You should read the following discussion and analysis with our consolidated financial information, including the notes thereto, included in the Accountants' Report in Appendix I to this document. Our consolidated financial information has been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, which may differ in material aspects from generally accepted accounting principles in other jurisdictions, including the United States. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" and "Business" in this document.

For the purpose of this section, unless the context otherwise requires, references to the year of 2024 or 2025 refer to our financial year ended December 31 of such year. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis. Discrepancies between totals and sums of amounts listed in this section in any table or elsewhere in this document may be due to rounding.

OVERVIEW

We are a biotechnology company specializing in the discovery, development and commercialization of bi-/multi-specific peptide drugs for the treatment of metabolic diseases as well as cardiovascular and cerebrovascular diseases, with our Core Product in Phase III clinical trials.

BASIS OF PRESENTATION

Our historical financial information has been prepared based on the accounting policies which conform with IFRS Accounting Standards as issued by International Accounting Standards Board (the "IASB"). Further details of the basis of presentation of historical financial information are set out in Note 2 to the Accountants' Report in Appendix I to this document.

The historical financial information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the material accounting policy information set out in Note 4 to the Accountants' Report in Appendix I to this document.

KEY FACTORS AFFECTING OUR PERFORMANCE

Our historical results of operations have been affected by a number of important factors, many of which are out of our control and we believe will continue to affect our financial position and results of operations in the future. Our results are principally affected by the following factors:

Unmet Medical Needs and Attractive Market Opportunities

Globally, the peptide drug market has been developing rapidly, with several blockbuster products approved and therapeutic applications extending beyond metabolic diseases to cardiovascular, central nervous system, endocrine, gastrointestinal, hematologic, ophthalmic and orthopedic conditions. The global peptide drug market increased from US$61.7 billion in 2019 to US$109.6 billion in 2024, representing a CAGR of 12.2% and is expected to reach US$233.8 billion by 2030, representing a CAGR of 13.5%. In China, the peptide drug market increased from RMB53.9 billion in 2019 to RMB60.2 billion in 2024, representing a CAGR of 2.3% and is expected to reach RMB165.2 billion by 2030, representing a CAGR of 18.3%. With advantages in efficacy, safety and broad-spectrum attribute, peptide drugs are well positioned to address a substantial amount of unmet medical needs and support continued market growth.

Our financial performance and future growth are closely tied to the peptide drug market, and we believe we are well positioned to capitalize on the expanding peptide market. Our Core Product, MT1013, is being developed for secondary hyperparathyroidism ("SHPT") in chronic kidney disease ("CKD") patients receiving maintenance hemodialysis, and it has the potential to expand to indications such as SHPT in non-dialysis CKD patients, and CKD-mineral and bone disorder ("CKD-MBD") with bone loss or osteoporosis. The global prevalence of CKD reached 1,065.5 million in 2024 and is expected to reach 1,289.7 million by 2030. In China, the prevalence of CKD reached 161.5 million in 2024 and is expected to reach 175.0 million by 2030. For details of peptide drug and relative disease drug markets, see "Industry Overview" in this document.

Development and Commercialization of Our Drug Candidates

The success of our Company and the outcomes of our operations rely on our capacity to effectively progress our drug development initiatives, achieve satisfactory safety and efficacy outcomes in clinical trials, secure necessary regulatory approvals, and successfully commercialize our pipeline products. With a strategic focus on metabolic diseases (kidney-related in particular) and cardiovascular diseases, as of the Latest Practicable Date, we had established a diversified and innovative pipeline of bi-specific and multi-specific peptide product candidates, including one Core Product, MT1013, three Key Products, XTL6001, MT1002 and MT200605, as well as other product candidates at various stages of development. For details of our drug candidates, see "Business — Our Candidate Drugs and Pipeline" in this document.

Currently, our Core Product, MT1013, is undergoing the Phase III-C01 clinical trial for the treatment of SHPT in CKD patients receiving maintenance hemodialysis. We expect to complete this trial by the end of 2026 and submit the NDA in early 2027. Looking forward, we expect to commercialize one or more of our drug candidates over the coming years as they move towards the final stages of development. However, our ability to generate revenue from our pipeline products to cover research and developments expenses and other expenses will depend on multiple factors, including but not limited to our ability to secure adequate manufacturing capacity, collaboration with competent third-party partners, as well as making our products accessible to, affordable for and accepted by the addressable patient population who are in need of high-quality products that bring comprehensive benefits for metabolic and cardiovascular diseases.

Our Cost Structure

Our results of operations are significantly affected by our cost structure, which has historically consisted primarily of research and development expenses, finance costs, and administrative expenses, details of which are set out below:

Research and development expenses. Our research and development expenses primarily consist of (i) experiments and tests expenses, (ii) staff costs and welfare expenses, (iii) depreciation and amortization expenses, (iv) material costs, (v) utility expenses, (vi) travel expenses, and (vii) other expenses allocable to our research and development activities. Our R&D expenses amounted to RMB107.0 million and RMB130.1 million for 2024 and 2025, respectively.

Finance costs. Our finance costs primarily consist of interest expenses on bank borrowings, lease liabilities, and redemption liabilities. Our finance costs amounted to RMB37.6 million and RMB67.0 million for 2024 and 2025, respectively.

Administrative expenses. Our administrative expenses primarily consist of (i) staff costs and welfare expenses, (ii) professional service fees, (iii) depreciation and amortization expenses, (iv) travel expenses, (v) utility expenses, and (vi) other expenses allocable to our administrative activities. Our administrative expenses amounted to RMB18.8 million and RMB23.5 million for 2024 and 2025, respectively.

Funding for Our Operations

During the Track Record Period, we funded our operations primarily through equity and debt financing. Going forward, subject to obtaining NDA approval for our Core Product MT1013 for the treatment of SHPT in CKD patients receiving maintenance hemodialysis, and assuming the successful commercialization of one or more of our drug candidates, we expect to fund our operations primarily with revenue generated from the sale of commercialized drug products. However, with the continuing expansion of our business, we may require further funding through public or private offerings, debt financing, collaboration and licensing arrangements or other funding sources. Any fluctuation in the funding for our operations will impact our cash flow and our results of operations.

MATERIAL ACCOUNTING POLICY INFORMATION AND CRITICAL ACCOUNTING JUDGMENTS

Our discussion and analysis of our financial position and results of operations is based on our historical financial information, which have been prepared in accordance with accounting principles that conform with IFRS Accounting Standards. The preparation of historical financial statements requires us to make judgments that affect the reported amounts of assets, liabilities, costs and expenses. We evaluate our judgments on an ongoing basis, and our actual results may differ from these estimates. We base our estimates on historical experience, known trends and events, contractual milestones and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

Our material accounting policy information and critical accounting judgments, which are important for an understanding of our financial position and results of operations, are set forth in detail in Notes 4 and 5 to the Accountants' Report in Appendix I to this document.

Among them, we believe the accounting policy information and accounting judgments in respect of the following are of particularly critical importance to us or involve the most significant estimates and judgments used in the preparation of our financial statements: (i) leases, our Group as lessee, (ii) foreign currencies (including the accounting treatments for exchange differences arising on the translation of monetary items and the translation of income and expenses items, respectively), (iii) borrowing costs, (iv) research and development expenditure, (v) government grants, (vi) employee benefits, (vii) share-based payments, (viii) plant and equipment, (ix) cash and cash equivalents, and (x) financial instruments.

For details, please refer to Notes 4 and 5 to the Accountants' Report in Appendix I to this document.

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

The selected financial information set out below has been extracted from our historical financial information set out in the Accountants' Report in Appendix I to this document:

	For the Year Ended December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Other income	4,002	2,301
Other gains and losses, net	2,670	43,268
Administrative expenses	(18,812)	(23,490)
Research and development expenses	(107,022)	(130,089)
[REDACTED]	–	(9,901)
Finance costs	(37,646)	(67,003)
Loss before tax	(156,808)	(184,914)
Income tax expense	(24)	–
Loss for the year	**(156,832)**	**(184,914)**
Other comprehensive (expense) income for the year		
Item that will not be reclassified to profit or loss:		
Exchange difference arising on translation from functional currency to presentation currency	9	2
Total comprehensive expense for the year	**(156,823)**	**(184,912)**
Loss for the year attributable to:		
– Owners of the Company	(154,632)	(182,507)
– Non-controlling interests	(2,200)	(2,407)
	(156,832)	**(184,914)**
Total comprehensive expense for the year attribute to:		
– Owners of the Company	(154,623)	(182,505)
– Non-controlling interests	(2,200)	(2,407)
	(156,823)	**(184,912)**
Loss per share *(RMB)*		
Basic and diluted	(0.66)	(0.75)

Other Income

During the Track Record Period, our other income primarily consisted of (i) interest income on bank deposits, and (ii) government grants, which mainly represent subsidies from local government authorities to compensate expenditures arising from our research and development activities and are generally one-off in nature. The following table sets forth a breakdown of our other income for the years indicated:

	For the Year Ended December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Interest income on bank deposits	3,235	2,008
Government grants	767	293
	4,002	**2,301**

Other Gains and Losses, Net

During the Track Record Period, our other gains and losses, net primarily consisted of (i) gain on non-substantial modification of redemption liabilities arising from an extension of the redemption date in relation to our [**REDACTED**] Investment, (ii) gain on early termination of a lease, (iii) gain on fair value changes from financial assets at FVTPL, which mainly represent gains resulting from changes in the fair value of our structured deposits purchased from reputable banks, and (iv) net foreign exchange gains. The following table sets forth a breakdown of our other gains and losses, net for the years indicated:

	For the Year Ended December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Gain on non-substantial modification of redemption liabilities	–	42,081
Gain on early termination of a lease	414	–
Gain on fair value changes from financial assets at FVTPL	2,028	865
Net foreign exchange gains	228	480
Others[(1)]	–	(158)
	2,670	**43,268**

Note:

(1) Others primarily consisted of a monetary damage of RMB157 thousand paid to a supplier for settling the termination of a contract.

Administrative Expenses

During the Track Record Period, our administrative expenses primarily consisted of (i) staff costs and welfare expenses, primarily including salaries, bonuses and benefits of our management and administrative personnel, (ii) professional service fees, primarily including fees for recruitment, financing advisory, employee training, (iii) depreciation and amortization expenses for plant and equipment and right-of-use assets for administrative purpose, (iv) travel expenses, (v) utility expenses, and (vi) other expenses allocable to our administrative activities, such as maintenance expenses, service charges, and entertainment expenses. The following table sets forth a breakdown of our administrative expenses for the years indicated:

	For the Year Ended December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Staff costs and welfare expenses	11,220	14,672
Professional service fees	3,438	5,219
Depreciation and amortization expenses	1,374	1,051
Travel expenses	687	626
Utility expenses	750	978
Others	1,343	944
Total	**18,812**	**23,490**

Research and Development Expenses

During the Track Record Period, our research and development expenses mainly consisted of (i) experiments and tests expenses, primarily representing expenses in relation to our pre-clinical studies and clinical trials, (ii) staff costs and welfare expenses, primarily including salaries, bonuses and benefits of our research and development personnel, (iii) depreciation and amortization expenses for plant and equipment and right-of-use assets for research and development purpose, (iv) material costs, primarily in relation to fees for raw material procurement for the clinical development of our drug candidates; (v) utility expenses, (vi) travel expenses, and (vii) other expenses allocable to our research and development activities, such as intellectual property agency fees, document translation fees, and maintenance expenses. The following table sets forth a breakdown of our research and development expenses for the years indicated:

	For the Year Ended December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Experiments and tests expenses	67,274	78,813
Staff costs and welfare expenses	28,115	35,749
Depreciation and amortization expenses	7,014	5,523
Material costs	1,582	5,174
Utility expenses	663	874
Travel expenses	1,977	3,211
Others	397	745
Total	**107,022**	**130,089**

For 2024 and 2025, we incurred research and development expenses for our Core Product MT1013 amounting to RMB66.7 million and RMB84.4 million, respectively, representing 62.3% and 64.9% of our total research and development expenses for the same year, respectively. The research and development expenses for our Core Product increased from RMB66.7 million in 2024 to and RMB84.4 million in 2025, primarily due to an increase in experiments and tests expenses in connection with the Phase III-C01 clinical trial of our Core Product, including expenses related to patient enrollment.

Finance Costs

During the Track Record Period, our finance costs mainly consisted of interest expenses on bank borrowings, lease liabilities, and redemption liabilities. The following table sets forth a breakdown of our finance costs for the years indicated:

	For the Year Ended December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Interest expense on:		
– bank borrowings	669	985
– lease liabilities	202	66
– redemption liabilities	36,775	65,952
	37,646	**67,003**

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

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

Other income

Our other income decreased by 42.5% from RMB4.0 million for 2024 to RMB2.3 million for 2025. The decrease was primarily attributable to a decrease in interest income on bank deposits mainly resulting from (i) a decrease in bank deposits balance following withdrawals for research and development purposes, and (ii) a decrease in interest rates.

Other gains and losses, net

Our other gains and losses, net increased by 1,520.5% from RMB2.7 million for 2024 to RMB43.3 million for 2025, primarily due to gain on non-substantial modification of redemption liabilities arising from an extension of the redemption date in relation to our [**REDACTED**] Investment, partially offset by (i) a decrease in gain on fair value changes from financial assets at FVTPL which was in turn primarily due to a decrease in interest rates applicable to our financial assets at FVTPL, and (ii) a decrease in gains of early termination of a lease.

Administrative expenses

Our administrative expenses increased by 24.9% from RMB18.8 million for 2024 to RMB23.5 million for 2025, primarily due to (i) an increase in staff costs and welfare expenses of RMB3.5 million due to an expansion of our administrative related teams such as our finance team and legal team, and (ii) an increase in professional service fees of RMB1.8 million due to the engagement of professional services such as financial advisory and due diligence investigations in connection with the Series D financing.

Research and development expenses

Our research and development expenses increased by 21.6% from RMB107.0 million for 2024 to RMB130.1 million for 2025, primarily due to (i) an increase in experiments and tests expenses of RMB11.5 million, and (ii) an increase in staff costs and welfare expenses for our R&D personnel of RMB7.6 million, in connection with our R&D activities with respect to, in particular, our Core Product, MT1013, and a Key Product, MT200605. Among our product candidates, (a) MT1013 launched Phase III-C01 clinical trial in the second half of 2025, including commencing patient enrollment and treatment in September 2025, and (b) MT200605 launched Phase II clinical trial in 2025 as well.

Finance costs

Our finance costs increased by 78.0% from RMB37.6 million for 2024 to RMB67.0 million for 2025, primarily due to the increase in interest expenses on redemption liabilities. Further details of redemption liabilities are set out in Note 25 to the Accountants' Report in Appendix I to this document.

Loss for the year

For the reasons described above, our loss for the year increased by 17.9% from RMB156.8 million for 2024 to RMB184.9 million for 2025.

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

The following table sets forth our consolidated statements of financial position as of the dates indicated:

	As of December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Non-current assets		
Plant and equipment	9,216	6,622
Right-of-use assets	2,842	18,775
Term deposits	30,300	31,020
Other receivables	18,923	11,283
Restricted bank deposits	–	1,560
	61,281	**69,260**
Current assets		
Prepayments and other receivables	5,513	24,186
Financial assets at fair value through profit or loss ("FVTPL")	54,611	95,209
Amount due from a related party	652	1,087
Restricted bank deposits	–	863
Term deposits	60,540	60,300
Cash and cash equivalents	64,661	80,556
	185,977	**262,201**
Current liabilities		
Trade and other payables	45,580	82,627
Bank borrowings	1,760	48,100
Amount due to the Controlling Shareholder	28,333	–
Lease liabilities	2,259	1,399
Redemption liabilities	–	134,281
	77,932	**266,407**

	As of December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Net current assets (liabilities)	**108,045**	**(4,206)**
Total assets less current liabilities	169,326	65,054
Non-current liabilities		
Bank borrowings	42,253	–
Lease liabilities	280	202
Redemption liabilities	–	1,024,737
	42,533	**1,024,939**
Net (liabilities)/assets	**126,793**	**(959,885)**
Capital and reserves		
Paid-in capital/share capital	4,985	5,474
(Deficits)/reserves	106,826	(977,934)
(Deficits)/equity attributable to owners of the Company	111,811	(972,460)
Non-controlling interests	14,982	12,575
Total (deficits)/equity	**126,793**	**(959,885)**

Plant and Equipment

During the Track Record Period, our plant and equipment primarily consisted of (i) machinery and equipment, (ii) motor vehicles, (iii) computer equipment and software, (iv) office equipment, and (v) leasehold improvements. Our plant and equipment decreased from RMB9.2 million as of December 31, 2024 to RMB6.6 million as of December 31, 2025, primarily due to the depreciation of our plant and equipment. The following table sets forth a breakdown of our plant and equipment as of the dates indicates:

	As of December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Machinery and equipment	8,034	5,919
Motor vehicles	69	69
Computer equipment and software	617	437
Office equipment	158	79
Leasehold improvement	338	118
Total	**9,216**	**6,622**

Right-of-use Assets

During the Track Record Period, our right-of-use assets primarily related to the lease of properties and leasehold land. Our right-of-use assets increased from RMB2.8 million as of December 31, 2024 to RMB18.8 million as of December 31, 2025, primarily due to the completion of the acquisition of a leasehold land in Taizhou by our Group.

Impairment Assessment for Non-financial Assets

At the end of each reporting period, we assess the carrying amounts of our non-financial assets to determine whether there is any indication of impairment, in accordance with the accounting policy set out in Note 4 to the Accountants' Report in Appendix I to this document. During the Track Record Period, we recorded net losses primarily because we remained in the research and development stage and made significant investments in our research and development activities, which was within the expectation of our Directors. As we progress toward the commercialization of our product candidates, we expect to narrow our losses in the foreseeable future. Having reviewed both internal and external sources of information, we did not identify any indicators of impairment for our non-financial assets. Accordingly, we concluded that there was no impairment needed for our non-financial assets as of December 31, 2024 and 2025.

Impairment Assessment for Investment in the Subsidiaries

Where our carrying amount invested in the subsidiary materially exceed that subsidiary net asset values, our management will consider whether there is any need for impairment. Management team has performed impairment assessments of the investment in subsidiaries throughout the Track Record Period and have concluded that no impairment charge was required.

Term Deposits

	As of December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Term deposits		
– Non-current	30,300	31,020
– Current	60,540	60,300

Our non-current deposits remained relatively stable at RMB31.0 million as of December 31, 2025 compared to RMB30.3 million as of December 31, 2024.

Our current deposits remained relatively stable at RMB60.3 million as of December 31, 2025 compared to RMB60.5 million as of December 31, 2024.

Prepayments and Other Receivables

During the Track Record Period, our prepayments and other receivables primarily consisted of (i) deferred issue costs, (ii) prepaid **[REDACTED]**, (iii) value-added tax recoverable, representing value-added tax paid by us on purchases that are deductible against future value-added tax payable, (iv) prepayments for research and development services, (v) rental deposits for right-of-use assets, (vi) other receivables such as deposits paid to our suppliers, and (vii) other prepayments such as prepayment for property management services. The following table sets forth the components of our prepayments and other receivables as of the dates indicated:

	As of December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Deferred issue costs	–	2,435
Prepaid **[REDACTED]**	–	8
Other receivables	204	374
Rental deposits for right-of-use assets	281	281
Prepayments for research and development services	4,900	9,150
Value added tax ("VAT") recoverable	18,723	22,604
Other prepayments	328	617
	24,436	**35,469**
Less: Amounts recoverable within one year shown under current assets	(5,513)	(24,186)
Amounts shown under non-current assets	18,923	11,283

Our prepayments and other receivables increased from RMB24.4 million as of December 31, 2024 to RMB35.5 million as of December 31, 2025, primarily due to the increase in prepayments for research and development services and the increase in VAT recoverable.

As of February 28, 2026, RMB6.2 million, representing 17.4% of our prepayments and other receivables as of December 31, 2025, had been settled.

Financial Assets at FVTPL

During the Track Record Period, our financial assets at FVTPL primarily represented the structured deposits we purchased from reputable banks in the PRC. Our financial assets at FVTPL increased from RMB54.6 million as of December 31, 2024 to RMB95.2 million as of December 31, 2025, primarily due to an increase in our structured deposits following the completion of the Series D financing.

We purchase low-risk wealth management products as a supplemental means to improve utilization of our cash on hand. We believe that investment in low-risk financial products helps us make better use of our cash, expand our source of income while ensuring sufficient cash flow for business operation or capital expenditures. The purchases of wealth management products are carefully reviewed and assessed by our finance department and are subject to the approval of our senior management team. Additionally, we have established a set of risk management and capital preservation investment policy and have implemented a series of internal control measures regarding our investment in wealth management products. These policies and measures include:

- we make investment decisions after thoroughly considering several factors, including but not limited to the macro-economic environment, general market conditions, risk control and credit of issuing financial institutions, our working capital conditions and the expected returns;

- we only purchase low-risk wealth management products issued by qualified financial institutions; and
- after making an investment, we closely monitor its performance and fair value on a regular basis.

Our investment in financial assets will be subject to compliance with Chapter 14 of the Listing Rules after [**REDACTED**].

Amount Due from a Related Party

As of December 31, 2024 and 2025, we recorded amounts due from a related party, Zhongrui Zekang, amounting to RMB0.7 million and RMB1.1 million, respectively. These amounts represent funds collected by Zhongrui Zekang on our behalf pursuant to our share incentive scheme, specifically relating to employees' payments of exercise or subscription prices for share options or shares. The outstanding balance is expected to be settled prior to the [**REDACTED**]. See Note 23 to the Accountants' Report in Appendix I to this document for a detailed description of the transaction.

Cash and Cash Equivalents

During the Track Record Period, our cash and cash equivalents primarily represented deposits for the purpose of meeting our short-term cash commitments. Our cash and cash equivalents increased from RMB64.7 million as of December 31, 2024 to RMB80.6 million as of December 31, 2025, primarily due to the completion of the Series D financing, partially offset by cash outflows from our business operations including R&D activities.

Trade and Other Payables

During the Track Record Period, our trade and other payables primarily consisted of (i) trade payables and accruals for research and development expenses in connection with our purchase of materials and third-party contracting services for our research and development activities, (ii) payroll payable, (iii) other tax payables, (iv) government grant collected on behalf of employees, applied for by our Group and to be distributed to eligible employees in accordance with local government policies, (v) accrued [**REDACTED**], (vi) accrued issue costs, (vii) cash received in respect of restricted shares, and (viii) others such as employee reimbursements. The following table sets forth a breakdown of our trade and other payables as of the dates indicated:

	As of December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Trade payables and accruals for research and development expenses	33,371	53,690
Payroll payable	6,491	8,818
Other tax payables	408	676
Government grant collected on behalf of employees	3,157	3,053
Accrued [**REDACTED**]	–	4,226
Accrued issue costs	–	1,105
Cash received in respect of restricted shares	–	7,268
Others	2,153	3,791
	45,580	**82,627**

Our trade and other payables increased from RMB45.6 million as of December 31, 2024 to RMB82.6 million as of December 31, 2025, primarily due to (i) an increase in trade payables and accruals for research and development expenses, (ii) accrual of [**REDACTED**], and (iii) cash received in respect of restricted shares from employees to whom share incentives were granted in the form of restricted shares.

Our trade payables are non-interest-bearing and our average credit term of trade payables is generally ranged between 15 to 90 days. The following table sets forth an aging analysis of our trade payables based on the invoice date and accruals which have not yet been billed as of the dates indicated:

	As of December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
0-90 days	1,158	630
91-365 days	1,575	319
1 to 2 years	4,351	20
2 to 3 years	440	1,925
Over 3 years	207	644
Subtotal	**7,731**	**3,538**
Not yet billed	25,640	50,152
Total	**33,371**	**53,690**

As of February 28, 2026, RMB5.5 million, representing 10.2% of our trade payables and accruals for research and development expenses as of December 31, 2025, had been settled.

Amount Due to the Controlling Shareholder

As of December 31, 2024 and 2025, we recorded amounts due to the Controlling Shareholder of RMB28.3 million and nil, respectively, representing consideration payables for Dr. Wang Bing's equity interest in Xi'an Biocare acquired by us in August 2023. See Note 23 to the Accountants' Report in Appendix I to this document for a detailed description of the transaction.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, our primary uses of cash were for research and development activities, procurement of materials and equipment, and general operating expenses. We recorded net cash used in operating activities of RMB107.7 million and RMB137.1 million for 2024 and 2025, respectively. During the Track Record Period, we financed our operations primarily through equity and debt financing. As of February 28, 2026, the latest practicable date for determining our indebtedness, we had cash and cash equivalents of RMB332.6 million.

Current Assets and Current Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,		As of February 28,
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Current assets			
Prepayments and other receivables	5,513	24,186	30,248
Financial assets measured at FVTPL	54,611	95,209	10,000
Amount due from a related party	652	1,087	1,087
Restricted bank deposits	–	863	863
Term deposits	60,540	60,300	60,300
Cash and cash equivalents	64,661	80,556	332,649
Total current assets	**185,977**	**262,201**	**435,147**
Current liabilities			
Trade and other payables	45,580	82,627	88,035
Contract liability	–	–	200,000
Bank borrowings	1,760	48,100	48,290
Amount due to the Controlling Shareholder	28,333	–	–
Lease liabilities	2,259	1,399	760
Redemption liabilities	–	134,281	136,893
Total current liabilities	**77,932**	**266,407**	**473,978**
Net current assets (liabilities)	**108,045**	**(4,206)**	**(38,831)**

As of February 28, 2026, we recorded net current liabilities of RMB38.8 million, compared to net current liabilities of RMB4.2 million as of December 31, 2025, primarily due to (i) the cash outflow from our business operations in the first two months of 2026, and (ii) an increase in contract liability arising from our receipt of a non-refundable upfront payment of RMB200 million pursuant to an agreement we entered into with Everest in February 2026, as partially offset by the increase in cash and cash equivalents.

As of December 31, 2025, we recorded net current liabilities of RMB4.2 million, compared to net current assets of RMB108.0 million as of December 31, 2024, primarily because (i) part of the non-current portion of our bank borrowings became current, and (ii) redemption liabilities of RMB134.3 million arising from certain investors' conditional redemption rights were classified as current liabilities.

We expect our net current liabilities position to substantially improve upon [**REDACTED**], as certain investors' redemption rights will automatically terminate and the redemption liabilities will be transferred to equity upon [**REDACTED**]. We also maintain strong banking relationships and may, where appropriate, raise long-term borrowings to replace our short-term borrowings to secure more stable funding resources.

Cash Flows

The following table sets forth key items of our consolidated statements of cash flows for the years indicated:

	For the Year Ended December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Operating activities		
Loss before tax	(156,808)	(184,914)
Adjustments for:		
Interest income	(3,235)	(2,008)
Gain on fair value changes from financial assets at FVTPL	(2,028)	(865)
Depreciation of plant and equipment	4,853	3,463
Depreciation of right-of-use assets	3,535	3,111
Gain on early termination of a lease	(414)	–
Foreign exchange gains	(228)	(480)
Finance costs	37,646	67,003
Gain on non-substantial modification of redemption liabilities	–	(42,081)
Operating cash flows before movements in working capital	(116,679)	(156,771)
Decrease/(increase) in amounts due from a related party	49	(435)
Decrease/(increase) in prepayments and other receivables	(1,970)	(8,598)
Increase in trade and other payables	10,890	28,674
Cash used in operations	(107,710)	(137,130)
Income tax paid	(32)	–
NET CASH USED IN OPERATING ACTIVITIES	**(107,742)**	**(137,130)**
Investing activities		
Interest received	10,095	1,528
Purchase of right-of-use assets	–	(16,076)
Purchase of plant and equipment	(1,302)	(878)
Purchase of financial assets at FVTPL	(634,900)	(391,500)
Redemption on maturity of financial assets at FVTPL	690,910	351,767
Placement of term deposits	(90,000)	(60,000)
Withdrawal of term deposits	80,000	60,000
Placement of restricted bank deposit	–	(2,423)
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	**54,803**	**(57,582)**

	For the Year Ended December 31,	
	2024	2025
	RMB'000	*RMB'000*
Financing activities		
Proceeds from issue of shares	–	235,500
Payments for accrued issue costs	–	(1,330)
Purchase of additional interest in a subsidiary from the Controlling Shareholder	–	(28,333)
Proceeds from subscription price of restricted share units	–	7,268
Drawdown of bank borrowings	25,463	5,147
Repayment of bank borrowings	(650)	(1,060)
Interest paid for bank borrowings	(669)	(985)
Repayment of lease liabilities	(2,819)	(3,906)
Interest paid for lease liabilities	(202)	(66)
NET CASH FROM FINANCING ACTIVITIES	**21,123**	**212,235**
Net (decrease)/increase in cash and cash equivalents	(31,816)	17,523
Cash and cash equivalents at the beginning of the year	95,942	64,661
Effect of foreign exchange rate changes	535	(1,628)
Cash and cash equivalents at the end of the year	**64,661**	**80,556**

Operating activities

For 2025, we had net cash used in operating activities of RMB137.1 million, which was primarily attributable to our loss before tax of RMB184.9 million, adjusted by certain non-cash and working capital items, including (i) finance costs of RMB67.0 million, and (ii) an increase in trade and other payables of RMB28.7 million, partially offset by gain on non-substantial modification of redemption liabilities of RMB42.1 million.

For 2024, we had net cash used in operating activities of RMB107.7 million, primarily attributable to our loss before tax of RMB156.8 million, adjusted by certain non-cash and working capital items, including (i) finance costs of RMB37.6 million, and (ii) an increase in trade and other payables of RMB10.9 million.

We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. In view of our net operating cash outflows throughout the Track Record Period, we plan to improve such position by:

- **Advancing our portfolio product candidates towards commercialization to generate revenue.** For our Core Product MT1013, which is undergoing the Phase III-C01 clinical trial, we plan to complete this trial by the end of 2026 and submit the NDA in early 2027 and expect to generate inflow of cash from its commercialization in China after obtaining NDA approval. In addition to our Core Product, we have been optimizing our product portfolio and propelling it from preclinical stage toward clinical studies. As we achieve regulatory approvals for more pipeline products, we expect to generate a steady inflow of cash from sales of pipeline products in the foreseeable future;

- **Forming value-accretive partnerships with renowned pharmaceutical companies to out-license or co-develop our pipeline products.** In addition to advancing our ongoing clinical trials of product candidates with a view to obtaining NDA approval and achieving commercialization, we also plan to actively pursue co-development opportunities or out-licensing arrangements for our pipeline products, under which we may receive a share of profits from licensees in connection with the sales and marketing of future approved products; and

- **Adopting comprehensive measures to effectively control our cost and operating expenses.** We plan to prudently monitor the growth of operating expenses to ensure that they increase in a cost-efficient manner. We expect to enhance our research and development efficiency by leveraging our in-house research and development team, while seeking mutually beneficial strategic cooperations to further manage our research and development costs. In addition, we intend to further strengthen our financial management by securing appropriate bank credit facilities, adopting diversified payment methods to optimize our cash flow, and maintaining a prudent level of financial buffer as a safety margin. We also plan to enhance supplier management to improve cost control and operational efficiency.

Investing activities

For 2025, we had net cash used in investing activities of RMB57.6 million, primarily attributable to (i) payments of right-of-use assets of RMB16.1 million, and (ii) the purchase of financial assets at FVTPL of RMB391.5 million, partially offset by the redemption on maturity of financial assets at FVTPL of RMB351.8 million.

For 2024, we had net cash from investing activities of RMB54.8 million, primarily attributable to (i) the redemption on maturity of financial assets at FVTPL of RMB690.9 million, and (ii) the withdrawal of term deposits of RMB80.0 million, partially offset by (a) the purchase of financial assets at FVTPL of RMB634.9 million, and (b) the placement of term deposits of RMB90.0 million.

Financing activities

For 2025, we had net cash from financing activities of RMB212.2 million, primarily attributable to the proceeds from issue of shares of RMB235.5 million, partially offset by the purchase of additional interest in a subsidiary from Dr. Wang Bing of RMB28.3 million.

For 2024, we had net cash from financing activities of RMB21.1 million, primarily attributable to drawdown of bank borrowings of RMB25.5 million, partially offset by the repayment of lease liabilities of RMB2.8 million.

CASH OPERATING COSTS

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

	For the Year Ended December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Costs relating to research and development of our Core Product		
Staff costs and welfare expenses	13,984	18,977
Clinical trial and testing expenses	27,321	31,952
Raw material expenses	5,961	5,394
Pre-clinical trial and other R&D expenses	3,686	4,811
Others	249	134
Subtotal	**51,201**	**61,268**
Costs relating to research and development of our other drug candidates		
Staff costs and welfare expenses	14,131	16,772
Clinical trial and testing expenses	8,382	12,007
Raw material expenses	5,345	6,944
Pre-clinical trial and other R&D expenses	9,288	5,199
Others	806	407
Subtotal	**37,952**	**41,329**
Workforce employment costs	**11,220**	**14,672**
Total	**100,373**	**117,269**

WORKING CAPITAL

Our Directors are of the view that, taking into account the financial resources available to us, including cash and cash equivalents, and the estimated net **[REDACTED]** from the **[REDACTED]**, as well as our cash burn rate, we have sufficient working capital to cover at least 125% of our costs, including research and development expenses, administrative expenses, other operating expenses and necessary capital expenditure for at least the next 12 months from the date of this document.

Our cash burn rate refers to the average monthly (i) net cash used in operating activities, (ii) capital expenditures, and (iii) lease payments. We estimate that we will receive net **[REDACTED]** of approximately HK$**[REDACTED]**, equivalent to RMB**[REDACTED]** million, after deducting the **[REDACTED]** fees and expenses payable by us in the **[REDACTED]**, assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, being the low-end of the indicative **[REDACTED]** range of HK$**[REDACTED]** to HK$**[REDACTED]** per **[REDACTED]** set out in this document, and assuming the **[REDACTED]** is not exercised. Assuming an average cash burn rate going forward of 1.5 times of the level for 2025, we estimate that our cash and cash equivalents of RMB332.6 million as of February 28, 2026 will be able to maintain our financial viability for approximately **[REDACTED]** months or, if we take into account **[REDACTED]**% of the estimated net **[REDACTED]** from the **[REDACTED]** (namely, the portion used for working capital and general corporate purposes), approximately **[REDACTED]** months or, if we also take into account the estimated net **[REDACTED]** from the **[REDACTED]**, approximately **[REDACTED]** months. Our Directors will continue to monitor our working capital, cash flows and our business development progress.

INDEBTEDNESS

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

	As at December 31,		As at February 28,
	2024	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000 (Unaudited)*
Current			
Lease liabilities	2,259	1,399	760
Bank borrowings	1,760	48,100	48,290
Redemption liabilities	–	134,281	136,893
Subtotal	**4,019**	**183,780**	**185,943**
Non-current			
Redemption liabilities	–	1,024,737	1,044,280
Lease liabilities	280	202	201
Bank borrowings	42,253	–	–
Subtotal	**42,533**	**1,024,939**	**1,044,481**
Total	**46,552**	**1,208,719**	**1,230,424**

	As at December 31		As at February 28,
	2024	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000 (Unaudited)*
Redemption liabilities	–	1,159,018	1,181,173
Lease liabilities	2,539	1,601	961
Bank borrowings	44,013	48,100	48,290
Total	**46,552**	**1,208,719**	**1,230,424**

Redemption Liabilities

As of December 31, 2024 and 2025, our redemption liabilities, which were unsecured and unguaranteed, amounted to nil and RMB1,159 million, respectively. Our redemption liabilities primarily represent our obligation to purchase our equity instruments, which is conditional on the exercise by certain investors of the right to require their investments to be redeemed. We recognized such obligation to the investors as financial liabilities measured initially at fair value (representing the present value of the expected cash flows for settling the related obligations if these rights are exercised by the investors) and subsequently at amortized cost with interest charged in finance costs. See Note 25 to the Accountants' Report in Appendix I to this document.

Lease Liabilities

Our lease liabilities are in relation to properties that we leased for our business operations. We recognized lease liabilities in respect of all of our operating leases, except for short-term leases and leases of low-value assets.

As of December 31, 2024 and 2025, we had lease liabilities of:

- RMB1.2 million and RMB0.7 million, respectively, that were unsecured and unguaranteed; and
- RMB1.3 million, and RMB0.9 million, respectively, that were secured by rental deposits and unguaranteed.

Lease liabilities are measured at the present value of the lease payments that are not yet paid. The weighted average incremental borrowing rates applied to lease liabilities range from 2.5% to 4.7% as at December 31, 2024, 3.5% to 4.5% as at December 31, 2025 and 3.5% to 4.5% as of February 28, 2026.

Bank Borrowings

Our bank borrowings increased from RMB44.0 million as of December 31, 2024 to RMB48.1 million as of December 31, 2025, primarily due to the drawdown of bank borrowings of RMB5.1 million and the repayment of RMB1.0 million in 2025. The drawdown was mainly to support our business operations including R&D activities. Our bank borrowings were variable-rate borrowings carry interest at 115 basis points below the one-year loan prime rate in the PRC. Interest rate is reset every twelve months, and are unsecured and unguaranteed.

With respect to the above bank borrowings, we may be required to make immediate repayment of bank borrowings if any of the following events occurs during the borrowing term:

- A change in the ownership structure or the controlling shareholder;
- A transfer of ownership of the pipeline(s);
- Fails to complete an **[REDACTED]** by **[REDACTED]** and trigger share redemption obligations under the relevant agreements;
- Resignation of Dr. Wang Bing or transfer of his equity interest, resulting in his no longer being the controlling shareholder.

During the Track Record Period and up to the Latest Practicable Date, we had not been in violation of any of the material covenants pursuant to the respective loan agreements we entered into with the relevant banks, and there was no delay or default in the repayment of borrowings during the Track Record Period. Taking our financial facility into consideration, we are able to abide by these covenants amid current market conditions and that our capital raising abilities were not materially affected as of the Latest Practicable Date. As of February 28, 2026, we had RMB84.0 million of committed unutilized banking facilities. Our Directors confirm that we will not utilize any of the net **[REDACTED]** from the **[REDACTED]** for repaying bank borrowings.

Since February 28, 2026 and up to the Latest Practicable Date, there had been no material change in our indebtedness.

CONTINGENT LIABILITIES

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

Saved as otherwise disclosed above, as of February 28, 2026, being the latest practicable date for determining our indebtedness, we did not have any other loan issued and outstanding or any loan agreed to be issued, bank overdrafts, loans and other similar indebtedness, liabilities under acceptances or acceptance credits or hire purchase commitments, debentures, mortgages, charges, guarantees or other material contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into several transactions with our related parties: (i) our Company entered into an agreement with Dr. Wang Bing to acquire his equity interest in Xi'an Biocare in August 2023; as of December 31, 2024 and 2025, the balance was RMB28.3 million and nil, respectively, (ii) Zhongrui Zekang, on behalf of our Company, collected employees' payments of exercise or subscription prices for share options or shares under our share incentive scheme; as of December 31, 2024 and 2025, the balance was RMB0.7 million and RMB1.1 million, respectively, and the amounts due from Zhongrui Zekang are expected to be settled prior to the **[REDACTED]**, and (iii) we recognized RMB7.0 million and RMB10.5 million in 2024 and 2025, respectively, for the compensation of our key management personnel. See Notes 23 and 34 to the Accountants' Report in Appendix I to this document for a detailed description of our related party transactions. 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.

KEY FINANCIAL RATIOS

The following table sets forth the current ratio of our Group as of the dates indicated:

	As of December 31,	
	2024	**2025**
Current ratio(1)	2.4	1.0

Note:

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

Our current ratio decreased from 2.4 as of December 31, 2024 to 1.0 as of December 31, 2025, primarily due to an increase in our current liabilities resulting from (i) the classification of certain redemption liabilities as current liabilities, and (ii) part of the non-current portion of our bank borrowings becoming current. For more details, see "— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position" in this section.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT FINANCIAL RISK

We are exposed to market risk, credit risk and impairment assessment, and liquidity risk arising in the normal course of our business. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. Further details of our financial risk management are set out in Note 32 to the Accountants' Report in Appendix I to this document.

Market Risk

Currency Risk

Certain financial assets and liabilities are denominated in foreign currencies of respective group entities which are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Interest Rate Risk

We are exposed to fair value interest rate risk in relation to term deposits, redemption liabilities and lease liabilities. We are also exposed to cash flow interest rate risk in relation to variable-rate bank balances and variable-rate bank borrowings. The cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and bank borrowings. As our management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances and variable-rate bank borrowings is insignificant, therefore no sensitivity analysis on such risk has been prepared.

Credit Risk and Impairment Assessment

Credit risk refers to the risk that our counterparties' default on their contractual obligations resulting in financial losses to us. Our credit risk exposures are primarily attributable to other receivables, amounts due from subsidiaries and bank balances and term deposits. We do not hold any collateral or other credit enhancements to cover our credit risks associated with our financial assets. We performed impairment assessment for financial assets under expected credit loss model. For more information about our credit risk management, maximum credit risk exposures and the related impairment assessment, see Note 32 to the Accountants' Report in Appendix I to this document.

Liquidity Risk

In the management of the liquidity risk, we closely monitor our cash position resulting from our operations and maintain a level of cash and cash equivalents deemed adequate by the management to enable us to meet in full our financial obligations as they fall due for the foreseeable future. Our management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

DIVIDEND POLICY

No dividend has been proposed, paid or declared by our Company since its incorporation. As of the Latest Practicable Date, we did not have a formal dividend policy or fixed dividend payout ratio. We do not have any plan to declare or pay any dividends in the foreseeable future. The determination of whether to pay a dividend and in which amount is based on factors the Board may deem relevant. Any dividend distribution will also be subject to the approval of the Shareholders in the Shareholder's meeting. Under the PRC law and the Articles of Association, the general reserve requires annual appropriations of 10% of after-tax profits at each year-end until the balance reaches 50% of the relevant PRC entity's registered capital. In view of our accumulated losses, as advised by our PRC Legal Advisor, according to the relevant PRC laws and regulations and the Articles of Association, we shall not declare or pay dividend until the accumulated losses are covered by our after-tax profits and sufficient statutory common reserve are drawn in accordance with the relevant laws and regulations, and Articles of Association.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we did not have any distributable reserves.

[REDACTED]

[**REDACTED**] to be borne by us are estimated to be approximately RMB[**REDACTED**] (including [**REDACTED**] commission, at the [**REDACTED**] of HK$[**REDACTED**] per H Share, being the midpoint of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**] per H Share), which represent [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**], assuming no Shares are issued pursuant to the [**REDACTED**]. The above [**REDACTED**] are comprised of (i) [**REDACTED**]-related expenses, including [**REDACTED**] fee and [**REDACTED**] commission, of RMB[**REDACTED**], and (ii) non-[**REDACTED**]-related 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**]. Approximately RMB[**REDACTED**] of our [**REDACTED**] shall be charged to our consolidated statements of profit or loss, among which, approximately RMB[**REDACTED**] has been charged during the Track Record Period, and approximately RMB[**REDACTED**] is expected to 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 (LIABILITIES)

[REDACTED]

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, and up to the date of this document and there has been no event since December 31, 2025, and up to the date of this document which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

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