**]	[**REDACTED**]

Our other payables and accruals increased from RMB6.8 million as of December 31, 2024 to RMB10.9 million as of December 31, 2025, mainly due to an increase in payroll payables in line with the expansion of our employee headcount to support our ongoing business expansion.

Preferred Shares

Our preferred shares increased from RMB936.7 million as of December 31, 2024 to RMB1,730.1 million as of December 31, 2025. Our preferred shares will be converted into Shares prior to [**REDACTED**]. For details on our valuation, see "History, Reorganization and Corporate Structure — Pre-[**REDACTED**] Investments."

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, our primary uses of cash were to fund the R&D of our drug candidates and our daily business operations. During the Track Record Period and up to the Latest Practicable Date, we have primarily funded our working capital requirements through proceeds from the issuance of preferred shares and our bank borrowings. 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 addition, we monitor the utilization of borrowings and, from time to time, evaluate the options to renew the borrowings upon expiry based on our actual business requirement. We relied on equity financing as the major sources of liquidity during the Track Record Period. As of December 31, 2025, we had cash and bank balances of RMB681.7 million.

During the Track Record Period, we incurred negative cash flows from our operations and substantially all of our operating cash outflows resulted from our R&D and administrative activities. The net cash used in our operating activities was RMB113.4 million and RMB124.7 million in 2024 and 2025, respectively. We expect to generate more cash flow from our operating activities through the launch and commercialization of our products, enhanced cost containment capacity and operating efficiency, as well as potentially from collaboration and/or licensing arrangements. In order to bring to fruition our R&D objectives, we will ultimately need additional funding sources and there can be no assurances that they will be made available.

Current Assets and Liabilities

	As of December 31,		As of April 30,
	2024	2025	2026
		(RMB in thousands)	
			(Unaudited)
Current assets			
Prepayments, other receivables and other assets	8,227	15,354	31,865
Amounts due from related parties	823	823	823
Cash and bank balances	105,833	681,732	597,022
Total current assets	**114,883**	**697,909**	**629,710**
Current liabilities			
Trade payables	36,086	42,439	45,336
Contract liabilities	27,208	–	–
Other payables and accruals	6,767	10,860	3,034
Interest-bearing bank borrowings	7,508	–	–
Lease liabilities	842	1,961	1,574
Deferred income	344	547	403
Preferred shares	936,713	1,730,120	1,730,120
Total current liabilities	**1,015,468**	**1,785,927**	**1,780,467**
Net current liabilities	**(900,585)**	**(1,088,018)**	**(1,150,757)**

We recorded net current liabilities during the Track Record Period, primarily because we issued preferred shares to our Pre-[**REDACTED**] Investors. These preferred shares will be converted into ordinary shares upon [**REDACTED**], after which the amount of our financial liabilities at FVTPL, which were recorded as our current liabilities during the Track Record Period, will be derecognized from our liabilities and recorded as equity, which can result in our Group turning into net current assets and net assets position. For details, see "— Description of Selected Items from the Consolidated Statements of Financial Position — Preferred Shares."

Our net current liabilities increased from RMB900.6 million as of December 31, 2024 to RMB1,088.0 million as of December 31, 2025, primarily due to an increase in our current liabilities, including (i) an increase in preferred shares of RMB793.4 million, in line with our valuation as a result of the challenging market conditions and difficult fundraising climate prevalent throughout 2024, (ii) an increase in trade payables of RMB6.4 million, mainly related to CMC payments associated with pre-NDA preparation work for our Core Product, as well as our ongoing clinical trials for other drug candidates, and (iii) an increase in other payables and accruals of RMB4.1 million, mainly due to an increase in payroll payables for the expansion of our employee headcount to support our ongoing business expansion. This was further adjusted by an increase in our current assets, including an increase in cash and bank balances of RMB575.9 million as we received proceeds from Series B financing activities in late 2025.

Our net current liabilities increased from RMB1,088.0 million as of December 31, 2025 to RMB1,150.8 million as of April 30, 2026, primarily because our current assets decreased at a faster pace than our current liabilities. The decrease of our current assets was primarily due to a decrease of RMB84.7 million in our cash and bank balances in line with our daily operating expenses, partially offset by an increase of RMB16.5 million in prepayments, other receivables and other assets mainly due an increase in prepayments to clinical trial sites in line with our clinical trial progress. The slight decrease of our current liabilities was primarily due to a decrease of RMB7.8 million in other payables and accruals as we settled bonuses to certain employees in early 2026, partially offset by an increase of RMB2.9 million in trade payables associated with the progression of our clinical trials.

Working Capital Sufficiency

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

- ***Cash on hand and potential cash inflow from our operations.*** We had cash and bank balances of RMB681.7 million as of December 31, 2025. Moreover, we have entered into a licensing agreement with Hansoh Pharma in August 2024 for the development and commercialization of LP-168 for non-oncology indications in Chinese mainland, Hong Kong, Macau and Taiwan. For details, see "Business — Licensing Agreement — License Agreement with Hansoh Pharma for LP-168." We expect to generate revenue from its milestone payments and royalties in the future, conditional upon successful development and commercialization of LP-168 in non-oncology indications.

- ***Conversion of preferred shares upon*** [**REDACTED**]**.** As of December 31, 2025, we recorded RMB73.9 million in financial liabilities at FVTPL, which were attributable to the preferred shares we issued to Pre-[**REDACTED**] Investors. These preferred shares will be converted into ordinary shares upon [**REDACTED**], after which our financial liabilities at FVTPL, which were recorded as current liabilities during the Track Record Period, will be derecognized from our liabilities and recorded as equity, which can result in our Group turning into net current assets and net assets position. For details, see "— Description of Selected Items from the Consolidated Statements of Financial Position — Preferred Shares."

- ***Unutilized banking facilities.*** As of December 31, 2025, we had committed and unutilized banking facilities of RMB20.0 million, which were operating loans for general working capital purpose, granted by a reputable commercial bank in the PRC. These facilities are available to us and can be drawn down to support our working capital needs as and when required. The availability of such facilities provides us with additional liquidity and financial flexibility to fund our R&D activities and daily operations.

- ***Cash burn rate.*** Our cash burn rate refers to (i) the average monthly amount of cash used in operating activities, which includes research and development expenses and administrative expenses to support our upcoming clinical trials, (ii) capital expenditures, and (iii) lease payments. We had cash and cash equivalents of RMB681.7 million as of December 31, 2025. We estimate that we will receive [**REDACTED**] of approximately HK$[**REDACTED**] in the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the low end of the indicative [**REDACTED**] range stated in this document and the [**REDACTED**] is not exercised. Assuming an average cash burn rate going forward of 3.1 times the level in 2025, we estimate that (i) our cash and cash equivalents will be able to maintain our financial viability for 21 months, (ii) if we take into account [**REDACTED**]% of the estimated [**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 [**REDACTED**] estimated [**REDACTED**] from the [**REDACTED**], [**REDACTED**] months. Our Directors and management team will continue to monitor our working capital, cash flows, and our business development progress.

- ***Series B Financing.*** In September 2025, we entered into share purchase agreement with Series B Investors, pursuant to which, the Series B Investors agreed to subscribe for an aggregate of 9,463,335 Series B Preferred Shares for a total consideration of US$101,205,142. For details, see "History, Reorganization and Corporate Structure — Major Shareholding Changes and Corporate Developments — Series B Financing and Subsequent Share Transfers." Upon completion of the Series B Financing, we expect that our cash flow position will significantly improve. We expect to raise our next round of financing no earlier than six months after the completion of the [**REDACTED**].

Cash Flows

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

	Year ended December 31,	
	2024	2025
	(RMB in thousands)	
Net cash flows used in operating activities	(113,432)	(124,703)
Net cash flows generated from/(used in) investing activities	19,743	(549)
Net cash flows (used in)/generated from financing activities	(3,957)	706,588
Net (decrease)/increase in cash and cash equivalents	(97,646)	581,336
Cash and cash equivalents at beginning of year	202,121	105,833
Effect of foreign exchange rate changes, net	1,358	(5,437)
Cash and cash equivalents at end of year	105,833	681,732

Net Cash Flows Used in Operating Activities

In 2025, we had net cash flows used in operating activities of RMB124.7 million, which represents our loss before tax of RMB207.4 million, as adjusted by non-cash and non-operating items, primarily comprising fair value loss on preferred shares of RMB73.9 million and share-based payment expenses of RMB25.2 million. This was adjusted by changes in working capital, primarily comprising (i) an decrease in contract liabilities of RMB27.2 million, and (ii) an increase in prepayments and other receivables of RMB3.7 million, partially offset by (i) an increase in other payables and accruals of RMB3.9 million and (ii) an increase in trade payables of RMB6.4 million.

In 2024, we had net cash flows used in operating activities of RMB113.4 million, which represents our loss before tax of RMB3.4 million, as adjusted by non-cash and non-operating items, primarily comprising fair value gains on preferred shares of RMB159.9 million, partially offset by Share-based payment expenses of RMB22.3 million. This was adjusted by changes in working capital, primarily comprising (i) an increase in contract liabilities of RMB27.2 million, and (ii) an increase in prepayments and other receivables of RMB3.4 million, partially offset by (i) a decrease in other payables and accruals of RMB4.7 million, and (ii) a decrease in trade payables of RMB3.6 million.

Net Cash Flows Generated from/(Used in) Investing Activities

In 2025, we had net cash flows used in investing activities of RMB549.0 thousand, primarily attributable to purchases of property, plant and equipment of RMB0.5 million.

In 2024, we had net cash flows generated from investing activities of RMB19.7 million, primarily attributable to refund related to other non-current asset of RMB19.9 million, partially offset by purchase of property, plant and equipment of RMB0.3 million.

Net Cash Flows (Used in)/Generated from Financing Activities

In 2025, we had net cash flows generated from financing activities of RMB706.6 million, primarily attributable to (i) proceeds from issue of preferred shares of RMB719.5 million, and (ii) new bank borrowings of RMB10.0 million, partially offset by (i) repayment of bank loans and other borrowings of RMB17.5 million, and (ii) principal of lease payments of RMB1.7 million.

In 2024, we had net cash flows used in financing activities of RMB4.0 million, primarily attributable to (i) principal and interest of lease payments of RMB2.6 million, and (ii) repayment of bank loans and other borrowings of RMB1.0 million.

Improvement of Net Operating Cash Outflows Position

Our management monitors and maintains a level of cash and bank balances deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. In addition, we plan to reduce our costs through (i) continue advancing the R&D progress of our drug candidates, particularly our Core Product, to accelerate commercialization and leverage economies of scale upon the commercialization of our drug candidates; (ii) continue enhancing our business development capabilities to pursue and capitalize on licensing out opportunities. We currently have no concrete plans for any license out opportunities; and (iii) continuing to revise and improve our policies and processes in relation to financial budget. As our business develops and expands, we expect to generate more net cash from our operating activities, through increasing sales revenue by launching new drug candidates.

CASH OPERATING COSTS

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

	For the year ended December 31,	
	2024	2025
	(RMB in thousands)	
Costs relating to research and development of our Core Product		
Staff cost	18,993	15,740
Trial and testing expenses	56,734	42,227
Raw materials and others	10,395	7,681
Subtotal	86,122	65,648
Costs relating to research and development of our other drug candidates		
Staff cost	10,550	11,316
Trial and testing expenses	17,943	16,305
Raw materials and others	4,160	2,966
Subtotal	32,653	30,587
Workforce employment cost for non-research and development staff[(1)]	8,479	5,884
Others[(2)]	10,968	38,011
Subtotal	19,447	43,895
Total cash operating cost	**138,222**	**140,130**

Notes:

(1) Workforce employment costs represented non-R&D staff costs, mainly including salaries and social insurances.

(2) Mainly consisted of [**REDACTED**] expenses, professional service fee, travelling expense and other miscellaneous costs.

INDEBTEDNESS

The following table sets forth the breakdown of our indebtedness as of the dates indicated.

	As of December 31,		As of April 30,
	2024	2025	2026
		(RMB in thousands)	
			(Unaudited)
Current			
Interest-bearing bank borrowings	7,508	–	–
Lease liabilities	842	1,961	1,574
Preferred shares	936,713	1,730,120	1,730,120
Non-current			
Lease liabilities	–	583	958
Total	**945,063**	**1,732,664**	**1,732,652**

Except as discussed above, we did not have any 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 has not been any material change in our indebtedness since December 31, 2025 and up to the Latest Practicable Date. Our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt and there was no material breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further 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 breach of covenants during the Track Record Period and up to the Latest Practicable Date.

CAPITAL EXPENDITURES

In 2024 and 2025, we incurred capital expenditures of RMB0.1 million, and RMB0.5 million, respectively, in connection with purchase of property, plant and equipment.

We funded our capital expenditure requirements during the Track Record Period mainly from proceeds from the issuance of preferred shares and our bank borrowings. We plan to finance our future capital expenditures primarily with our existing cash and cash equivalents, future commercialization and sales of our drug candidates, equity offerings, out-license and collaboration arrangements, [**REDACTED**] from the [**REDACTED**], proceeds from commercial loans, and other sources. For details, see "Future Plans and [**REDACTED**]." We may reallocate the funds to be utilized on capital expenditures based on our ongoing business needs.

CAPITAL COMMITMENTS

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

CONTINGENT LIABILITIES

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

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had transactions with related parties in accordance with the terms agreed with the counterparties. For details of our transactions with related parties and outstanding balances with related parties during the Track Record Period, see Note 32 to the Accountants' Report as set out in Appendix I to this document. Our Directors confirm that all related party transactions during the Track Record Period were conducted on an arm's length basis, and would not distort our results of operations over the Track Record Period or make our historical results over the Track Record Period not reflective of our expectations for our future performance. All of our related party balances as of December 31, 2024 and 2025 were non-trade in nature and our Directors confirm that all such non-trade balances will be fully settled prior to our [**REDACTED**].

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISKS

Our operations are subject to multiple financial risks, particularly market risk (including currency risk and interest rate risk), credit risk and liquidity risk as detailed below. Our management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Foreign Currency Risk — Our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. For details, see Note 35 to the Accountant's Report as set out in Appendix I to this document.

Credit Risk — We trade only with recognized and creditworthy parties. For other receivables and other assets, our management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. Our Directors believe that there is no material credit risk inherent in our outstanding balance of other receivables. As of December 31, 2024 and 2025, we have assessed that the expected loss rate for other receivables was immaterial. Thus no loss allowance provision for other receivables was recognized as of the same date. For more details, see Note 35 to the Accountants' Report in Appendix I to this document.

Liquidity Risk — In the management of liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by our management to finance the operations and mitigate the effects of fluctuations in cash flows. For details, please see Note 35 to the Accountants' Report as set out in Appendix I to this document.

DIVIDENDS

No dividends have been paid by our Group during the Track Record Period and we do not maintain a formal dividend policy or have a fixed dividend distribution ratio. Our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Companies Act. Our shareholders at a general meeting must approve any declaration of dividends, which must not exceed the amount recommended by our Board. In addition, our Directors may from time to time pay such interim dividends as our Board considers to be justified by our profits and overall financial requirements, or special dividends of such amounts and on such dates as they think appropriate. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our future declarations of

dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Board. As advised by our Cayman Islands legal advisor, under Cayman Islands law, a position of accumulated loss and deficits in equity does not necessarily restrict our Company from declaring and paying dividends to our Shareholders out of either our profit or our share premium account, provided this would not result in our Company being unable to pay its debts as they fall due in the ordinary course of business.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we did not have any reserves available for distribution to our Shareholders.

[**REDACTED**]

[**REDACTED**] to be borne by us are estimated to be approximately HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**] per Share), representing approximately [**REDACTED**]% of the estimate [**REDACTED**] from the [**REDACTED**] assuming no Shares are issued pursuant to the [**REDACTED**]. The [**REDACTED**] consist of (i) [**REDACTED**]-related expenses, including [**REDACTED**], of approximately HK$[**REDACTED**], and (ii) non-[**REDACTED**]-related expenses of approximately HK$[**REDACTED**], comprising (a) fees and expenses of our legal advisors and reporting accountants of approximately HK$[**REDACTED**], and (b) other fees and expenses of approximately HK$[**REDACTED**]. Before the Track Record Period, the [**REDACTED**] charged to our consolidated statements of profit or loss were [**REDACTED**]. During the Track Record Period, the [**REDACTED**] charged to our consolidated statements of profit or loss were [**REDACTED**] and there was issue cost of [**REDACTED**] recognized as prepayments and which are expected to be deducted from equity upon the [**REDACTED**]. After the Track Record Period, approximately HK$[**REDACTED**] is expected to be charged to our consolidated statements of profit or loss, and approximately HK$[**REDACTED**] is expected to be accounted for as a deduction from equity upon the [**REDACTED**]. We do not believe any of the above fees or expenses are material or are unusually high to our Group. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [**REDACTED**] ADJUSTED NET TANGIBLE ASSETS

The unaudited [**REDACTED**] statement of adjusted consolidated net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules is to illustrate the effect of the [**REDACTED**] on the net tangible assets of our Group attributable to the owners of our Company as of December 31, 2025 as if the [**REDACTED**] had taken place on that date.

This unaudited [**REDACTED**] statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group as of December 31, 2025, or at any future dates following the [**REDACTED**]. For details, see Appendix II to this document.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that there has been no material adverse change in our business, financial condition and results of operations since December 31, 2025, being the latest balance sheet date of our consolidated financial statements in the Accountants' Report as set out in Appendix I to this document, and up to the Latest Practicable Date.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

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