The following discussion and analysis should be read in conjunction with the consolidated financial information together with the accompanying notes in the Accountants' Report set out in Appendix I to this document. Our consolidated financial information has been prepared in accordance with the HKFRS 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 the future events and financial performance that involve risks and uncertainties. These statements are based on our assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this document.

Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a clinical-stage biotechnology company committed to developing small molecule therapies for autoimmune and neurodegenerative diseases. Our therapeutic approach is anchored by a proprietary kinase chemistry platform that enables the design of highly selective and/or brain-penetrant kinase inhibitors. As of the Latest Practicable Date, we have built a differentiated asset portfolio that spans diverse autoimmune and neurodegenerative indications, and comprises four clinical-stage candidates and multiple preclinical candidates.

We currently have no products approved for commercial sales and have not generated any revenue from product sales during the Track Record Period. In 2024, 2025 and the three months ended March 31, 2025 and 2026, we incurred loss for the year/period of RMB226.4 million, RMB312.5 million, RMB99.7 million and RMB73.1 million, respectively. Such losses primarily resulted from our operating expenses, which equal to the sum of research and development expenses and administrative expenses, as well as changes in fair value of financial instruments issued to investors. We recorded adjusted net loss (non-HKFRS measure) of RMB131.9 million, RMB138.4 million, RMB72.5 million and RMB41.7 million in 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively. We define adjusted net loss (non-HKFRS measure) as loss for the year/period adjusted by adding back share-based payment expenses, changes in fair value of financial instruments issued to investors and [**REDACTED**]. For more information related to our adjusted net loss (non-HKFRS measure), see "— Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Non-HKFRS Measure."

We expect to incur significant expenses for at least the next several years as we continue to advance our clinical development and pre-clinical research plans, and to prepare for the commercialization of our Core Product. 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 based on the accounting policies set out in Note 2 to the Accountants' Report contained in the Appendix I to this document which conform with all applicable HKFRS Accounting Standards, which collectively includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (the

"HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The HKICPA has issued a number of new and revised HKFRS Accounting Standards. For the purpose of preparing this historical financial information, our Group has adopted all applicable new and revised HKFRS Accounting Standards during the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. The historical financial information are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

SIGNIFICANT 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 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 built a differentiated pipeline across diverse autoimmune and neurodegenerative indications, including four clinical-stage candidates, namely TLL-018, our Core Product, HL-300, TLL-041 and HL-400, and three selected preclinical candidates, including HL-450, TLL-009 and HL-500. See "Business — Our Pipeline" for more information on the development status of our drug candidates.

We have not generated any revenue from the product sales since inception. Once our drug candidates are commercialized, our business and results of operations will be driven by the market acceptance and supply of our commercialized products. To successfully develop and launch our drug candidates, we intend to continue advancing the R&D and commercialization of our Core Product, TLL-018, at a rapid pace, and the preclinical and clinical development of our pipeline assets, and strengthening our kinase chemistry platform to continuously support our R&D activities. For more details, see "Business — Our Strategies."

Our Operating Expenses Structure

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

In 2024, 2025 and the three months ended March 31, 2025 and 2026, our research and development expenses amounted to RMB127.3 million, RMB150.8 million, RMB24.8 million and RMB37.1 million, respectively. Our research and development expenses increased during the Track Record Period, driven by the accelerated progress of our drug candidates toward clinical development, especially the advancements of our Core Product, TLL-018. In 2024, 2025 and the three months ended March 31, 2025 and 2026, research and development expenses incurred for our Core Product, TLL-018, were RMB97.9 million, RMB110.7 million, RMB18.3 million and RMB22.0 million, respectively, accounting for 76.9%, 73.4%, 73.9% and 59.4% of our total research and development expenses for the corresponding periods. We expect our research and development expenses to continue to increase for the foreseeable future as we advance our drug candidates to maximize their clinical and commercial potential, as well as to explore and advance the clinical development of our drug candidates for the treatment of additional indications.

During the Track Record Period, our administrative expenses primarily consisted of staff costs, professional service fees, office, travelling and business-related expenses, depreciation and amortization, equity-settled share-based payments and others. Our administrative expenses amounted to RMB13.6 million, RMB33.6 million, RMB3.3 million and RMB7.7 million in 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively. Our administrative expenses increased during the Track Record Period, primarily as our business grew and team expanded in relation to the development of our drug candidates.

We expect our 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 various aspects other than research and development, such as manufacturing, regulatory affairs, and sales and marketing efforts, among other things. Additionally, we plan to expand internal manufacturing capabilities in tandem, including the construction of a dedicated formulation

workshop and other supporting facilities, to meet anticipated demand and enhance supply security. We also anticipate increasing legal, compliance, accounting, insurance, and [**REDACTED**] and public relations expenses associated with being a [**REDACTED**] company in Hong Kong.

Our Existing and Future License and Collaboration Arrangements

Our results of operations have been, and may continue to be, affected by our strategic collaboration and licensing arrangements with business partners. In March 2023, we established a a development and license agreement with Biohaven for the exclusive rights to research, develop, manufacture and commercialize our TLL-041, for the treatment of diseases, disorders or conditions in humans in all territories worldwide excluding mainland China, Hong Kong, Macau and Taiwan. In consideration of such grant of license, we are entitled to significant upfront and milestone payments, along with tiered royalties on sales performance. As of the Latest Practicable Date, we have received an upfront payment of US$10 million in cash and 721,136 common shares issued by Biohaven. In August 2025, we received the first milestone payment of US$15 million in connection with Biohaven's initiation of a Phase II/III registrational trial of TLL-041/BHV-8000 with early Parkinson's disease. See "Business — Our Material Collaboration and Licensing Arrangements" for details.

Building on the success of our existing collaborations, we are actively exploring new partnership opportunities for our pipeline assets around the globe. We implement a dual-end strategy, underpinned by domestic in-house innovation with full ownership, as well as international licensing collaborations. We plan to continue to deepen our global strategy and accelerate our international expansion through diversified, value accretive partnerships leveraging our strong capabilities in business development. For details, see "Business — Our Strategies — Expand Global Footprint and Unlock Pipeline Value through Strategic Partnerships." The timing and amounts of upfront payments, milestone payments, royalties and other considerations in relation to our existing and future collaboration and licensing arrangements could have an impact on our results of operations.

Funding for Our Operations

During the Track Record Period, we funded our operations primarily through equity financing and payments received under our licensing and collaboration arrangements. Going forward, in the event of successful commercialization of one or more of our drug candidates, we expect to primarily fund our operations with cash and cash equivalents, payments under our licensing and collaboration agreements, payments received from existing and potential collaboration arrangements, as well as funds generated from sales of our commercialized drug products. However, with the continuing expansion of our business and product pipeline, we may require further funding through public or private offerings, debt financing, or other funding sources. Any fluctuation in the funding for our operations will impact our cash flow and our results of operations.

MATERIAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. 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. We have not changed our assumptions or estimates in the past and have not noticed any material errors regarding our assumptions or estimates. Under current circumstances, we do not expect that our assumptions or estimates are likely to change significantly in the future. When reviewing our consolidated financial statements, you should consider (i) our material accounting policies, and (ii) the judgments and other uncertainties affecting the application of such policies.

We set forth below those accounting policies that we believe are material to us or involve the most significant estimates and judgments used in the preparation of our consolidated financial statements. For more details, see Notes 2 and 3 to the Accountants' Report set out in Appendix I to this document.

Material Accounting Policies

Revenue Recognition

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control over a product or service is transferred to the customer at the amount of promised consideration to which we are expected to be entitled, excluding those amounts collected on behalf of third parties.

Revenue from License and Collaboration Agreements

We generate revenue from license and collaboration arrangements under which we grant intellectual property rights to customers. Consideration typically includes upfront payments, development and sales-based milestone payments, and royalties. The upfront fees are recognized as revenue when customers obtain rights to access the technology. Development milestone payments and sales-based milestones payment are recognized as revenue throughout the license period when it is highly probable that there will not be a subsequent reversal of a significant amount of revenue. Sales-based royalties are not included in the transaction price until customers make the sales.

Financial Instruments Issued to Investors with Preferred Rights

A contract that contains an obligation to purchase our equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount. Even if our obligation to purchase is conditional on the counterparty exercising a right to redeem, the financial instruments issued to investors with preferred rights are recognized as a financial liability initially at the present value of the redemption amount. Subsequently, any changes in the carrying amount of the financial liabilities are recorded in "changes in the fair value of financial instruments issued to investors" in profit or loss. We derecognize financial liabilities when, and only when, our obligations are discharged, canceled or have expired. The carrying amount of the financial instruments derecognized was credited into equity.

Significant Accounting Judgements and Estimates

Revenue Recognition

Identification of Performance Obligations under Contracts

A good or service that is promised to a customer is distinct if: (a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer; and (b) the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract. In assessing whether a license is distinct from the other promises, we consider factors such as the research, development, manufacturing and commercialization capabilities of the customer and the availability of the associated expertise in the general marketplace. In addition, we consider whether the customer can benefit from a license for its intended purpose without the receipt of the remaining promises by considering whether the value of the license is dependent on the unsatisfied promises, whether there are other vendors that could provide the remaining promises, and whether it is separately identifiable from the remaining promises.

Estimation of Variable Consideration

We determine the amount of milestone payments by using either the expected value or the most likely amount based on which method better predicts the amount of consideration to which it will be entitled. We assess whether the milestones are considered highly probable of being achieved and estimate the amount to be included in the transaction price using the most likely amount method. For sales-based royalties, we recognize revenue when the occurrence of the subsequent sales.

Research and Development expenses

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

Fair Value Measurement

Fair values are categorized into the three-level hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

During the Track Record Period, we had certain financial liabilities categorized within Level 3 of fair value measurement. We have a team performing valuations for the financial instruments categorized into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer. Valuation assessment with analysis of changes in fair value measurement is prepared by the team at each reporting date and is reviewed and approved by the chief financial officer. Our Directors believe that the estimated fair values resulting from the valuation technique are reasonable, and that they were the most appropriate values at the end of each of the reporting period.

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

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

	Year Ended December 31,		Three Months Ended March 31,	
	2024	2025	2025	2026
	(RMB'000)	*(RMB'000)*	*(RMB'000) (unaudited)*	*(RMB'000)*
Revenue	**–**	**107,379**	**–**	**–**
Cost of sales	–	–	–	–
Gross profit	**–**	**107,379**	**–**	**–**
Research and development expenses	(127,288)	(150,786)	(24,827)	(37,051)
Administrative expenses	(13,569)	(33,589)	(3,278)	(7,721)
Other net income/(loss)	6,366	20,351	10,090	(981)
Finance costs	(120)	(94)	(14)	(15)

	Year Ended December 31,		Three Months Ended March 31,	
	2024	2025	2025	2026
	(RMB'000)	*(RMB'000)*	*(RMB'000) (unaudited)*	*(RMB'000)*
Changes in fair value of financial instruments issued to investors	(93,962)	(154,879)	(27,023)	(27,765)
Changes in fair value of other financial instruments	3,320	(100,961)	(54,642)	412
Loss before taxation	**(225,253)**	**(312,579)**	**(99,694)**	**(73,121)**
Income tax	(1,118)	94	–	–
Loss for the year/period attributable to equity shareholders of our Company	**(226,371)**	**(312,485)**	**(99,694)**	**(73,121)**
Other comprehensive income for the year/period (net of tax)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of financial statements of a foreign subsidiary, net of nil tax	71	(148)	(14)	(77)
Total comprehensive income for the year/period attributable to equity shareholders of our Company	**(226,300)**	**(312,633)**	**(99,708)**	**(73,198)**

Non-HKFRS Measure

To supplement our consolidated statements of profit or loss and other comprehensive income which are presented in accordance with HKFRS Accounting Standards, we also use adjusted net loss (non-HKFRS measure) as a non-HKFRS measure, which is not required by, or presented in accordance with, HKFRS Accounting Standards. We believe that the presentation of the non-HKFRS measures when shown in conjunction with the corresponding HKFRS measures provides useful information to management and [**REDACTED**] in facilitating a comparison of our operating performance from period to period. In particular, the non-HKFRS measure eliminates the impact of certain expenses, including equity-settled share-based payments, changes in fair value of financial instruments issued to investors and [**REDACTED**]. Such non-HKFRS measure allows [**REDACTED**] to consider metrics used by our management for evaluating our performance.

We define adjusted net loss (non-HKFRS measure) as loss for the year/period adjusted by adding back (i) equity-settled share-based payments, (ii) changes in fair value of financial instruments issued to investors, and (iii) [**REDACTED**]. Equity-settled share-based payments represent expenses arising from our grant of share options to eligible individuals, which are non-cash in nature. Changes in fair value of instruments issued to investors represented losses from changes in fair value of instruments with special rights we issued to our pre-[**REDACTED**] investors in previous financings. These instruments with special rights we issued to our pre-[**REDACTED**] investors will be transferred to equity upon the [**REDACTED**], and we do not expect to record further gains or losses in relation to valuation changes in such instruments after the [**REDACTED**]. [**REDACTED**] are the expenses arising from activities in relation to the proposed [**REDACTED**]. The adjustments were consistently made during the Track Record Period. The

following table sets forth the reconciliations of our adjusted net loss (non-HKFRS measure) for the years ended December 31, 2024 and 2025 and the three months ended March 31, 2025 and 2026 to the nearest measure prepared in accordance with HKFRS Accounting Standards:

	Year Ended December 31,		Three Months Ended March 31,	
	2024	2025	2025	2026
	(RMB'000)	*(RMB'000)*	*(RMB'000)* *(unaudited)*	*(RMB'000)*
Loss for the year/period	(226,371)	(312,485)	(99,694)	(73,121)
Add:				
Equity-settled share-based payments	490	3,440	221	1,633
Changes in fair value of financial instruments issued to investors	93,962	154,879	27,023	27,765
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Adjusted net loss (non-HKFRS measure)	**(131,919)**	**(138,437)**	**(72,450)**	**(41,687)**

Revenue

During the Track Record Period, our revenue were generated from license and collaboration agreements with Biohaven, representing milestone payment.

Cost of Sales

In 2024, 2025 and the three months ended March 31, 2025 and 2026, our cost of sales was nil, nil, nil and nil, respectively.

Gross Profit and Gross Profit Margin

Our gross profit amounted to RMB107.4 million in 2025, and our gross profit margin was 100.0% for 2025. As we recorded revenue and cost of sales of nil, nil and nil in 2024, the three months ended March 31, 2025 and 2026, we recorded gross profit of nil, nil and nil in the corresponding periods.

Research and Development Expenses

During the Track Record Period, our research and development expenses primarily consisted of (i) clinical trial expenses, (ii) preclinical expenses, (iii) staff costs, (iv) depreciation and amortization, (v) equity-settled share-based payments, and (vi) others which mainly include travelling expenses and meeting expenses. 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,				Three Months Ended March 31,			
	2024		2025		2025		2026	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)* *(unaudited)*	*%*	*(RMB'000)*	*%*
Clinical trial expenses	66,006	51.9	87,284	57.9	11,745	47.3	21,486	58.0
Preclinical expenses	26,394	20.7	16,505	10.9	2,205	8.9	3,672	9.9
Staff costs	23,600	18.5	33,957	22.5	8,710	35.1	8,873	23.9
Depreciation and amortization	2,769	2.2	3,528	2.3	780	3.1	655	1.8
Equity-settled share-based payments	279	0.2	2,238	1.5	169	0.7	891	2.4
Others	8,240	6.5	7,274	4.8	1,218	4.9	1,474	4.0
Total	**127,288**	**100.0**	**150,786**	**100.0**	**24,827**	**100.0**	**37,051**	**100.0**

In 2024, 2025 and the three months ended March 31, 2025 and 2026, research and development expenses incurred for our Core Product, TLL-018, were RMB97.9 million, RMB110.7 million, RMB18.3 million and RMB22.0 million, respectively, accounting for 76.9%, 73.4%, 73.9% and 59.4% of our total research and development expenses for the corresponding periods. The decrease in the percentage of research and development expenses incurred for TLL-018 in our total research and development expenses for the three months ended March 31, 2026 was primarily due to an increase in research and development expenses incurred for HL-400 in connection with its Phase I clinical trial in the United States.

Administrative Expenses

During the Track Record Period, our administrative expenses primarily consisted of (i) staff costs, (ii) professional service fees, (iii) office, travelling and business-related expenses, (iv) depreciation and amortization, (v) equity-settled share-based payments, and (vi) other miscellaneous expenses. The following table sets forth a breakdown of our administrative expenses in absolute amounts and as percentages of the total administrative expenses for the periods indicated:

	Year Ended December 31,				Three Months Ended March 31,			
	2024		2025		2025		2026	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*
					(unaudited)			
Staff costs	6,120	45.1	8,387	25.0	2,088	63.7	2,423	31.4
Professional service fees	2,635	19.4	19,490	58.0	169	5.2	2,916	37.8
Office, travelling and business-related expenses	3,459	25.5	3,015	9.0	675	20.6	751	9.7
Depreciation and amortization	567	4.2	779	2.3	276	8.4	350	4.5
Equity-settled share-based payments	211	1.6	1,202	3.6	52	1.6	742	9.6
Others	577	4.2	716	2.1	18	0.5	539	7.0
Total	**13,569**	**100.0**	**33,589**	**100.0**	**3,278**	**100.0**	**7,721**	**100.0**

Other Net Income/(Loss)

During the Track Record Period, our other income mainly consisted of (i) government grants that we received from the local government authorities to support our research and development activities, (ii) interest income on bank deposits, (iii) net exchange (loss)/gain mainly in relation to the fluctuations in the exchange rate of U.S. dollar against Renminbi, and (iv) others. The following table sets forth a breakdown of our other income for the periods indicated:

	Year Ended December 31,				Three Months Ended March 31,			
	2024		2025		2025		2026	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*
					(unaudited)			
Government grants	1,233	19.4	18,262	89.7	8,965	88.9	229	23.3
Interest income on bank deposits	3,704	58.2	7,149	35.1	1,289	12.8	1,838	187.4
Net exchange (loss)/gain	1,421	22.3	(5,037)	(24.8)	(163)	(1.6)	(3,048)	(310.7)
Others	8	0.1	(23)	(0.1)	(1)	(0.0)	–	–
Total	**6,366**	**100.0**	**20,351**	**100.0**	**10,090**	**100.0**	**(981)**	**(100.0)**

Finance Costs

During the Track Record Period, our finance costs were in relation to our interest on lease liabilities. During the Track Record Period, our interests on lease liabilities amounted to RMB120 thousand, RMB94 thousand, RMB14 thousand and RMB15 thousand in 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively.

Changes in Fair Value of Financial Instruments Issued to Investors

During the Track Record Period, our changes in fair value of financial instruments issued to investors represented losses from changes in fair value of instruments with special rights we issued to our pre-[**REDACTED**] investors in previous financings. In 2024, 2025 and the three months ended March 31, 2025 and 2026, our changes in fair value of financial instruments issued to investors amounted to RMB94.0 million, RMB154.9 million, RMB27.0 million and RMB27.8 million, respectively. These instruments with special rights we issued to our pre-[**REDACTED**] investors will be transferred to equity upon the [**REDACTED**], and we do not expect to record further gains or losses in relation to valuation changes in such instruments after the [**REDACTED**]. For further details, see Note 21 to the Accountants' Report set out in Appendix I to this document.

Changes in Fair Value of Other Financial Instruments

During the Track Record Period, our changes in fair value of other financial instruments mainly represented changes in fair value of ordinary shares of Biohaven and changes in fair value of other financial assets at FVPL in relation with our negotiable certificate of deposits with banks. In 2024 and the three months ended March 31, 2026, we recorded a gain in fair value of other financial instruments of RMB3.3 million and RMB0.4 million, respectively. In 2025 and the three months ended March 31, 2025, we recorded a loss in fair value of other financial instruments of RMB101.0 million and RMB54.6 million, respectively.

Income Tax

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which we are domiciled and operate. Our income tax expenses incurred during the Track Record Period were mainly our income tax by our U.S. subsidiary. 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 U.S. and we are not aware of any outstanding or potential disputes with such tax authorities.

Mainland China

The provision for corporate income tax of our Company in Mainland China is based on the preferential income tax rate of 15% as we are certified as "High and New Technology Enterprise," and our subsidiary established and operated in the PRC are subject to the PRC corporate income tax at the statutory rate of 25%.

United States

Our subsidiary in the United States was liable to the United States federal income tax at a rate of 21% and the minimum state income tax at the applicable tax rate.

Loss for the Year/Period

As a result of the foregoing, we incurred losses for the year/period of RMB226.4 million, RMB312.5 million, RMB99.7 million and RMB73.1 million in 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Three Months Ended March 31, 2026 Compared to Three Months Ended March 31, 2025

Revenue

We recorded revenue of nil and nil in the three months ended March 31, 2025 and 2026, respectively.

Cost of Sales

We incurred cost of sales of nil and nil in the three months ended March 31, 2025 and 2026, respectively.

Gross Profit and Gross Profit Margin

As a result of the foregoing, we recorded gross profit of nil and nil in the three months ended March 31, 2025 and 2026, respectively. Our gross profit margin was nil and nil in the same periods.

Research and Development Expenses

Our research and development expenses increased from RMB24.8 million in the three months ended March 31, 2025 to RMB37.1 million in the three months ended March 31, 2026, primarily due to an increase of RMB9.7 million in clinical trial expenses, resulting from the progression of clinical development of our drug candidates.

Administrative Expenses

Our administrative expenses increased from RMB3.3 million in the three months ended March 31, 2025 to RMB7.7 million in the three months ended March 31, 2026, primarily due to an increase of RMB2.7 million in professional service fees, mainly in relation to our preparation for the proposed [**REDACTED**].

Other Net Income/(Loss)

We recorded other net income of RMB10.1 million in the three months ended March 31, 2025, while we recorded other net loss of RMB1.0 million in the three months ended March 31, 2026, primarily due to (i) a decrease of RMB8.7 million in government grants, and (ii) a net exchange loss of RMB3.0 million recorded in the three months ended March 31, 2026, which was mainly attributable to fluctuations in the exchange rate between the U.S. dollar and Renminbi.

Finance Costs

Our finance costs remained relatively stable at RMB14 thousand and RMB15 thousand in the three months ended March 31, 2025 and 2026, respectively.

Changes in Fair Value of Financial Instruments Issued to Investors

Our changes in fair value of financial instruments issued to investors remained relatively stable at RMB27.0 million and RMB27.8 million in the three months ended March 31, 2025 and 2026, respectively.

Changes in Fair Value of Other Financial Instruments

We recorded a loss in changes in fair value of other financial instruments of RMB54.6 million in the three months ended March 31, 2025, while we recorded a gain in changes in fair value of other financial instruments of RMB0.4 million in the three months ended March 31, 2026, primarily because we disposed all the shares of Biohaven in December 2025, and the fair value changes recorded in the three months ended March 31, 2026 primarily related to the structured deposits issued by banks.

Income Tax

We recorded income tax of nil and nil in the three months ended March 31, 2025 and 2026, respectively.

Loss for the Period

As a result of the foregoing, we recorded a loss for the period of RMB99.7 million and RMB73.1 million in the three months ended March 31, 2025 and 2026, respectively.

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

Revenue

Our revenue increased from nil in 2024 to RMB107.4 million in 2025, primarily due to recognition of a development milestone payment of US$15 million in connection with Biohaven's initiation of the Phase II/III registrational trial in early Parkinson's disease under our out-licensing and collaboration arrangements with Biohaven.

Cost of Sales

We incurred cost of sales of nil and nil in 2024 and 2025, respectively.

Gross Profit and Gross Profit Margin

As a result of the foregoing, we recorded a gross profit of nil and a gross profit margin of nil in 2024, while we recorded a gross profit of RMB107.4 million and a gross profit margin of 100.0% in 2025.

Research and Development Expenses

Our research and development expenses increased from RMB127.3 million in 2024 to RMB150.8 million in 2025, primarily due to an increase of RMB21.3 million in clinical trial expenses, mainly driven by progression of our clinical development of our drug candidates, particularly the Phase III clinical trials of TLL-018.

Administrative Expenses

Our administrative expenses increased from RMB13.6 million in 2024 to RMB33.6 million in 2025, primarily due to an increase of RMB16.9 million in professional service fees, mainly in relation to our preparation for the proposed [**REDACTED**].

Other Net Income

Our other net income increased from RMB6.4 million in 2024 to RMB20.4 million in 2025, primarily due to an increase of RMB17.0 million in government grants in relation with our research and development activities.

Finance Costs

Our finance costs remained relatively stable at RMB120 thousand in 2024, compared to RMB94 thousand in 2025.

Changes in Fair Value of Financial Instruments Issued to Investors

Our losses in fair value of financial instruments issued to investors increased from RMB94.0 million in 2024 to RMB154.9 million in 2025, primarily related to changes in the valuation of instruments with special rights we issued to our pre-[**REDACTED**] investors.

Changes in Fair Value of Other Financial Instruments

We recorded a gain in fair value of other financial instruments of RMB3.3 million in 2024, while we recorded a loss in fair value of other financial instruments of RMB101.0 million in 2025, primarily related to change in the valuation of ordinary shares of Biohaven which we acquired as upfront payment in accordance with out-licensing and collaboration arrangements with Biohaven.

Income Tax

We recorded income tax expenses of RMB1.1 million in 2024, while we recorded income tax credit of RMB94 thousand in 2025.

Loss for the Year

As a result of the foregoing, we recorded a loss for the year of RMB226.4 million and RMB312.5 million in 2024 and 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,		As of March 31,
	2024	2025	2026
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Non-current assets			
Property, plant and equipment	10,307	8,391	8,008
Right-of-use assets	3,004	1,833	1,512
Intangible assets	91	59	51
Total non-current assets	**13,402**	**10,283**	**9,571**
Current assets			
Prepayments and other receivables	16,411	16,941	17,942
Financial assets at FVPL	164,404	145,055	100,397
Time deposits	–	2,142	–
Cash and cash equivalents	170,183	254,636	255,778
Total current assets	**350,998**	**418,774**	**374,117**
Current liabilities			
Trade and other payables	33,661	60,462	54,768
Lease liabilities	1,167	1,377	1,328
Income tax payables	1,118	–	–
Financial instruments issued to investors	841,762	1,178,641	1,206,406
Total current liabilities	**877,708**	**1,240,480**	**1,262,502**
Net current liabilities	**(526,710)**	**(821,706)**	**(888,385)**
Non-current liabilities			
Lease liabilities	1,341	126	90
Deferred income	15,168	26,570	30,780
Total non-current liabilities	**16,509**	**26,696**	**30,870**
Net liabilities	**(529,817)**	**(838,119)**	**(909,684)**

Property, Plant and Equipment

During the Track Record Period, our property, plant and equipment primarily consisted of vehicle, equipment and machinery, and leasehold improvements. Our property, plant and equipment decreased from RMB10.3 million as of December 31, 2024 to RMB8.4 million as of December 31, 2025 and further to RMB8.0 million as of March 31, 2026,, primarily due to a decrease in equipment and machinery, resulting from depreciation of our equipment and machinery.

Right-of-use Assets

During the Track Record Period, our right-of-use assets represent leases of office buildings. Our right-of-use assets remained relatively stable at RMB3.0 million, RMB1.8 million and RMB1.5 million as of December 31, 2024, 2025 and March 31, 2026, respectively.

Impairment Assessment for Non-financial Assets

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

During the years ended December 31, 2024, 2025 and the three months ended March 31, 2026, we were still in net loss, which was within the expectation of the Directors as we are spending heavily on our research and development activities. We reviewed the internal and external sources of information, and didn't identify any impairment indications of our non-financial assets. Thus, our management concluded that there was no impairment needed for the non-financial assets as of December 31, 2024, 2025 and March 31, 2026.

Prepayments and Other Receivables

During the Track Record Period, our prepayments and other receivables primarily included (i) prepayments to suppliers, (ii) value-added tax recoverable, resulting from the excess input VAT over output VAT, (iii) others debtors and deposits, such as lease deposits, and (iv) prepaid [**REDACTED**]. The following table sets forth a breakdown of prepayments and other receivables as of the dates indicated.

	As of December 31,		As of March 31,
	2024	2025	2026
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Prepayments to suppliers	14,340	6,168	4,490
VAT recoverable	1,249	7,196	9,028
Other debtors and deposits	822	958	1,433
Prepaid [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	**16,411**	**16,941**	**17,942**

Our prepayments and other receivables increased from RMB16.4 million as of December 31, 2024 to RMB16.9 million as of December 31, 2025, primarily due to an increase in VAT recoverable of RMB5.9 million, resulting from the continued growth in our R&D investments and procurement activities, and an increase in prepaid [**REDACTED**] of RMB[**REDACTED**], partially offset by a decrease in our prepayments to suppliers of RMB8.2 million, driven by the progress of our R&D projects. Our prepayments and other receivables further increased from RMB16.9 million as of December 31, 2025 to RMB17.9 million as of March 31, 2026, primarily due to an increase in VAT recoverable of RMB1.8 million, which continued to accumulate along with our procurement activities.

Financial Assets at FVPL

During the Track Record Period, our financial assets at FVPL primarily included (i) equity securities listed in the United States, representing the ordinary shares issued by Biohaven as part of the consideration of the upfront payment under our out-licensing and collaboration arrangements, (ii) negotiable certificate of deposits with banks mainly for the purpose of short-term fund management, and (iii) structured deposits issued by banks. Our financial assets at FVPL decreased from RMB164.4 million as of December 31, 2024 to RMB145.1 million as of December 31, 2025, primarily due to (i) the decrease equity securities listed in the United States as we disposed all the shares of Biohaven in December 2025 and (ii) the decrease in negotiable certificate of deposits with banks due to redemption and transfer upon maturity, partially offset by an increase in structured deposits issued by banks as we purchase the structured deposits in 2025. Our financial assets at FVPL decreased from RMB145.1 million as of December 31, 2025 to RMB100.4 million as of March 31, 2026, primarily due to the redemption of structured deposits issued by banks. For more details, see Note 15 to the Accountants' Report set out in Appendix I to this document.

During the Track Record Period, as part of our treasury management, we mainly invested in low-risk principal-protected structured deposits to better utilize excess cash when our cash sufficiently covered our ordinary course of business. Such investments were conducted on a prudent basis with controllable risks. The proposed investments were subject to internal financial review and approval by our general manager prior to execution. We have adopted internal policies to further standardize the scope of permitted investments, approval authorities, internal control procedures and risk management requirements. Under such policies, our finance department is responsible for proposing and evaluating potential investment products, and the Board is responsible for reviewing and approving the investment management policies and material investment matters. We limited our purchases to low-risk principal-protected products issued by reputable financial institutions that would not affect our daily operations or business prospects. Upon [**REDACTED**], any investments in wealth management products or securities, including financial assets at FVPL, will be conducted in strict compliance with the applicable requirements under Chapter 14 of the Listing Rules.

Cash and Cash Equivalents

During the Track Record Period, our cash and cash equivalents primarily consisted of our cash on hand and at banks generated from our daily operations as well as the deposit with other financial institutions. Our cash and cash equivalents increased from RMB170.2 million as of December 31, 2024 to RMB254.6 million as of December 31, 2025, primarily due to (i) our disposal of the shares of Biohaven, (ii) the consideration we received from our financing activities, and (iii) the milestone payment we received from out-licensing and collaboration arrangements with Biohaven. Our cash and cash equivalents remained relatively stable at RMB255.8 million as of March 31, 2026.

Trade and Other Payables

During the Track Record Period, our trade and other payables primarily include (i) trade payables, (ii) accrued payroll, (iii) tax payables, and (iv) other payables and accruals. The following table sets forth a breakdown of trade and other payables as of the dates indicated:

	As of December 31,		As of March 31,
	2024	2025	2026
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Trade payables	25,579	41,417	47,437
Accrued payroll	6,773	9,837	3,838
Tax payables	257	560	148
Other payables and accruals	1,052	8,648	3,345
Total	**33,661**	**60,462**	**54,768**

Our trade and other payables increased from RMB33.7 million as of December 31, 2024 to RMB60.5 million as of December 31, 2025, primarily due to an increase of RMB15.8 million in trade payables, mainly as we incurred the clinical trial expenses related to our Core Product as of December 31, 2025. Our trade and other payables decreased from RMB60.5 million as of December 31, 2025 to RMB54.8 million as of March 31, 2026, primarily due to a decrease of RMB6.0 million in accrued payroll as the year-end bonuses accrued as of December 31, 2025 were subsequently settled.

The following table sets forth an aging analysis of our trade payables as of the dates indicated:

	As of December 31,		As of March 31,
	2024	2025	2026
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Within 1 year	16,387	32,394	37,565
After 1 year but within 2 years	9,192	–	–
After 2 years but within 5 years	–	9,023	9,872
Total	**25,579**	**41,417**	**47,437**

As of April 30, 2026, RMB5.4 million, representing 11.5% of our trade payables as of March 31, 2026, had been subsequently settled.

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 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 financing and payments received under our collaboration and licensing arrangement. Our management closely monitors the use of cash and cash equivalents and strives to maintain healthy liquidity for our operations. Going forward, we believe our liquidity requirements will be satisfied by a combination of [**REDACTED**] from the [**REDACTED**], funds received from existing and potential collaboration arrangements and cash 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 offerings, 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 March 31,	As of April 30,
	2024	2025	2026	2026
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000) (unaudited)*
Current assets				
Prepayments and other receivables	16,411	16,941	17,942	18,232
Financial assets at FVPL	164,404	145,055	100,397	100,471
Time deposits	–	2,142	–	4,820
Cash and cash equivalents	170,183	254,636	255,778	236,260
Total current assets	**350,998**	**418,774**	**374,117**	**359,783**

	As of December 31,		As of March 31,	As of April 30,
	2024	2025	2026	2026
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000) (unaudited)*
Current liabilities				
Trade and other payables	33,661	60,462	54,768	50,706
Lease liabilities	1,167	1,377	1,328	1,075
Income tax payables	1,118	–	–	–
Financial instruments issued to investors	841,762	1,178,641	1,206,406	1,215,535
Total current liabilities	**877,708**	**1,240,480**	**1,262,502**	**1,267,316**
Net current liabilities	**(526,710)**	**(821,706)**	**(888,385)**	**(907,533)**

Our net current liabilities increased from RMB888.4 million as of March 31, 2026 to RMB907.5 million as of April 30, 2026, primarily due to a decrease in our cash and cash equivalents. Our net current liabilities increased from RMB821.7 million as of December 31, 2025 to RMB888.4 million as of March 31, 2026, primarily due to a decrease in our financial assets at FVPL. Our net current liabilities increased from RMB526.7 million as of December 31, 2024 to RMB821.7 million as of December 31, 2025 primarily attributable to an increase in our financial instruments issued to investors.

Although we recorded net current liabilities during the Track Record Period, we believe that our net current liabilities position is expected to improve through reduction of financial instruments issued to investors upon [**REDACTED**]. A significant portion of our current liabilities during the Track Record Period were attributable to financial instruments issued to investors, which arose from instruments with special rights issued to pre-[**REDACTED**] investors in connection with our financing activities. These instruments with special rights we issued to our pre-[**REDACTED**] investors will be transferred to equity upon the [**REDACTED**], after which the amount of our financial instruments issued to investors will be derecognized from our liabilities and transferred to equity, which can result in a significant improvement to our net current liabilities position.

Cash Flows

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

	Year Ended December 31,		Three Months Ended March 31,	
	2024	2025	2025	2026
	(RMB'000)	*(RMB'000)*	*(RMB'000) (unaudited)*	*(RMB'000)*
Net cash used in operating activities	(119,420)	(11,105)	(28,002)	(44,378)
Net cash generated from/(used in) investing activities	84,093	(84,394)	(8,960)	46,882
Net cash generated from/(used in) financing activities	128,468	180,095	19,934	(1,286)
Net increase in cash and cash equivalents	**93,141**	**84,596**	**(17,028)**	**1,218**
Cash and cash equivalents at the beginning of the year/period	76,976	170,183	170,183	254,636
Effect of foreign exchange rate changes	66	(143)	(13)	(76)
Cash and cash equivalents at the end of the year/period	**170,183**	**254,636**	**153,142**	**255,778**

Net Cash Used in Operating Activities

In the three months ended March 31, 2026, our net cash used in operating activities was RMB44.4 million, which was primarily attributable to our loss before taxation of RMB73.1 million adjusted by certain non-cash and working capital items, which primarily included changes in the fair value of financial instruments issued to investors of RMB27.8 million.

In 2025, our net cash used in operating activities was RMB11.1 million, which was primarily attributable to our loss before taxation of RMB312.6 million adjusted by certain non-cash and working capital items, which primarily included changes in the fair value of financial instruments issued to investors of RMB154.9 million and changes in fair value of other financial instruments of RMB101.0 million.

In 2024, our net cash used in operating activities was RMB119.4 million, which was primarily attributable to our loss before taxation of RMB225.3 million adjusted by certain non-cash and working capital items, which primarily included changes in the fair value of financial instruments issued to investors of RMB94.0 million and a decrease in prepayments and other receivables of RMB8.2 million.

In view of our net operating cash outflows throughout the Track Record Period, we plan to improve such position through the following initiatives: (i) advance our pipeline candidates towards commercialization to generate revenue from product sales. Specifically, we are pursuing a fast-to-market strategy for TLL-018 for CSU and RA treatment by advancing two Phase III registrational trials in China, with expected NDA applications for RA by the end of 2026 and for CSU in the first quarter of 2027; (ii) receive potential corresponding milestone payments pursuant to license and collaboration agreements executed with our partners, and actively pursue business development opportunities for entering into additional license and collaboration arrangements with major pharmaceutical companies to further diversify our revenue streams; and (iii) adopt comprehensive measures to effectively control our cost and operating expenses. We will also closely monitor our receivables collection and payables settlement, thereby enhancing working capital management and improving our cash flow position.

Net Cash Generated from/(Used in) Investing Activities

In the three months ended March 31, 2026, our net cash generated from investing activities was RMB46.9 million, which was primarily attributable to proceeds from disposal and redemptions of financial assets measured at FVPL of RMB45.1 million.

In 2025, our net cash used in investing activities was RMB84.4 million, which was primarily attributable to payment for purchase of financial assets measured at FVPL of RMB210.0 million, partially offset by proceeds from disposal and redemptions of financial assets measured at FVPL of RMB127.1 million.

In 2024, our net cash generated from investing activities was RMB84.1 million, which was primarily attributable to proceeds from disposal and redemptions of financial assets measured at FVPL of RMB199.2 million, partially offset by payment for purchase of financial assets measured at FVPL of RMB111.0 million.

Net Cash Generated from/(Used in) Financing Activities

In the three months ended March 31, 2026, our net cash used in financing activities was RMB1.3 million, which was primarily attributable to payment for [**REDACTED**] of RMB [**REDACTED**].

In 2025, our net cash generated from financing activities was RMB180.1 million, which was primarily attributable to capital contributions by investors of RMB182.9 million.

In 2024, our net cash generated from financing activities was RMB128.5 million, which was primarily attributable to capital contributions by investors of RMB130.3 million.

CASH OPERATING COSTS

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

	Year Ended December 31,		Three Months Ended March 31,	
	2024	2025	2025	2026
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Costs relating to research and development of our Core Product				
Preclinical and clinical trial expenses	73,051	52,531	15,438	12,086
Staff costs	18,129	24,409	6,663	9,960
Others	6,101	6,744	952	1,189
Subtotal	**97,281**	**83,684**	**23,053**	**23,235**
Costs relating to research and development of key products and other products				
Preclinical and clinical trial expenses	24,724	20,411	7,401	6,880
Staff costs	5,415	7,283	3,872	3,378
Others	2,051	3,035	266	736
Subtotal	**32,190**	**30,729**	**11,539**	**10,994**
Other costs				
Labor cost for non-research and development staff	4,621	7,734	2,932	3,961

WORKING CAPITAL CONFIRMATION

Although we recorded net current liabilities during the Track Record Period, we believe that our net current liabilities position is expected to improve through the following measures:

- ***Cash inflow from our operations***. We will continue to advance the commercialization of our products to generate product sales revenue. In particular, we are pursuing a fast-to-market strategy for TLL-018 for the treatment of RA and CSU by advancing its Phase III registrational trial in China, with expected NDA applications for CSU in the first quarter of 2027 and for RA by the end of 2026. In addition, we expect to receive milestone payments from our license and collaboration agreements. We will also actively pursue new collaboration opportunities to diversify our revenue sources.

- ***Reduction of current liabilities upon*** [**REDACTED**]. A significant portion of our current liabilities during the Track Record Period was attributable to financial instruments issued to investors, which arose from instruments with special rights issued to pre-[**REDACTED**] investors in connection with our financing activities. These instruments with special rights we issued to our pre-[**REDACTED**] investors will be transferred to equity upon the [**REDACTED**], after which the amount of our financial instruments issued to investors will be derecognized from our liabilities and transferred to equity, which can result in a significant improvement to our net current liabilities position.

As of April 30, 2026, we had total committed bank credit facilities of RMB130.0 million. Subject to the banks' internal management requirements and applicable drawdown conditions, up to RMB50.0 million of such facilities was available for drawdown prior to the [**REDACTED**], with the remaining facilities available for drawdown upon completion of the [**REDACTED**] and satisfaction of the relevant conditions.

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

Our cash burn rate refers to the average monthly amount of net cash used in operating activities, capital expenditures and lease payments. We had cash and cash equivalents, financial assets at FVPL and time deposits of RMB341.6 million as of April 30, 2026. We estimate that we will receive [**REDACTED**] of approximately HK$[**REDACTED**], equivalent to RMB[**REDACTED**], after deducting the [**REDACTED**] fees and expenses payable by us in the [**REDACTED**], assuming no [**REDACTED**] are exercised and assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the low-end of the [**REDACTED**] in this document. Assuming an average cash burn rate going forward of 1.3 times of the level in the four months ended April 30, 2026 and without taking into account any cash inflows from milestone payments, we estimate that our cash and bank balances, financial assets at FVPL and time deposits as of April 30, 2026 will be able to maintain our financial viability for [**REDACTED**] months or, if we take into account the estimated [**REDACTED**] from the [**REDACTED**], [**REDACTED**] months. We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing.

INDEBTEDNESS

During the Track Record Period, we had indebtedness in the form of lease liabilities and financial instruments issued to investors. The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,		As of March 31,	As of April 30,
	2024	2025	2026	2026
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000) (unaudited)*
Current				
Lease liabilities	1,167	1,377	1,328	1,075
Financial instruments issued to investors	841,762	1,178,641	1,206,406	1,215,535
Non-current				
Lease liabilities	1,341	126	90	70
Total	**844,270**	**1,180,144**	**1,207,824**	**1,216,680**

Lease Liabilities

Our lease liabilities primarily comprise leases of office buildings. As of December 31, 2024 and 2025, March 31, 2026 and April 30, 2026, we had a total of current and non-current lease liabilities of RMB2.5 million, RMB1.5 million, RMB1.4 million and RMB1.1 million, respectively.

Financial Instruments Issued to Investors

Our financial instruments issued to investors were recognized for special rights issued to pre-[**REDACTED**] investors. As of December 31, 2024 and 2025, March 31, 2026 and April 30, 2026, we had financial instruments issued to investors of RMB841.8 million, RMB1,178.6 million, RMB1,206.4 million and RMB1,215.5 million, respectively. These instruments with special rights we issued to our pre-[**REDACTED**] investors will be transferred to equity upon the [**REDACTED**], and we do not expect to record further gains or losses in relation to valuation changes in such instruments after the [**REDACTED**]. For details, see Note 21 to the Accountants' Report set out in Appendix I to this document.

Indebtedness Statement

Except as discussed above, we do 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 April 30, 2026, being the latest practicable date for determining our indebtedness, up to the date of this document.

CAPITAL EXPENDITURES

In 2024, 2025 and the three months ended March 31, 2025 and 2026, we incurred capital expenditure in connection with the purchase of property, plant and equipment of RMB4.8 million, RMB1.0 million, RMB75 thousand and RMB332 thousand, respectively.

To better accommodate the growing demand for our drug candidates upon commercialization, we plan to acquire land, establish manufacturing facilities and purchase production equipment. We plan to fund such planned capital expenditures mainly through a combination of the [**REDACTED**] from the [**REDACTED**], funds from existing and potential collaboration arrangements, revenue expected to be generated from sales of our products in the future and others. See the section "Future Plans and Use of [**REDACTED**]" in the document for more details. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors as appropriate.

CAPITAL COMMITMENTS

As of December 31, 2024 and 2025 and March 31, 2026, we did not have any material capital commitment.

CONTINGENT LIABILITIES

As of December 31, 2024 and 2025 and March 31, 2026, we did not have any contingent liabilities. As of the Latest Practicable Date, there have been no material changes or arrangements to our contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into certain transactions with our related parties. For details, see Note 26 to the Accountants' Report set out in Appendix I to this document. Our Directors confirm that each of the significant related party transactions during the Track Record Period was 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 not reflective of our future performance.

KEY FINANCIAL RATIO

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

	As of December 31,		As of March 31,
	2024	2025	2026
Current ratio[(1)]	0.4	0.3	0.3

Note:

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

Our current ratio decreased from 0.4 as of December 31, 2024 to 0.3 as of December 31, 2025, primarily due to the increases in our financial instruments issued to investors. Our current ratio remains stable at 0.3 as of March 31, 2026.

MARKET RISK DISCLOSURE

The risks associated with our financial instruments primarily include credit risk, liquidity risk and interest rate risk. Our management manages these exposures to ensure appropriate measures are implemented on a timely and effective manner. See Note 24 to the Accountants' Report set out in Appendix I to this document for more details.

Credit Risk

Our credit risk is primarily attributable to other receivables. Our exposure to credit risk arising from cash and cash equivalents, time deposits and negotiable certificate of deposits with banks is limited because the counterparties are state-owned banks or reputable banks, which we consider to have low credit risks. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Our Directors believe that other receivables have not had a significant increase in credit risk since initial recognition.

Liquidity Risk

We regularly monitor our liquidity requirements and our compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet the liquidity requirements in the short and longer term.

Interest Rate Risk

We are primarily exposed to fair value interest rate risk in relation to negotiable certificate of deposits with banks, lease liabilities and cash flow risk in relation to variable-rate bank balances. We currently do not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, our management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Currency Risk

We are exposed to currency risk primarily from cash and cash equivalents and time deposits that are denominated in a foreign currency. The currencies giving rise to this risk are primarily U.S. dollars. For details, please refer to Note 24(d) to the Accountants' Report set forth in Appendix I to this document.

Equity Risk

We are exposed to equity price changes arising from investment in equity securities listed in the United States. For details, please refer to Note 24(e) to the Accountants' Report set forth 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 pre-determined dividend payout ratio. We currently intend to retain all available funds and earnings, if any, to fund the development and expansion of our business and we do not anticipate paying any cash dividends in the foreseeable future. [**REDACTED**] should not purchase our ordinary shares with the expectation of receiving cash dividends. Any future determination to pay dividends will be made at the discretion of our Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. Regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make, as determined in accordance with its articles of association and relevant laws and regulations in China.

As advised by our PRC Legal Advisor, taking into account the aforesaid, we may not have sufficient or any distributable profits to make dividend distributions to our Shareholders in a given year, in view of our accumulated losses, or even if we become profitable, as we will only be able to declare or pay dividends out of our distributable profits until (i) the accumulated losses are covered by our after-tax profits, and (ii) sufficient statutory and other reserves are drawn in accordance with the relevant laws, regulations and our constitutional documents. In light of our accumulated losses as disclosed in this document, it is unlikely that we will be eligible to pay dividends out of our profits in the foreseeable future.

DISTRIBUTABLE RESERVES

As of March 31, 2026, we recorded distributable reserves of nil.

[**REDACTED**]

[**REDACTED**] to be borne by us are estimated to be approximately RMB[**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 [**REDACTED**] from the [**REDACTED**], assuming no Shares are issued pursuant to the [**REDACTED**]. The above [**REDACTED**] are comprised of (i) [**REDACTED**] expenses of RMB[**REDACTED**] million, and (ii) non-[**REDACTED**] expenses of RMB[**REDACTED**], including (a) the legal advisors and the reporting accountants' expenses of RMB[**REDACTED**], and (b) other fees and expenses of RMB[**REDACTED**]. During the Track Record Period, we incurred [**REDACTED**] of RMB[**REDACTED**], RMB[**REDACTED**] of which was charged to our consolidated statements of profit or loss and other comprehensive income, and RMB[**REDACTED**] of which was attributable to the [**REDACTED**] of Shares and will be deducted from equity. We expect to incur additional [**REDACTED**] of approximately RMB[**REDACTED**] after the Track Record Period, approximately RMB[**REDACTED**] of which is expected to be

charged to our consolidated statements of profit or loss and other comprehensive income, and approximately RMB[**REDACTED**] of which is attributable to the [**REDACTED**] 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 March 31, 2026 and up to the date of this document and there is no event since March 31, 2026 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report set out in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

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