You should read the following discussion and analysis with our consolidated financial information, included in the Accountants' Report (including the notes thereto) in Appendix I to this Document. Our consolidated financial information has been prepared in accordance with IFRSs.

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. In evaluating our business, you should carefully consider the information provided in this Document, including but not limited to the sections headed "Risk Factors" and "Business." Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We were established in 2017 to develop small-molecule inhibitors for autoimmune and inflammatory diseases. As of the Latest Practicable Date, we had two Core Products and seven additional product candidates in clinical or preclinical development. In addition, we have established our proprietary LynkNova protein degradation platform.

BASIS OF PREPARATION

Our Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), which comprise all standards and interpretations approved by the International Accounting Standards Board ("**IASB**"). See Note 4 to the Accountants' Report in Appendix I to this document for material accounting policy information. The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing our Historical Financial Information, we have adopted all applicable new and revised IFRS Accounting Standards for the Track Record Period, except for any new or revised standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period, are set out in Note 3 to the Accountants' Report in Appendix I to this document. Our Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, many of which may be beyond our control. The following are the principal factors that have affected, and we expect will continue to affect, our business, financial condition, results of operations and prospects.

Our Ability to Successfully Develop and Commercialize Our Product Candidates

Our business and results of operations depend on our ability to successfully develop our drug candidates. As of the Latest Practicable Date, we had built a broad portfolio of nine product candidates. Our business and results of operations depend on our drug candidates demonstrating favorable safety and efficacy clinical trial results, and our ability to obtain the requisite regulatory approvals for our drug candidates to initiate clinical trials, or to advance to the next stage of clinical development. Our business and results of operations also depend on our ability to commercialize our drug candidates. Our ability to generate revenue from our drug candidates is dependent on our ability to obtain regulatory approvals, establish manufacturing capabilities and sales channels, and undertake extensive sales and marketing efforts. If we fail to achieve the degree of market acceptance, we may not be able to generate revenue as expected.

Our Research and Development Costs

Developing high quality drug candidates requires significant investments of financial resources over a prolonged period of time, and our core strategy is to continue making sustained investments in this area. As a result of this commitment, our pipeline of preclinical and clinical stage drug candidates has been steadily advancing and expanding. Our research and development expenses were RMB222.6 million, RMB158.4 million, RMB38.6 million and RMB32.1 million in 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively. We expect to continue to incur significant expenditures in connection with our ongoing activities, particularly as we advance the clinical development of our clinical assets, continue research and development of our preclinical assets and initiate additional clinical trials of, and seek regulatory approvals for, these and other future drug candidates.

Our Collaboration Partnership

During the Track Record Period, we collaborated with our partners who are leading pharmaceutical companies, including Simcere. See "Business – Our Collaboration Arrangements." However, we may not achieve the revenue and cost synergies expected from these collaborations since these synergies are inherently uncertain, and are subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and are beyond our control.

Funding for Our Operations

During the Track Record Period, we funded our operations primarily through equity financing. We expect to fund our future operations primarily with existing cash and cash equivalents, and net **[REDACTED]** from the **[REDACTED]**. Going forward, we expect to primarily fund our operations with revenue generated from sales of our commercialized drug products in the event of the successful commercialization of one or more of our drug candidates. However, with the continuing expansion of our business, we may require further funding through public or private **[REDACTED]**, debt financing, collaboration and licensing arrangements or other sources. Any fluctuation in the funding for our operations will impact our cash flow plan and our results of operations.

MATERIAL ACCOUNTING POLICIES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management team continually evaluates such estimates, assumptions and judgments based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future. See Notes 4 to the Accountants' Report in Appendix I to this document for details of our material accounting policy information and key sources of estimation uncertainty, which are critical and/or involve the most important estimates and judgments we used in preparing our financial statements.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets forth a summary of our results of operations for the years/periods indicated:

	Year ended December 31,		Three Months ended March 31,	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	–	–	–	38,643
Gross profit	–	–	–	38,643
Other income	16,978	57,002	21,830	7,340
Other gains and losses	1,129	(1,281)	24	(928)
Administrative expenses	(31,466)	(25,942)	(6,641)	(8,454)
Research and development expenses	(222,552)	(158,398)	(38,626)	(32,147)
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Finance costs	(76,349)	(57,714)	(18,809)	(182)
Loss/(profit) before tax	(312,260)	(203,481)	(42,222)	2,459
Income tax expense	–	–	–	–
Loss/(profit) for the year/period	(312,260)	(203,481)	(42,222)	2,459
Total comprehensive (expense)/income for the year/period	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

REVENUE

In 2024, 2025 and the three months ended March 31, 2025 and 2026, our total revenue was nil, nil, nil and RMB38.6 million, respectively.

Gross Profit

In 2024, 2025 and the three months ended March 31, 2025 and 2026, our gross profit was nil, nil, nil and RMB38.6 million, respectively. In 2024, 2025 and the three months ended March 31, 2025 and 2026, our gross profit margin was nil, nil, nil and 100%, respectively.

Other Income

The following table sets forth a breakdown of our other income by nature in absolute amount and as a percentage of our total other income for the years/periods indicated:

	Year ended December 31,				Three Months ended March 31,			
	2024		2025		2025		2026	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%
Government grants	6,083	35.8	52,340	91.8	20,166	92.4	2,706	36.9
Bank interest income	10,895	64.2	4,662	8.2	1,664	7.6	824	11.2
Others	–	–	–	–	–	–	3,810	51.9
Total	**16,978**	**100.0**	**57,002**	**100.0**	**21,830**	**100.0**	**7,340**	**100.0**

Note: Others primarily represents one-time income from the sale of materials for research and development.

Other Gains and Losses

We had other gains of RMB1.1 million and other losses of RMB1.3 million in 2024 and 2025, respectively. We had other gains of RMB24 thousand, and other losses of RMB0.9 million in the three months ended March 31, 2025 and 2026, respectively. Our gains and losses were primarily related to net foreign exchange gains or losses.

Administrative Expenses

The following table sets forth a breakdown of our administrative expenses by nature in absolute amount and as a percentage of our total administrative expenses for the years/periods indicated:

	Year ended December 31.				Three Months ended March 31,			
	2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee benefits expenses	13,120	41.7	10,503	40.5	3,566	53.7	3,549	42.0
Professional services expenses	8,886	28.2	7,142	27.5	1,233	18.6	2,431	28.8
Depreciation and amortisation	4,191	13.3	2,640	10.2	658	9.9	667	7.9
Travel expenses	1,661	5.3	1,346	5.2	242	3.6	414	4.9
Office expenses	1,046	3.3	1,937	7.5	460	6.9	657	7.8
Utilities	513	1.6	441	1.7	98	1.5	73	0.9
Others	2,049	6.6	1,933	7.4	384	5.8	663	7.7
Total	**31,466**	**100.0**	**25,942**	**100.0**	**6,641**	**100.0**	**8,454**	**100.0**

Research and Development Expenses

The following table sets forth a breakdown of our research and development expenses in absolute amounts and as percentages of our total research and development expenses for the years/periods indicated:

	Year ended December 31,				Three Months ended March 31,			
	2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Pre-clinical studies and clinical trials-related expenses	150,058	67.4	97,906	61.8	22,713	58.8	19,539	60.8
Employee benefit expenses	43,028	19.3	38,344	24.2	7,260	18.8	11,830	36.8
Depreciation and amortization	1,281	0.6	1,092	0.7	273	0.7	260	0.8
Raw materials costs	20,794	9.3	17,327	10.9	8,038	20.8	186	0.6
Others	7,391	3.4	3,729	2.4	342	0.9	332	1.0
Total	**222,552**	**100.0**	**158,398**	**100.0**	**38,626**	**100.0**	**32,147**	**100.0**

The following table sets forth the clinical development expenses attributable to the core products (namely, research and development expenses, excluding employee benefit expenses, depreciation and amortization and raw materials costs) during the Track Record Period:

	Year ended December 31,				Three Months ended March 31,			
	2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Preclinical	4,310	3.5	1,171	1.3	285	1.5	2,644	16.0
Phase I	12,898	10.5	6,894	7.7	2,055	10.8	0	0.0
Phase II	3,092	2.5	6,219	6.9	342	1.8	1,776	10.8
Phase III	102,428	83.5	75,771	84.1	16,315	85.9	12,070	73.2
Total	**122,728**	**100.0**	**90,055**	**100.0**	**18,997**	**100.0**	**16,490**	**100.0**

The following table sets forth a breakdown of our research and development expenses by drug candidates in absolute amounts and as percentages of our total research and development expenses for the years/periods indicated:

	Year ended December 31				Three Months ended March 31,			
	2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Core products								
LNK01001	159,388	71.6	123,107	77.7	30,979	80.2	21,882	68.1
LNK01004	15,213	6.8	11,281	7.1	1,921	5.0	3,402	10.5
Key product								
LNK01006	29,272	13.2	9,910	6.3	4,688	12.1	1,057	3.3
Other drug candidates	18,679	8.4	14,100	8.9	1,038	2.7	5,806	18.1
	222,552	**100.0**	**158,398**	**100.0**	**38,626**	**100.0**	**32,147**	**100.0**

[REDACTED] Expenses

We **[REDACTED]** incur **[REDACTED]** expenses in 2024 and the three months ended March 31, 2025. We incurred **[REDACTED]** expenses of RMB**[REDACTED]** million in 2025 and RMB**[REDACTED]** million in the three months ended March 31, 2026.

Finance Costs

The following table sets forth a breakdown of our finance costs by nature in absolute amount and as a percentage of our total finance costs for the years/periods indicated:

	Year ended December 31,				Three Months ended March 31,			
	2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Interest on redemption liabilities	76,169	99.7	57,231	99.1	18,740	99.6	–	–
Interest on bank borrowings	58	0.1	388	0.7	49	0.3	160	87.9
Interest on lease liabilities	122	0.2	95	0.2	20	0.1	22	12.1
Total	**76,349**	**100.0**	**57,714**	**100.0**	**18,809**	**100.0**	**182**	**100.0**

Loss/(Profit) before Tax

Our loss before tax was RMB312.3 million, RMB203.5 million, RMB42.2 million and changed to profit before tax of RMB2.5 million in 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively.

Income Tax Expense

During the Track Record Period, we had no income tax expenses. Our Directors confirm that during the Track Record Period, we had made all the required tax filings and had paid all outstanding tax liabilities with the relevant tax authorities in the relevant jurisdictions and we are not aware of any outstanding or potential disputes with such tax authorities.

Loss/(Profit) for the Year/Period

Our loss for the year/period was RMB312.3 million, RMB203.5 million, RMB42.2 million and changed to profit of RMB2.5 million in 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Period Ended March 31, 2026 Compared with Period Ended March 31, 2025

Revenue

Our revenue increased from nil in the three months ended March 31, 2025 to RMB38.6 million in the three months ended March 31, 2026, primarily due to the transaction entered into with Bleecker in connection with the transfer of rights outside Greater China for LNK01006, pursuant to which we recognized an upfront payment of USD5.0 million and warrants representing a 10% equity interest with a valuation of USD0.6 million.

Gross Profit and Gross Profit Margin

Our gross profit increased from nil in the three months ended March 31, 2025 to RMB38.6 million in the three months ended March 31, 2026, primarily due to the transaction with Bleecker in connection with the transfer of rights outside Greater China for our LNK01006.

Other Income

Our other income decreased by 66.4% from RMB21.8 million in the three months ended March 31, 2025 to RMB7.3 million in the three months ended March 31, 2026, primarily due to (i) the recognition of government grants of RMB20.2 million in the three months ended March 31, 2025 relating to several indications which were completed and applied for in 2024 and approved in March 2025; and (ii) the relatively lower amount of government grants recognized in the first quarter of 2026 of RMB2.7 million.

Other Gains and Losses

Our other gains and losses changed from other gains of RMB24 thousand in the three months ended March 31, 2025 to other losses of RMB0.9 million in the three months ended March 31, 2026, primarily due to net foreign exchange losses as compared to net foreign exchange gains in the corresponding period of 2025.

Administrative Expenses

Our administrative expenses increased by 27.3% from RMB6.6 million in the three months ended March 31, 2025 to RMB8.5 million in the three months ended March 31, 2026, primarily due to increased external service fees and legal and professional fees of RMB1.2 million, including patent-related fees and consultancy fees.

Research and Development Expenses

Our research and development expenses decreased by 16.8% from RMB38.6 million in the three months ended March 31, 2025 to RMB32.1 million in the three months ended March 31, 2026, primarily due to the different clinical trial stages of our pipelines, for example, two indications (RA and AS) of LNK01001, were around the stages before and after Phase III trial enrollment in the first quarter of 2025, whereas only AS was in the Phase III trial enrollment stage in the first quarter of 2026.

Finance Costs

Our finance costs decreased by 99.0% from RMB18.8 million in the three months ended March 31, 2025 to RMB0.2 million in the three months ended March 31, 2026, primarily due to higher finance costs incurred in the three months ended March 31, 2025, primarily representing (i) interest on redemption liabilities, including preferred shares redemption interest of RMB18.7 million; (ii) the waiver by external investors of their special rights pursuant to agreements entered into with us on September 30, 2025, following which such interest was no longer required to be accrued.

Loss/(Profit) before Tax

Our loss before tax changed from RMB42.2 million in the three months ended March 31, 2025 to profit before tax of RMB2.5 million in the three months ended March 31, 2026, primarily due to the revenue recognized from the transaction with Bleecker in connection with the transfer of rights outside Greater China for our LNK01006.

Loss/(Profit) for the Period

As a result of the foregoing, our loss for the period changed from RMB42.2 million in the three months ended March 31, 2025 to profit of RMB2.5 million in the three months ended March 31, 2026.

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

Other Income

Our other income increased by 235.7% from RMB17.0 million in 2024 to RMB57.0 million in 2025, primarily due to the receipt of government grants related to R&D projects completed in 2023, which were applied for in 2024 and disbursed in 2025, which was partially offset by the lower bank interest income as a result of decreased deposit interest rates and a decrease in our average cash balances during the year.

Other Gains and Losses

Our other gains and losses changed from other gains of RMB1.1 million in 2024 to other losses of RMB1.3 million in 2025, primarily due to the exchange differences arising from the quarterly remeasurement of U.S. dollar-denominated balances as a result of fluctuations in foreign exchange rates.

Administrative Expenses

Our administrative expenses decreased by 17.6% from RMB31.5 million in 2024 to RMB25.9 million in 2025, primarily due to (i) the decrease in employee benefit expenses as a result of our continued efforts to optimize personnel-related costs and improve operational efficiency and (ii) higher professional service fees related to patent filing, prosecution and maintenance activities in 2024.

Research and Development Expenses

Our research and development expenses decreased by 28.8% from RMB222.6 million in 2024 to RMB158.4 million in 2025, primarily due to (i) the progression of LNK01001 Phase III clinical trials for both RA and AD into the patient follow-up stage in 2025 following the completion of enrolment (RA in March 2025 and AD in December 2024), with the majority of formulation, patient recruitment and CRO-related costs having been incurred in 2024, (ii) a more focused allocation of resources across the pipeline, with no new major clinical indications advanced during the year and reduced development activities for certain earlier-stage programs, and (iii) the optimization of R&D personnel in 2024, which led to a lower average headcount and reduced employee benefit expenses in 2025 compared to the prior year..

Finance Costs

Our finance costs decreased by 24.4% from RMB76.3 million in 2024 to RMB57.7 million in 2025, primarily due to the cessation of interest expenses related to redemption liabilities. In September 2025, we signed an agreement with external investors to cancel special equity rights. Upon the agreement's effectiveness, the associated redemption obligations were extinguished, and no further interest expenses were incurred.

Loss/(Profit) before tax

Our loss before tax decreased from RMB312.3 million in 2024 to RMB203.5 million in 2025, primarily due to the decrease in research and development expenses in this year.

Loss/(Profit) for the Year

Due to the foregoing reasons, our loss for the period decreased from RMB312.3 million in 2024 to RMB203.5 million in 2025.

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from 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 and equipment	6,729	5,899	5,921
Right-of-use assets	2,547	2,553	2,125
Rental deposits	444	462	480
Term deposits	90,000	–	–
Total non-current assets	**99,720**	**8,914**	**8,526**

	As of December 31,		As of March 31,
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Current assets			
Financial assets at fair value through profit or loss ("**FVTPL**")	–	–	3,848
Prepayments, deposits and other receivables	22,953	24,416	32,320
Term deposits	–	50,000	50,000
Restricted bank deposits	–	–	13,650
Cash and cash equivalents	164,014	98,554	144,123
Total current assets	**186,967**	**172,970**	**243,941**
Total assets	**286,687**	**181,884**	**252,467**
Current liabilities			
Trade and other payables	43,251	58,868	57,710
Bank borrowings	5,850	19,184	27,350
Lease liabilities	1,103	1,378	1,390
Redemption liabilities	1,196,542	–	–
Amounts due to related parties	684	–	–
Total current liabilities	**1,247,430**	**79,430**	**86,450**
Non-current liabilities			
Bank borrowings	–	–	6,150
Other non-current liabilities	125,472	125,472	125,472
Lease liabilities	1,051	808	700
Deferred income	16,080	16,080	16,080
Total non-current liabilities	**142,603**	**142,360**	**148,402**
Net (liabilities)/assets	**(1,103,346)**	**(39,906)**	**17,615**

Property and Equipment

The following table sets forth a breakdown of the net book value of our property and equipment as of the dates indicated:

	As of December 31,		As of March 31,
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Leasehold improvements	4,363	3,863	4,074
Laboratory equipment	2,198	1,494	1,327
Office computer	168	542	520
Total	**6,729**	**5,899**	**5,921**

Our property and equipment decreased by 12.3% from RMB6.7 million as of December 31, 2024 to RMB5.9 million as of December 31, 2025, primarily due to the normal depreciation of property and equipment. Our property and equipment remained relatively stable at RMB5.9 million as of March 31, 2026.

Right-of-use Assets

During the Track Record Period, our right-of-use assets were all related to leased properties. Our right-of-use assets remained relatively stable at RMB2.5 million, RMB2.6 million and RMB2.1 million as of December 31, 2024 and 2025 and as of March 31, 2026, respectively.

Term deposits

During the Track Record Period, our term deposits represented large-denomination certificates of deposit that we purchased. Our term deposits decreased from RMB90.0 million as of December 31, 2024 to RMB50.0 million as of December 31, 2025, primarily because we utilised such funds to support our daily operations. Our term deposits remained relatively stable at RMB50.0 million as of December 31, 2025 and March 31, 2026.

Prepayments, deposits and other receivables

The following table sets forth a breakdown of our prepayments, deposits 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 for research and development services	12,126	4,201	11,490
Other receivables	–	–	4,036
Interest receivable	4,002	3,428	3,797
VAT recoverable	4,191	10,982	6,979
Rental deposits	444	462	480
Deferred issue costs	–	4,121	4,551
Others	2,634	1,684	1,467
	23,397	**24,878**	**32,800**

Our prepayments, deposits and other receivables remained at relatively stable at RMB23.4 million and RMB24.9 million as of December 31, 2024 and 2025. Our prepayments, deposits and other receivables further increased by 31.8% from RMB24.9 million as of December 31, 2025 to RMB32.8 million as of March 31, 2026, primarily due to our increased repayments to suppliers for research and development services.

As of April 30, 2026, approximately RMB1.1 million, or 3.5% of our prepayments deposits and other receivables as of March 31, 2026 had been settled.

Cash and cash equivalents

Our cash and cash equivalents decreased by 39.9% from RMB164.0 million as of December 31, 2024 to RMB98.6 million as of December 31, 2025, primarily due to the ongoing use of funds for research and development and daily operations. Our cash and cash equivalents further increased by 46.2% from RMB98.6 million as of December 31, 2025 to RMB144.1 million as of March 31, 2026, primarily due to (i) proceeds from investments and (ii) the upfront payment from Bleecker.

Trade and Other Payables

The following table sets forth a breakdown of our 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	16,793	5,260	4,022
Bills payables	13,650	–	13,650
Accruals for **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Accruals for issue cost	–	1,653	1,884
Accruals for legal and professional fee	854	2,036	195
Accruals for research and development expenses	1,065	33,007	17,702
Amounts due to employees	519	529	589
Accrued payroll	10,214	9,514	12,060
Others	156	333	355
Total	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

The credit period on purchase of materials or receiving services for research and development activities is usually within 30 days. The following is an aging analysis of trade payables presented based on the invoice date at the end of each reporting period:

	At December 31,		At March 31,
	2024	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*
0 to 30 days	16,705	4,300	4,022
31 to 60 days	59	924	–
Over 60 days	29	36	–
	16,793	5,260	4,022

Our trade and other payables increased by 36.1% from RMB43.3 million as of December 31, 2024 to RMB58.9 million as of December 31, 2025, primarily due to an increase in bills payables as a result of using bank acceptance bills for clinical trial payments, as well as higher accruals for research and development expenses. Our trade and other payables remained relatively stable at RMB57.7 million as of March 31, 2026.

As of April 30, 2026, approximately RMB17.3 million, or 30.0% of our trade and other payables as of March 31, 2026 had been settled.

Redemption Liabilities

During the Track Record Period, our redemption liabilities primarily represented preferred shares issued to investors with redemption rights. See Note 24 of Appendix I to this Document. Our redemption liabilities decreased from RMB1,196.5 million as of December 31, 2024 to nil as of December 31, 2025, primarily due to the waiver of redemption rights by the holders of preferred shares in September 2025. Our redemption liabilities remained stable at nil as of December 31, 2025 and March 31, 2026. See "History, Development and Corporate Structure – Pre-**[REDACTED]** investments."

Deferred Income

During the Track Record Period, our deferred income primarily represented government grants received to support our business operations. See Note 22 of Appendix I to this Document. Our deferred income remained stable at RMB16.1 million as of December 31, 2024, 2025 and March 31, 2026.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the periods indicated:

	As of December 31,		As of March 31,
	2024	2025	2026
	%	%	%
Current ratio(1)	15.0	217.8	282.2

Note:

(1) Current ratio represents current assets divided by current liabilities as of the same date.

Our current ratio increased significantly from 15.0% as of December 31, 2024 to 217.8% as of December 31, 2025 as a result of the waiver of redemption rights by the holders of preferred shares. Our current ratio further increased from 217.8% as of December 31, 2025 to 282.2% as of March 31, 2026, as a result of the increase in current assets driven by the increases in cash and cash equivalents and trade receivables. See "History, Development and Corporate Structure – Pre-**[REDACTED]** investments."

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our primary uses of cash during the Track Record Period were funding the development of our drug pipeline, clinical trials, procurement of services, payment for the purchase of equipment, administrative expenses and other recurring expenses. Historically, we have financed our operations primarily through equity financing and other capital requirements. As of December 31, 2024, 2025 and March 31, 2026, we had cash and cash equivalent of RMB164.0 million, RMB98.6 million and RMB144.1 million, respectively. Going forward, we believe that our liquidity requirements will be satisfied by equity financing, including the estimated net **[REDACTED]** received from the **[REDACTED]**, debt financing and potential revenue from the out-licence or sale of our drug candidates.

Net Current Assets/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				
Financial assets at fair value through profit or loss ("**FVTPL**")	–	–	3,848	3,848
Prepayments, deposits and other receivables	22,953	24,416	32,320	31,763
Term deposits	–	50,000	50,000	50,000
Restricted bank deposits	–	–	13,650	13,650
Cash and cash equivalents	164,014	98,554	144,123	124,053
Total current assets	**186,967**	**172,970**	**243,941**	**223,314**
Current liabilities				
Trade and other payables	43,251	58,868	57,710	52,449
Bank borrowings	5,850	19,184	27,350	27,408
Lease liabilities	1,103	1,378	1,390	1,395
Redemption liabilities	1,196,542	–	–	–
Amounts due to related parties	684	–	–	–
Total current liabilities	**1,247,430**	**79,430**	**86,450**	**81,252**
Net current (liabilities)/assets	**(1,060,463)**	**93,540**	**157,491**	**142,062**

We recorded net current liabilities of RMB1,060.5 million as of December 31, 2024, primarily due to the recognition of substantial redemption liabilities, which increased our current liabilities and outweighed our current assets. We recorded net current assets of RMB93.5 million as of December 31, 2025, primarily due to the conversion of redemption liabilities into equity and the corresponding decrease in current liabilities. We recorded net current assets of RMB157.5 million as of March 31, 2026, primarily due to the absence of redemption liabilities and an increase in cash and cash equivalents, restricted bank deposits and other current assets, which strengthened our liquidity position.

Cash Flow

The following table sets forth our cash flow for the years/periods indicated:

	Year ended December 31,		As of March 31,	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net cash used in operating activities	(240,910)	(129,968)	(28,636)	(8,627)
Net cash generated from/(used in) investing activities	279,683	44,033	471	(13,734)
Net cash generated from/(used in) financing activities	7,378	21,752	(163)	68,841
Cash and cash equivalents at beginning of year/period	116,834	164,014	164,014	98,554
Cash and cash equivalents at end of year/period	**164,014**	**98,554**	**135,596**	**144,123**

Net Cash Used in Operating Activities

As a clinical-stage biopharmaceutical company, we incurred negative cash flows from our operations during the Track Record Period. Our net cash used in operating activities primarily represented our loss before tax for the year adjusted by (i) non-cash and non-operating item; and (ii) changes in working capital, including operating assets and liabilities. We expect to generate net operating cash inflows only when we achieve significant revenue from commercialization of our drug candidates.

In the three months ended March 31, 2026, our net cash used in operating activities was RMB8.6 million, which was primarily attributable to our profit before income tax of RMB2.5 million, as adjusted by (i) non-cash and non-operating items, primarily including non-cash consideration of license out amounting to RMB3.8 million, bank interest income of RMB0.8 million, net foreign exchange losses of RMB1.0 million, depreciation of property and equipment of RMB0.5 million and depreciation of right-of-use assets of RMB0.4 million and (ii) changes in working capital, primarily including an increase in prepayments, deposits and other receivables of RMB7.5 million and a decrease in trade and other payables of RMB1.0 million.

In 2025, our net cash used in operating activities was RMB130.0 million, which was primarily attributable to our loss before income tax of RMB203.5 million, as adjusted by (i) non-cash and non-operating items, primarily including finance costs of RMB57.7 million, depreciation of property and equipment of RMB2.0 million, depreciation of right-of-use assets of RMB1.7 million and net foreign exchange losses of RMB1.4 million and (ii) changes in working capital, primarily including an increase in trade and other payables of RMB18.1 million and an increase in prepayments, deposits and other receivables of RMB2.0 million.

In 2024, our net cash used in operating activities was RMB240.9 million, which was primarily attributable to our loss before income tax of RMB312.3 million, as adjusted by (i) the non-cash and non-operating items, primarily including finance costs of RMB76.3 million, bank interest income of RMB10.9 million and net foreign exchange gains of RMB1.1 million and (ii) changes in working capital, primarily including an increase in prepayments, deposits and other receivables of RMB3.1 million, partially offset by an increase in trade and other payables of RMB3.9 million.

As a clinical-stage biopharmaceutical company, we plan to improve our net cash outflow position from our operations by generating more net cash from our operating activities, launching our products and improving our cost control and operating efficiencies. In particular, we plan to (i) rapidly advancing our pipeline products towards commercialization to generate revenue from product sales or out-license arrangement; (ii) adopt comprehensive measures to effectively control our cost and operating expenses. We aim to optimize liquidity to gain a better return for our Shareholders while maintaining adequate risk control. After our product candidates are commercialized, we plan to closely monitor and manage the settlement of our trade receivables to avoid credit losses. We will also closely monitor the settlement of our trade payables to achieve better cash flow position; (iii) enhancing working capital management efficiency. For example, we plan to adopt technological solutions to optimize our operational process and enhance our efficiency; and (iv) successfully launching the **[REDACTED]** to obtain the **[REDACTED]**.

Net Cash Generated from or Used in Investing Activities

In the three months ended March 31, 2026, our net cash used in investing activities was RMB13.7 million, primarily attributable to the placement of restricted cash of RMB13.7 million, partially offset by the interest received of RMB0.5 million.

In 2025, our net cash generated from investing activities was RMB44.0 million, primarily attributable to (i) the withdrawal of term deposits with maturity over one year of RMB40.0 million and (ii) interest received of RMB5.2 million, partially offset by (iii) purchase of property and equipment of RMB1.2 million.

In 2024, our net cash generated from investing activities was RMB279.7 million, primarily attributable to (i) the withdrawal of term deposits with maturity over three months of RMB585.7 million, (ii) the proceeds from withdrawal of financial assets at FVTPL of RMB120.0 million and (iii) interest received of RMB9.7 million, partially offset by (iv) the placement of term deposits with maturity over three months of RMB434.4 million.

Net Cash Generated from or Used in Financing Activities

In the three months ended March 31, 2026, our net cash generated from financing activities was RMB68.8 million, primarily attributable to (i) proceeds from issuance of series C+ shares of RMB55.0 million and (ii) draw down of bank borrowings of RMB18.5 million, partially offset by (iii) repayments of bank borrowings of RMB4.2 million.

In 2025, our net cash generated from financing activities was RMB21.8 million, primarily attributable to (i) proceeds from bank borrowings of RMB19.2 million and (ii) proceeds from investors of RMB13.1 million, partially offset by (iii) repayments of bank borrowings RMB5.9 million.

In 2024, our net cash generated from financing activities was RMB7.4 million, primarily attributable to: (i) proceeds from bank borrowings of RMB5.9 million and (ii) proceeds from issuance of Series C-1 and C-2 shares of RMB5.0 million, partially offset by (iii) repayments of lease liabilities of RMB3.4 million.

CASH OPERATING COSTS

The following table sets out 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*
Research and development costs for core products				
– Clinical development costs	110,730	94,798	9,087	28,032
– Staff costs	28,743	26,969	5,914	6,818
– CMC and Preclinical development costs	29,322	12,147	11,048	9,563
Research and development costs for other products				
– Clinical development costs	20,252	2,065	1,270	–
– Staff costs	14,285	11,369	2,297	2,295
– CMC and Preclinical development costs	17,940	9,697	3,329	5,723
Workforce employee costs(1)	**11,714**	**10,706**	**2,572**	**2,399**
Direct production costs(2)	**–**	**–**	**–**	**–**
Product marketing(3)	**–**	**–**	**–**	**–**
Total cash operating cost	**232,986**	**167,751**	**35,517**	**54,830**

Notes:

* Our cash operating costs set out in the table include our cash operating expenses paid in cash and bank acceptance bills.

(1) Workforce employment costs represent non-research and development directors' emolument and staff costs mainly including salaries and benefits.

(2) We had not commenced commercial manufacturing as of the Latest Practicable Date.

(3) We had not commenced product sales as of the Latest Practicable Date.

INDEBTEDNESS

The following table sets forth the details 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	1,103	1,378	1,390	1,395
Bank Borrowings	5,850	19,184	27,350	27,408
Redemption liabilities	1,196,542	–	–	–
Amounts due to related parties	684	–	–	–
Non-current				
Lease liabilities	1,051	808	700	428
Total	**1,205,230**	**21,370**	**29,440**	**29,231**

Our bank borrowings increased significantly by 227.9% from RMB5.9 million as of December 31, 2024 to RMB19.2 million as of December 31, 2025, primarily due to the utilization of bank credit facilities to optimize our capital structure and fund clinical trial payments. Our bank borrowings further increased by 74.6% from RMB19.2 million as of December 31, 2025 to RMB33.5 million as of March 31, 2026, primarily due to the increase in bank borrowings to maintain a higher level of liquidity to support our research and development activities. Our bank borrowings remained relatively stable at RMB33.5 million as of March 31, 2026 and RMB33.5 million as of April 30, 2026. As of April 30, 2026, we had committed unutilised banking facilities of RMB212.9 million.

Our lease liabilities remained relatively stable at RMB2.2 million, RMB2.2 million and RMB2.1 million as of December 31, 2024 and 2025 and March 31, 2026, respectively, primarily due to the monthly depreciation of our leased assets.

During the Track Record Period, we have not experienced any difficulties in obtaining additional debt or equity financing due to any breaches of covenants. Except for our indebtedness as disclosed above as of December 31, 2024, 2025 and March 31, 2026 and April 30, 2026, 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), or acceptance credits, which were either guaranteed or unguaranteed, secured or unsecured. Our Directors confirm that there has not been any material change in our indebtedness since April 30, 2026.

CONTINGENT LIABILITIES

As of December 31, 2024, 2025 and March 31, 2026 and April 30, 2026, we did not have any material contingent liabilities.

CAPITAL COMMITMENTS

As of December 31, 2024, 2025 and March 31, 2026 and April 30, 2026, we did not have any capital commitments.

CAPITAL EXPENDITURES

We regularly incur capital expenditures to expand our operations, upgrade our facilities, enhance our development capabilities and increase our operating efficiency. In 2024, 2025 and the three months ended March 31, 2026, our capital expenditures, namely the purchase of property and equipment, amounted to RMB3.2 million, RMB1.2 million and RMB0.5 million, respectively.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

For more details about our related party transactions during the Track Record Period, see Note 36 of Appendix I to this Document. Our Directors believe that our transactions with related parties during the Track Record Period were conducted on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL RISK

We are exposed to a variety of financial risks, including foreign currency risk, credit risk and liquidity risk, as set out below. We manage and monitor these risks to ensure that appropriate measures can be implemented in a timely and effective manner. For further details, please refer to Note 33 to the Accountants' Report in Appendix I to this document. The discussion below provides a summary of our principal financial risks.

DIVIDENDS

No dividends have been paid or declared by our Company during the Track Record Period. We currently expect to retain all future earnings for use in the operation and expansion of our business, and do not have any formal dividend policy to declare or pay any dividends in the near future or any pre-determined dividend payout ratio. Any declaration and payment as well as the amount of dividends will be subject to our Articles of Association and the PRC Company Law. The declaration and payment of any dividends in the future will be determined by our Board, in its discretion, and subject to the approval of the Shareholders' general meeting, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions. Our Shareholders in a general meeting may approve any declaration of dividends. Under applicable PRC laws and regulations, we may only pay dividends from distributable profits (i.e., post-tax profits less accumulated losses carry forwards and statutory and discretionary reserves set aside in accordance with relevant regulations). As advised by our PRC Legal Advisor, we shall not pay or declare any dividends until its accumulated losses have been fully offset.

WORKING CAPITAL CONFIRMATION

Our principal uses of liquidity during the Track Record Period were to fund our development of drug candidates. During the Track Record Period, we funded our working capital requirements through equity financing. We monitor our cash flows and cash balance on a regular basis and strive to maintain an appropriate level of cash runaway that can meet our working capital needs and fund the development of our drug candidates. We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing, if needed, with a minimum buffer of 12 months.

While we had net operating cash outflows during the Track Record Period, we believe our liquidity requirements will be satisfied by using funds from a combination of our cash and cash equivalents, net **[REDACTED]** from the **[REDACTED]** and other funds raised from the capital markets from time to time. As of March 31, 2026, we had cash and cash equivalents of RMB144.1 million and our term deposits amounted to RMB50.0 million. Taking into account the above, together with the estimated net **[REDACTED]** from the **[REDACTED]**, 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, administrative expenses, finance costs and other expenses for at least the next 12 months from the date of this Document.

Our cash burn rate refers to our average monthly (i) net cash used in operating activities, which includes research and development expenses, and (ii) capital expenditures. Taking into account our cash and cash equivalents and financial products we purchased, and assuming average monthly net cash used in operating activities and capital expenditures going forward of 1.5 times the average level in the year ended December 31, 2025, we estimate we will be able to maintain our financial viability for 12 months without considering **[REDACTED]** from the **[REDACTED]**; or, if we also take into account the net **[REDACTED]** from **[REDACTED]**, assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the low-end of the indicative **[REDACTED]**), **[REDACTED]** months. Our Directors and our management team will continue to monitor our working capital, cash flows and our business development status.

DISTRIBUTABLE RESERVES

As of March 31, 2026, we did not have any distributable reserves.

[REDACTED] EXPENSE

[REDACTED] expenses consist of professional fees, **[REDACTED]** and other fees incurred in connection with the **[REDACTED]**. We expect to incur **[REDACTED]** expenses of approximately RMB**[REDACTED]** million (HK$**[REDACTED]** million) (based on the mid-point of the indicative **[REDACTED]** and assuming the **[REDACTED]** is not exercised). We estimate the **[REDACTED]** expenses to consist of approximately RMB**[REDACTED]** million (HK$**[REDACTED]** million) in **[REDACTED]** and RMB**[REDACTED]** million (HK$**[REDACTED]** million) in non-**[REDACTED]**. Among of the total **[REDACTED]** expenses, approximately RMB**[REDACTED]** million (HK$**[REDACTED]** million) will be directly attributable to the **[REDACTED]** of our Shares, which will be deducted from equity upon the completion of the **[REDACTED]**, and the remaining RMB**[REDACTED]** million (HK$**[REDACTED]** million) will be **[REDACTED]** in our consolidated statements of comprehensive income. Our Directors do not expect such **[REDACTED]** to materially impact our results of operations in three months ended March 31, 2026.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See "Unaudited **[REDACTED]** Financial Information" in 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, up to the date of this Document, there had been no material adverse change in our financial or trading position or prospects since March 31, 2026, being the end date of the periods reported in Appendix I to this Document, and there is no event since March 31, 2026 that would materially affect the information as set out in the Accountants' Report in Appendix I to this Document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

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