3 Sep 2026

CMB International Global Markets | Equity Research | Company Update

Leads Biolabs (9887 HK)

Eyes on LBL-024 readouts at WCLC/ESMO

LeadsBio is a clinical-stage biotech with a proven track record in business development. The Company out-licensed LBL-051 (CD19/BCMA/CD3) and LBL-047 (BDCA2/TACI) to global partners in 2024 and 2025, respectively. In 1H26, LeadsBio reported revenue of RMB36mn, mainly from the US$5mn milestone payment from Dianthus related to LBL-047. Management expects 2H26 revenue to exceed US$35mn, mainly supported by the partnership with Oblenio on LBL-051. On the cost side, 1H26 R&D expenses rose to RMB191mn, up 45% YoY. Financially, the Company remains well capitalized, ending 1H26 with RMB1.24bn in cash, which is sufficient to fund operations through 2029 without additional financing as indicated, per mgmt. Against this backdrop, we continue to see LBL-024 (PD-L1/4-1BB) as the Company's key value driver and a potentially differentiated next-generation IO asset with broad pan-tumor potential. We look forward to the multiple data readouts at WCLC and ESMO. We reiterate our BUY rating with an unchanged target price of HK$100.50.

- **LBL-024: a registrational-stage 4-1BB asset with broad IO backbone potential.** LBL-024 is well positioned to emerge as a next-generation IO backbone with broad applicability. It is the first globally developed 4-1BB-targeted candidate to advance to the registrational stage. Its dual targeting of PD-L1 and 4-1BB may support stronger and more durable immune activation versus conventional checkpoint approaches, potentially translating into more meaningful OS benefit across multiple tumor settings. The asset has now entered NDA stage, with NMPA accepting the NDA for 3L+ EP-NEC in Aug 2026 based on a pivotal Ph2 study and approval expected in 1H27. In parallel, LeadsBio plans to start a Ph3 study in first-line EP-NEC shortly, while additional PFS and OS updates from the Ph1b/2 study in 1L EP-NEC are expected at the upcoming ESMO conference.
- **NSCLC and BTC readouts to anchor near-term catalyst flow.** Beyond EP-NEC, LBL-024 is being evaluated in more than a dozen ongoing studies across both cold tumors and front-line hot tumor settings, including NSCLC, BTC, ESCC, and HCC, with NSCLC and BTC emerging as the next key registrational opportunities. In first-line NSCLC, management disclosed ORR of 77.4% in sq-NSCLC and 51.7% in nsq-NSCLC at 3.6 months of follow-up (mFU), while ORR reached 78.3% in PD-L1 ≥1% patients, which we view as competitive in the current treatment landscape. Mgmt. has indicated that response improved with longer follow-up. Updated data (mFU of 7.1 months), including ORR and 6-month PFS, are expected at WCLC in September. Mgmt also noted that discussions with the China CDE are in the final stage for initiating a Ph3 study in 1L sq-NSCLC. In 1L BTC, a Ph3 study is also under planning, with IND submission targeted for 1H27 and Ph1b data to be presented at ESMO in October. Separately, the Company will also update the data of LBL-034 (GPRC5D/CD3) at the ESMO. Meanwhile, BD activities for LBL-024 and LBL-034 remain ongoing.
- **Maintain BUY**. We continue to view upcoming WCLC/ESMO readouts as key catalysts for re-rating. We maintain our DCF-based TP unchanged at HK$100.50 (WACC: 9.06%, terminal growth: 4.0%).

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	0	177	322	157	389
YoY growth (%)	na	na	81.8	(51.3)	147.6
Adjusted net profit (RMB mn)	(301.2)	(211.4)	(150.8)	(378.7)	(269.0)
EPS (Reported) (RMB)	na	(1.21)	(0.76)	(1.90)	(1.35)
R&D expenses (RMB)	(186)	(289)	(382)	(420)	(389)
Admin expenses (RMB mn)	(88)	(83)	(100)	(100)	(78)

Source: Company data, CMBIGM estimates

BUY (Maintain)

Target Price	**HK$100.50**
(Previous TP	HK$100.50)
Up/Downside	**50.1%**
Current Price	**HK$66.95**

China Healthcare

Andy WANG
(852) 3657 6288
andywang@cmbi.com.hk

Jill WU, CFA
(852) 3900 0842
jillwu@cmbi.com.hk

Stock Data

Mkt Cap (HK$ mn)	13,315.8
Avg 3 mths t/o (HK$ mn)	118.5
52w High/Low (HK$)	93.95/48.40
Total Issued Shares (mn)	198.9

Source: FactSet

Shareholding Structure

Nanjing Lizhi	6.3%
Kang Xiaoqiang	4.0%

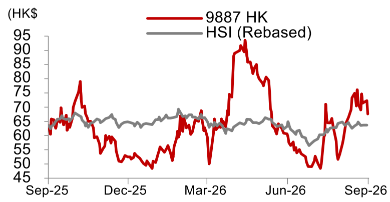
Source: Bloomberg

Share Performance

	Absolute	Relative
1-mth	25.4%	28.2%
3-mth	12.4%	15.7%
6-mth	12.6%	15.9%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Risk-adjusted DCF valuation

DCF Valuation (RMB mn)	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E	2037E	2038E	2039E	2040E
EBIT	**-144**	**-361**	**-229**	**-162**	**36**	**485**	**995**	**1,538**	**2,037**	**2,171**	**2,169**	**2,130**	**2,224**	**2,293**	**2,386**
Tax rate	*0%*	*0%*	*0%*	*0%*	*0%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*
EBIT*(1-tax rate)	-144	-361	-229	-162	36	413	845	1,307	1,732	1,845	1,844	1,811	1,891	1,949	2,028
+ D&A	17	21	37	39	40	41	41	42	43	44	44	45	45	46	46
- Change in working capital	1	-22	-73	-46	-140	-262	-285	-222	-146	-35	29	48	59	67	65
- Capex	-20	-200	-200	-50	-50	-50	-50	-50	-50	-50	-50	-50	-50	-50	-50
FCFF	**-146**	**-561**	**-464**	**-220**	**-114**	**141**	**552**	**1,077**	**1,578**	**1,804**	**1,867**	**1,854**	**1,945**	**2,012**	**2,088**
Terminal value															**42,899**

PV of enterprise (RMB mn)	16,055
Net debt (RMB mn)	-1,135
Equity value (RMB mn)	**17,191**
Equity value (HK$ mn)	**19,989**
No. of shares (mn)	199
DCF per shares (HK$)	**100.50**
Terminal growth rate	**4.0%**
WACC	**9.06%**
Cost of Equity	12.0%
Cost of Debt	2.6%
Equity Beta	0.9
Risk Free Rate	3.0%
Market Risk Premium	10.0%
Target Debt to Asset ratio	30.0%
Effective Corporate Tax Rate	15.0%

Source: CMBIGM estimates

Figure 2: Sensitivity analysis (HK$)

	WACC				
Terminal growth rate	**8.06%**	**8.56%**	**9.06%**	**9.56%**	**10.06%**
5.0%	166.38	138.78	**118.12**	102.11	89.38
4.5%	147.49	125.43	108.35	94.76	83.71
4.0%	133.25	115.01	**100.50**	88.72	78.99
3.5%	122.13	106.64	94.07	83.68	74.98
3.0%	113.21	99.78	**88.70**	79.41	71.54

Source: CMBIGM estimates

Figure 3: CMBIGM estimates revision

	New			Old			Diff.		
RMB mn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	322	157	389	204	184	390	58%	-15%	0%
Gross profit	322	146	339	204	172	341	58%	-16%	0%
Operating profit	-144	-361	-229	-150	-95	-222	NA	NA	NA
Net profit	-151	-379	-269	-158	-113	-261	NA	NA	NA
EPS (RMB)	(0.76)	(1.90)	(1.35)	(0.79)	(0.57)	(1.31)	NA	NA	NA
Gross margin	100.00%	92.69%	87.27%	100.00%	93.76%	87.33%	0.00 ppt	-1.07 ppt	-0.05 ppt

Source: Company data, CMBIGM estimates

Figure 4: CMBIGM estimates vs consensus

	CMBIGM			Consensus			Diff.		
RMB mn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	322	157	389	271	514	1,514	19%	-69%	-74%
Gross profit	322	146	339	271	423	1,145	19%	-66%	-70%
Operating profit	-144	-361	-229	-239	-167	135	NA	NA	NA
Net profit	-151	-379	-269	-227	-144	137	NA	NA	NA
EPS (RMB)	(0.76)	(1.90)	(1.35)	(1.14)	(0.73)	0.69	NA	NA	NA
Gross margin	100.00%	92.69%	87.27%	100.00%	82.29%	75.64%	0.00 ppt	+10.40 ppt	+11.63 ppt

Source: Company data, Bloomberg, CMBIGM estimates

Risks: 1) Rising competition in the next-generation IO space; 2) Uncertainty on clinical data of LBL-024 for large indications.

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	**9**	**0**	**177**	**322**	**157**	**389**
Cost of goods sold	(3)	0	0	0	(11)	(49)
Gross profit	**6**	**0**	**177**	**322**	**146**	**339**
Selling expense	0	0	0	0	(51)	(175)
Admin expense	(38)	(88)	(83)	(100)	(100)	(78)
R&D expense	(231)	(186)	(289)	(382)	(420)	(389)
Gain/loss on financial assets at FVTPL	6	2	1	0	0	0
Interest expense	(1)	(6)	(7)	(7)	(18)	(40)
Other income/expense	0	(0)	(26)	(48)	0	0
Others	(118)	(42)	0	0	0	0
Pre-tax profit	**(362)**	**(301)**	**(196)**	**(151)**	**(379)**	**(269)**
Income tax	0	0	(16)	0	0	0
Minority interest	0	0	0	0	0	0
Adjusted net profit	**(362)**	**(301)**	**(211)**	**(151)**	**(379)**	**(269)**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	**367**	**596**	**1,690**	**1,479**	**1,725**	**2,103**
Cash & equivalents	248	373	1,548	1,395	1,616	1,912
Restricted cash	0	0	0	0	0	0
Receivables	0	0	0	0	14	64
Inventories	0	0	58	0	11	43
Prepayment	19	58	84	84	84	84
Financial assets at FVTPL	100	166	0	0	0	0
Other current assets	0	0	0	0	0	0
Non-current assets	**80**	**73**	**91**	**94**	**273**	**436**
PP&E	54	36	29	32	211	374
Right-of-use assets	7	11	20	20	20	20
Intangibles	0	0	2	2	2	2
Other non-current assets	19	26	40	40	40	40
Total assets	**447**	**669**	**1,781**	**1,574**	**1,998**	**2,539**
Current liabilities	**1,395**	**398**	**502**	**445**	**1,249**	**2,058**
Short-term borrowings	61	255	260	260	1,060	1,860
Account payables	26	53	57	0	3	13
Other current liabilities	1,304	0	0	0	0	0
Lease liabilities	4	6	7	7	7	7
Contract liabilities	0	84	178	178	178	178
Non-current liabilities	**2**	**6**	**13**	**13**	**13**	**13**
Other non-current liabilities	2	6	13	13	13	13
Total liabilities	**1,396**	**404**	**516**	**459**	**1,262**	**2,072**
Share capital	17	157	199	199	199	199
Retained earnings	0	0	0	(151)	(530)	(799)
Other reserves	(966)	109	1,067	1,067	1,067	1,067
Total shareholders equity	**(949)**	**266**	**1,266**	**1,115**	**736**	**467**
Minority interest	0	0	0	0	0	0
Total equity and liabilities	**447**	**669**	**1,781**	**1,574**	**1,998**	**2,539**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**(362)**	**(301)**	**(196)**	**(151)**	**(379)**	**(269)**
Depreciation & amortization	20	20	15	17	21	37
Tax paid	0	0	(16)	0	0	0
Change in working capital	18	70	(1)	1	(22)	(73)
Others	132	92	43	7	18	40
Net cash from operations	**(193)**	**(119)**	**(154)**	**(126)**	**(361)**	**(264)**
Investing						
Capital expenditure	(12)	(3)	(8)	(20)	(200)	(200)
Net proceeds from disposal of short-term investments	147	(64)	167	0	0	0
Others	0	0	(324)	0	0	0
Net cash from investing	**135**	**(67)**	**(165)**	**(20)**	**(200)**	**(200)**
Financing						
Dividend paid	0	0	0	0	0	0
Net borrowings	60	189	(2)	(7)	782	760
Proceeds from share issues	0	131	1,350	0	0	0
Others	(10)	(10)	(158)	0	0	0
Net cash from financing	**49**	**309**	**1,190**	**(7)**	**782**	**760**
Net change in cash						
Cash at the beginning of the year	253	248	373	1,548	1,395	1,616
Exchange difference	3	2	(22)	0	0	0
Cash at the end of the year	**248**	**373**	**1,548**	**1,395**	**1,616**	**1,912**
GROWTH	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
Revenue	na	na	na	81.8%	(51.3%)	147.6%
Gross profit	na	na	na	81.8%	(54.8%)	133.2%
PROFITABILITY	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
Gross profit margin	64.1%	na	100.0%	100.0%	92.7%	87.3%
Adj. net profit margin	(4,086.3%)	na	(119.3%)	(46.8%)	(241.2%)	(69.2%)
GEARING/LIQUIDITY/ACTIVITIES	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
Current ratio (x)	0.3	1.5	3.4	3.3	1.4	1.0
VALUATION	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
P/E	na	na	ns	ns	ns	ns
P/B	na	na	7.9	10.2	15.5	24.4

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

Disclosures & Disclaimers

Analyst Certification

The research analyst who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that analyst in this report.

Besides, the analyst confirms that neither the analyst nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

CMBIGM or its affiliate(s) have investment banking relationship with the issuers covered in this report in preceding 12 months.

CMBIGM Ratings

BUY	: Stock with potential return of over 15% over next 12 months
HOLD	: Stock with potential return of +15% to -10% over next 12 months
SELL	: Stock with potential loss of over 10% over next 12 months
NOT RATED	: Stock is not rated by CMBIGM
OUTPERFORM	: Industry expected to outperform the relevant broad market benchmark over next 12 months
MARKET-PERFORM	: Industry expected to perform in-line with the relevant broad market benchmark over next 12 months
UNDERPERFORM	: Industry expected to underperform the relevant broad market benchmark over next 12 months

CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

For recipients of this document in the United Kingdom

This report has been provided only to persons (I)falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time)("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.,) of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.