SUMMARY

This summary aims to give you an overview of the information contained in this Document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire Document before you decide to* [REDACTED] *in the* [REDACTED]. *In particular, we are a biotechnology company seeking to* [REDACTED] *on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules on the basis that we are unable to meet the requirements under Rule 8.05 (1), (2) or (3) of the Listing Rules. There are unique challenges, risks and uncertainties associated with* [REDACTED] *in companies such as ours. Our Core Products are the products for the purpose of satisfying the eligibility requirements under Chapter 18A of the Listing Rules and Chapter 2.3 of the Guide for New Listing Applicants. We may continue to incur substantial costs and expenses in relation to research and development of our Core Products, and our Core Products may not be successfully marketed. In addition, we have incurred significant operating losses since our inception, and we expect to remain loss making in the near term. We had negative net cash flow from operating activities during the Track Record Period. We did not declare or pay any dividends during the Track Record Period and do not intend to pay any dividends in the near future. Your* [REDACTED] *decision should be made in light of these considerations.

OVERVIEW

Founded in 2017, we are a clinical-stage biotech company focused on the development of T-cell engager ("**TCE**") therapy. We have four clinical-stage pipeline products, including two Core Products (DNV3 for the treatment of advanced/metastatic solid tumors and lymphomas, and SMET12 for the treatment of EGFR-positive advanced solid tumors).

TCEs are bispecific or multispecific antibodies engineered to redirect and activate T cells by simultaneously binding tumor-associated antigens ("**TAAs**") on tumor cells and receptors on T cells to induce targeted cytotoxicity. We identified early on the differentiated potential of TCE, a new generation of immunotherapy designed to harness and direct the body's immune system against cancer. Possessing deep insights and innovative capabilities in a high-growth industry, we translate these insights into clinical-stage products, driving our progress from concept to development. We have developed masked TCEs, which can be selectively activated in tumors, for the treatment of solid tumors. As a rapidly evolving therapeutic modality in oncology, the global TCE market reached approximately US$3.0 billion in 2024 and is expected to reach US$121.1 billion by 2035 at a CAGR of 40.0%. China's TCE market reached approximately RMB0.7 billion in 2024 and is expected to reach RMB159.6 billion by 2035 at a CAGR of 63.8%.

As of the Latest Practicable Date, we had four in-house, clinical-stage drug candidates, including (i) DNV3, an advanced T-cell modulator ("**TCM**") targeting LAG-3, (ii) SMET12, an innovative intravenous EGFR×CD3 TCE, (iii) CMD011, an advanced GPC3×CD3 TCE, and (iv) CMDE005, an innovative EGFR×CD3 masked TCE. In addition, we have two preclinical-stage drug candidates for multifunctional/logic-gated TCE, CMDE101 and CMDE102, which are trispecific masked TCEs targeting FOLR1×PD-L1×CD3 and PSMA×PD-L1×CD3, respectively.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR PIPELINE PRODUCTS SUCCESSFULLY, INCLUDING CORE PRODUCTS DNV3 AND SMET12.

The following chart summarize the development of our pipeline product candidates as of the Latest Practicable Date.

Platform	Code	Target	Modality	Indication	Administration	Competent Authority	Regimen	Phase	Upcoming Milestone	Commercial Rights
								Pre-Clinical / Phase 1 / Phase 2 / Phase 3		
TCM	★ DNV3	LAG-3	Monospecific Antibody	Malignant Melanoma[(1)]	Intravenous Infusion	China NMPA	Combo with PD-1 + Chemo	*Phase II Ongoing in China Expect to complete in 2026 Q4*	Initiate Phase III Trial in China in 2027 Q3	Global
				NSCLC[(1.1)]				*Phase II will initiate in China*	Initiate Phase II Trial in China in 2026 Q3	Global
				Solid Tumors and Lymphomas[(2)]			Monotherapy	*Phase I Completed in China in March 2022*	Advance clinical trials for combination therapies	Global
	★ SMET12	EGFR/CD3	Bispecific Antibody	ESCC[(3)]	Intravenous Infusion	China NMPA & U.S. FDA*	Monotherapy	*Phase IIa Ongoing in China Expect to complete in 2027 Q2*	Initiate Phase III Trial in China in 2027 Q4	Global
				TNBC[(4)]				*Phase I Completed for EGFR-positive solid tumors in China in February 2023*	Initiate Phase IIa Trial in China in 2026 Q4	Global
				EGFR-positive Solid Tumors[(5)]			Combo with PD-1	*Patient enrollment for Phase I/IIa is temporarily suspended in China*	No Specific Plan	Global
TCE	CMD011	GPC3/CD3	Bispecific Antibody	Hepatocellular Carcinoma[(6)]	Intravenous Infusion	China NMPA & U.S. FDA*	Monotherapy	*Phase I/IIa Ongoing in China Expect to complete in 2027 Q4*	Initiate Phase III Trial in China in 2028	Global
	CMDE005	EGFR/CD3	Bispecific Antibody	Solid Tumor[(7)]	Intravenous Infusion	China NMPA & U.S. FDA*	Monotherapy	*Phase I/IIa Ongoing in China Expect to complete in 2027 Q4*	Initiate Phase III Trial in China in 2028	Global
	CMDE101	FOLR1/ PDL-1/CD3	Tri-specific Antibody	Solid Tumor	Intravenous Infusion	China NMPA & U.S. FDA	Monotherapy		Submit IND in China in 2027 Q4 & in U.S. in 2028	Global
	CMDE102	PSMA/ PD-L1/CD3	Tri-specific Antibody	Solid Tumor	Intravenous Infusion	China NMPA & U.S. FDA	Monotherapy		Submit IND in China in 2028 in U.S. in 2029	Global

Note:

★ are Core Products.

refers to masking peptide. The masking peptide is a short protein sequence designed to temporarily block the active site or binding region of a therapeutic protein, preventing it from interacting with its target, especially in healthy tissues, thereby reducing side effects.

All products are innovative drugs and are self-developed by the Company.

(1) Locally advanced unresectable or metastatic melanoma
(1.1) Advanced treatment-naive non-small cell lung cancer
(2) Advanced/metastatic solid tumors and lymphomas
(3) EGFR-positive advanced esophageal cancer
(4) EGFR-positive advanced triple-negative breast cancer
(5) EGFR-positive advanced solid tumors
(6) Advanced hepatocellular carcinoma
(7) EGFR-positive advanced solid tumors (such as non-small-cell lung cancer, colorectal cancer, urothelial carcinoma, head and neck squamous cell carcinoma, and pancreatic cancer)
* While SMET12, CMD011, and CMDE005 have obtained clinical trial approvals from the U.S. FDA, we do not currently have plans to launch clinical operations in the U.S. for the three product candidates.

Immunotherapy has the potential to cure cancer. Unlike conventional therapies, immunotherapy harnesses the body's immune system to target and eliminate cancer cells, offering the possibility of durable, long-term responses. TCEs have gained significant attention due to their ability to address cytokine release syndrome ("**CRS**"), a key challenge in immunotherapy. By precisely activating T-cells against tumor cells while minimizing immune overactivation, our TCEs provide a solution to control CRS and open new opportunities for treating solid tumors, establishing TCEs as a novel treatment modality with a potential for clinical application. TCEs have evolved from early 1+1 (one TAA and one T-cell binding domain) bispecific designs to masking, multifunctional, logic-gated formats, while steadily expanding indications from hematologic malignancies to solid tumors. We have strategically focused on applying the TCE technology, especially our proprietary TCE masking technology, to the treatment of solid tumors, a therapeutic area that has presented tremendous challenges in oncology. To date, most TCE drugs approved or under development target hematologic malignancies, which account for less than 10% of total cancer cases, compared with more than 90% for solid tumors, according to Frost & Sullivan.

TCEs are expected to enter an innovation stage driven by artificial intelligence ("**AI**")-assisted design in the future. Supported by advances in AI-assisted molecular design and data-driven structural optimization, TCEs are evolving toward safer, more precise, and durable immunotherapies with expanding potential beyond oncology. The prolonged duration of efficacy of TCEs is expected to address a major pain point in the anti-cancer drug industry. The development of TCEs has reached a inflection point of transforming into a backbone cancer therapy.

Recognizing the transformative potential of this modality, we have focused our research and development efforts on advancing TCEs that achieve precise and sustained activation of T cells while maintaining a favorable safety profile. From establishing antibody libraries to developing proprietary engineering technologies, we have built the know-how and infrastructure to support our pipeline of TCE candidates. The key prerequisites for a backbone cancer therapy include upstream immune activation, zero-order cytotoxicity, and a favorable safety profile, all of which are inherent in our TCEs. Leveraging the upstream immune-activation mechanism of our TCE therapy, our candidates are designed to enable zero-order immune cytotoxicity, whereby activated T cells can kill tumor cells at a steady rate, regardless of the amount of tumor cells or tumor antigens engaged by the TCEs. Achieving the zero-order immune cytotoxicity requires toxicity control, precise tumor recognition, conditional TCE activation, prevention of T cell exhaustion and synergy of different anti-tumor mechanisms — the masking and multifunctional designs of TCEs are well suited to realize these functions. By optimizing T-cell affinity and applying our masking technology, we seek to improve the precision of T-cell activation, thereby achieving better control of immune-related side effects and reducing on-target off-tumor toxicity. Furthermore, our multifunctional TCEs are designed with an OR-gated dual-targeting format, which can activate T cells upon recognizing either one or both TAAs on the tumor cell surface, thereby improving tumor recognition and contributing to the prevention of tumor relapse. Collectively, these features position our TCEs with a potential to serve as backbone therapies in future immuno-oncology treatment regimens and to establish a differentiated foothold in this fast-growing global market.

We have advanced four product candidates into clinical development. Each of our drug candidates is developed through our dedicated R&D platforms, including our Multichannel Antibody Discovery Platform, H-shape Bispecific TCE Platform ("**H-BiTE Platform**"), Protease-activatable Bispecific TCE Platform ("**Pro-BiTE Platform**") and Multifunctional/Logic-gated TCE Platform.

Our Pipeline

As of the Latest Practicable Date, we had four in-house, clinical-stage innovative drug candidates, including one TCM and three TCEs:

Core Product DNV3: an advanced TCM targeting lymphocyte activation gene 3 ("**LAG-3**"), an inhibitory receptor highly expressed by exhausted T cells in the TME. DNV3 validates our proprietary high-capacity fully human IgM phage display antibody library as a foundation of our product candidates. DNV3 demonstrated a favorable safety profile and broad potential for combination therapy, with no recorded Grade 3 or higher CRS in our clinical trials. As of the Latest Practicable Date, DNV3 was under a Phase II clinical trial of DNV3 in combination with an anti-PD-1 antibody (toripalimab) and chemotherapy (nab-paclitaxel, cisplatin, or carboplatin) targeting locally advanced unresectable or metastatic melanoma. We completed the Phase I clinical trial of DNV3 monotherapy targeting advanced/metastatic solid tumors and lymphomas in March 2022. According to Frost & Sullivan, DNV3 ranked second globally and in China by stage of clinical development among anti-LAG-3 antibody drug candidates for melanoma treatment as of the Latest Practicable Date.

Core Product SMET12: an innovative intravenous EGFR×CD3 TCE. SMET12 validates our TCE structural design capabilities and sets a benchmark for our broader TCE pipeline. As of the Latest Practicable Date, SMET12 was under a Phase IIa clinical trial targeting EGFR-positive advanced solid tumors including esophageal cancer in China. SMET12 received FDA's IND approval in November 2021. We completed the Phase I clinical trial of SMET12 targeting EGFR-positive advanced solid tumors in China in February 2023. According to Frost & Sullivan, SMET12 ranked first globally and in China by stage of clinical development among EGFR×CD3 TCE drug candidates as of the Latest Practicable Date.

CMD011: an advanced GPC3×CD3 TCE, which together with SMET12 validates our TCE molecular-format engineering and demonstrate the plug-and-play property of our TCE technology platforms. As of the Latest Practicable Date, CMD011 was under a Phase I clinical trial in China for advanced hepatocellular carcinoma ("**HCC**"). CMD011 received FDA's IND approval in February 2025. According to Frost & Sullivan, CMD011 ranked within the top two globally by stage of clinical development among GPC3×CD3 TCE drug candidates, as of the Latest Practicable Date.

CMDE005: an innovative EGFR×CD3 masked TCE, which validates our protease-activated masking technology. CMDE005 is a patient-focused drug development initiative aimed at minimizing the safety risks associated with immunotherapy, particularly by reducing CRS. As of the Latest Practicable Date, CMDE005 was under a Phase I clinical trial in China for the treatment of various EGFR-positive advanced solid tumors. CMDE005 received FDA's IND approval in April 2025. According to Frost & Sullivan, CMDE005 was the first and only in China and ranked among the top two globally incorporating masking peptide technology that has entered the clinical stage among the EGFR×CD3 TCE drug candidates, as of the Latest Practicable Date.

First-generation EGFR targeting monospecific antibodies, such as cetuximab and panitumumab, had encountered setbacks in the clinical development for treating ESCC and TNBC, due to a lack of significant survival benefits. However, EGFR remains a valid drug target for cancer treatment, and MOA innovation has enabled regulatory approval of drugs against the same target. TCE represents a MOA that is different from traditional monospecific antibodies. Through CD3-mediated T-cell recruitment and redirection, TCEs may induce more direct and potent tumor cell killing. So far, multiple TCEs have received regulatory approval for the treatment of certain types of solid tumors.

Our product candidates are all regulated as Class 1 innovative therapeutic biological products under the Biological Product Registration Classification and Application Dossier Requirements released by NMPA and implemented on October 1, 2020.

OUR STRENGTHS

We believe the following competitive strengths have contributed to our success and differentiate us from our competitors: (i) leveraging our TCE platform technologies for the development of solid tumor therapies; (ii) TCE and TCM pipeline with significant global market potential; (iii) advanced TCE masking technology, exemplified by our product CMDE005 ranking among the world's top two masked TCEs; (iv) TCE technology platforms driving innovation with advanced R&D and CMC capabilities; (v) support from leading industry investors, strong medical partnerships, and robust clinical operation capabilities; and (vi) experienced leadership with a global perspective.

OUR STRATEGIES

We intend to pursue the following strategies to further grow our business: (i) advance our pipeline products to market leadership for global clinical development, regulatory approvals and commercialization; (ii) continue to expand our pipeline by upgrading our TCE platforms and TCE database TCENet; (iii) collaborate to unlock the clinical and commercial potential of our pipeline; (iv) enhance international clinical development and expand market presence; and (v) leverage top talents as our core competitive advantage, ensuring sustainable success through strategic talent development.

COMPETITION

While we believe our pipeline of clinical and preclinical stage proprietary assets, R&D capability, technology platforms and seasoned management team provide us with competitive advantages, we face potential competition from many different sources, including major pharmaceutical, specialty pharmaceutical and biotechnology companies, academic institutions, and public and private research institutions. We focus on leveraging our industry experience and established R&D capabilities for the in-house discovery and development of TCE therapies for the treatment of solid tumors. We face fierce competition from existing products and product candidates under development in the market. See "Industry Overview" for more details on the competitive landscape of the various markets in which we compete.

RESEARCH AND DEVELOPMENT

Our R&D team is multi-tiered, covering the full innovation pathway from discovery through clinical translation. The early-stage research team, led by Dr. XIAO Zuoxiang and Dr. ZHOU Dongwen, has become a key driver of our innovation. Our clinical development team, under the leadership of Dr. XIAO Zuoxiang and Ms. WANG Yanping, combines deep medical expertise with strong operational capabilities to align development with clinical needs. With dual R&D centers in the U.S. and China, we operate an integrated model across time zones, supporting a continuous R&D cycle and efficient platform integration. Our in-house R&D team consisted of 33 employees as of the Latest Practicable Date, over 97% of whom held at least bachelor's degrees, and over 70% members of our R&D team held master's or higher degrees. For the years ended December 31, 2024 and 2025, our research and development costs attributable to our Core Products were RMB23.2 million and RMB26.7 million, respectively, representing 43.5% and 57.4% of our total research and development costs in the corresponding periods, respectively.

CHEMISTRY, MANUFACTURING & CONTROLS ("CMC")

As of December 31, 2025, our CMC team consisted of six professionals with extensive experience in process development, production and quality management mostly from well-known biopharmaceutical and pharmaceutical companies. Our CMC team members are led by Dr. ZHOU Dongwen, a decorated industry scientist with over 20 years' experience. We currently do not have in-house manufacturing capability and rely on CDMOs for the manufacturing of all of our product candidates. We engaged two and two CDMOs in 2024 and 2025, respectively. For CDMOs, we incurred expenses of RMB5.1 million and RMB3.2 million for development and manufacturing of our Core Products and other pipeline products in 2024 and 2025, respectively.

COMMERCIALIZATION, MARKETING AND BUSINESS DEVELOPMENT

Given the development status of our product candidates, we had not established a sales and marketing team as of the Latest Practicable Date. As we advance the clinical development of our product candidates to a later stage, we will evaluate their respective form of commercialization, taking into account the market condition, competitive landscape and our available resources at the material time. In the future, we intend to build our own sales team and network in preparation of the commercialization of our product candidates in China. For the commercialization of our product candidates in the overseas market, we plan to identify and collaborate with top pharmaceutical companies with significant global or local presence.

OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period, we did not have a customer or generate revenue from a customer.

We mainly procure R&D and clinical-related services from third party suppliers. We maintain stable relationships with our suppliers to ensure the stability of material supply and delivery. In 2024 and 2025, purchase amount from our top five suppliers in each year of the Track Record Period in aggregate was RMB18.2 million and RMB15.6 million, representing 53.7% and 58.1% of our total purchase amount, respectively. Purchase amount to our largest supplier in each year of the Track Record Period was RMB7.4 million and RMB4.1 million, representing 21.7% and 15.3% of our total purchase amount, respectively. To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our top five suppliers were Independent Third Parties. During the Track Record Period, we purchased R&D and clinical-related services in our ordinary course of business from Hangzhou Tigermed and MabPlex, who were among our five largest suppliers, and such transactions were conducted on an arm's length basis. As of the Latest Practicable Date, to the best of our knowledge, save for Hangzhou Tigermed and our Non-executive Director, Wang Yanbing, who held an equity interest below 1% in MabPlex, none of our Directors, their respective close associates or any Shareholder who owned more than 5% of our issued share capital had any interest in any of our five largest suppliers in each year during the Track Record Period.

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, we held 21 patents and five patent applications in connection with our clinical-stage product candidates, including four patents related to DNV3, and eleven patents and one patent application related to SMET12. As of the Latest Practicable Date, we had not received any material concerns or inquiries from relevant competent authorities that makes us to believe that any of the pending patent applications will be rejected. See "Business—Intellectual Property" for details.

OUR SHAREHOLDING STRUCTURE

Our Controlling Shareholders

Immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), Dr. Xiao, indirectly through (i) Hangzhou Haomai, a company wholly owned by Dr. Xiao, (ii) Hangzhou Dimai, a limited partnership managed and controlled by Hangzhou Haomai, which in turn is wholly owned by Dr. Xiao, and (iii) Hangzhou Shimai, a limited partnership managed and controlled by Dr. Xiao, will control an aggregate of [**REDACTED**]% of our total issued share capital. Accordingly, Dr. Xiao, Hangzhou Haomai, Hangzhou Dimai and Hangzhou Shimai will be our Controlling Shareholders upon [**REDACTED**].

Pre-[REDACTED] Investments

We have undertaken four rounds of Pre-[**REDACTED**] Investments and raised total gross proceeds of RMB690.1 million. As of the Latest Practicable Date, we have utilized approximately 73.82% of the proceeds from the Pre-[**REDACTED**] Investments. See "History, Development and Corporate Structure—Pre-[**REDACTED**] Investments" for details of the background of our Pre-[**REDACTED**] Investors and the principal terms of the Pre-[**REDACTED**] Investments. Our Sophisticated Investors which made meaningful investment to us include Betta Biopharmaceutical and Hangzhou Taikun, which will hold approximately [**REDACTED**]% and [**REDACTED**]% of our total issued share capital upon the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), respectively.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The summary of the key financial information set forth below have been derived from and should be read in conjunction with our historical financial information, including the accompanying notes, set forth in the Accountant's Report in Appendix I to this Document, as well as the information set forth in the section headed "Financial Information."

Summary of Consolidated Statements of Profit or Loss

The following table sets forth selected items of our consolidated statements of profit or loss, with line items in absolute amounts, for the years indicated.

	For the Year ended December 31,	
	2024	2025
	(RMB in thousands)	
Other income and gains	6,618	9,372
Research and development costs	(53,382)	(46,589)
Administrative expenses	(12,188)	(43,107)
Other expenses	(62)	(173)
Finance costs	(885)	(463)
LOSS BEFORE TAX	(59,899)	(80,960)
Income tax expense	–	–
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(59,899)	(80,960)
Attributable to:		
Owners of the parent	(59,899)	(80,960)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		
Basic and diluted (RMB)	(3.39)	(4.51)

We recorded net losses of RMB59.9 million and RMB81.0 million in 2024 and 2025, respectively. Our net losses recorded during the Track Record Period were primarily due to our research and development costs related to our substantial investment in research and development activities.

Our research and development costs consist of (i) clinical research and technical service fees, (ii) staff costs, (iii) raw materials and consumables, (iv) depreciation and amortization, and (v) others. For the years ended December 31, 2024 and 2025, our research and development costs attributable to our Core Products were RMB23.2 million and RMB26.7 million, respectively, representing 43.5% and 57.4% of our total research and development costs in the corresponding periods, respectively.

Summary of Consolidated Statements of Financial Position

The table below sets forth the selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from our audited consolidated financial statements included in Appendix I to this Document.

	As of December 31,	
	2024	2025
	(RMB in thousands)	
Total non-current assets	53,765	34,463
Total current assets	193,363	149,974
Total current liabilities	49,363	47,320
Net current assets	144,000	102,654
Total assets less current liabilities	197,765	137,117
Total non-current liabilities	22,032	21,888
Net assets	175,733	115,229

During the Track Record Period, we had net assets position, which gradually decreased over the periods primarily due to the total comprehensive losses incurred in each period of the Track Record Period, as a result of our continuous investment in research and development activities. The decrease in net assets from RMB175.7 million as of December 31, 2024 to RMB115.2 million as of December 31, 2025 was mainly attributable to the loss for the year of RMB81.0 million.

The decrease in net current assets by RMB41.3 million from RMB144.0 million as of December 31, 2024 to RMB102.7 million as of December 31, 2025 was primarily due to (i) a decrease in financial assets at fair value through profit or loss of RMB77.0 million, (ii) an increase in trade and other payables of RMB10.9 million, partially offset by an increase in time deposits of RMB22.4 million and a decrease in interest-bearing bank borrowings of RMB11.0 million. The change was mainly attributable to our continuous investment in pipeline candidates and our expenditure for our operation.

Summary of Consolidated Statement of Cash Flows

The following table sets forth our cash flows for the years indicated.

	For the Year ended December 31,	
	2024	2025
	(RMB in thousands)	
Net cash flows used in operating activities	(53,353)	(50,480)
Net cash flows from investing activities	24,625	77,691
Net cash flows from/(used in) financing activities	27,853	(17,062)
Cash and bank balances at beginning of year	24,831	23,907
Cash and cash equivalents at end of year	23,907	33,913

In 2025, our net cash used in operating activities was RMB50.5 million, which was primarily attributable to our loss before tax of RMB81.0 million, primarily adjusted for (i) equity-settled share-based expenses of RMB19.7 million and (ii) increase in trade and other payables of RMB9.8 million.

In 2024, our net cash used in operating activities was RMB53.4 million, which was primarily attributable to our loss before tax of RMB59.9 million, primarily adjusted for (i) increase in deferred income of RMB9.7 million, (ii) decrease in trade and other payables of RMB6.7 million, (iii) gain on fair value changes of financial assets at FVTPL of RMB5.3 million, (iv) depreciation of property, plant and equipment of RMB4.5 million and (v) depreciation of right-of-use assets of RMB3.2 million.

Key Financial Ratios

The following table sets forth certain of our key financial ratios for the years or as of the dates indicated.

	As of December 31,	
	2024	2025
	RMB'000	*RMB'000*
Current ratio[(1)]	3.9	3.2
Quick ratio[(2)]	3.9	3.2
Gearing ratio[(3)]	0.2	0.2

Notes: (1) Current ratio is calculated based on total current assets divided by total current liabilities as of the dates indicated; (2) Quick ratio is calculated based on current assets minus inventories divided by current liabilities as of the dates indicated; (3) Gearing ratio is calculated based on total borrowings divided by total equity as of the dates indicated.

RISK FACTORS

Our business faces risks including those set out in the section headed "Risk Factors." As different [**REDACTED**] may have different interpretations and criteria when determining the significance of a risk, you should read the "Risk Factors" section in its entirety before you decide to [**REDACTED**] in our Company. Some of the major risks that we face include: (i) Our business and financial prospects depend substantially on the success of our drug candidates. If we are not able to successfully complete clinical development, obtain regulatory approval and commercialize our drug candidates, including our Core Products, or experience delays in doing so, our business prospects could be adversely affected; (ii) Clinical development of biopharmaceutical products is risky, time-consuming and inherently uncertain, and our drug candidates may fail to demonstrate the safety and efficacy required for regulatory approval; (iii) If our drug candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in completing, or may ultimately be unable to complete, the development and commercialization of our drug candidates; (iv) We have no experience in manufacturing biopharmaceutical products on a commercial scale, and currently lack in-house manufacturing facilities; if we encounter difficulties in the production of our drug candidates, our development and commercialization efforts could be adversely affected; (v) We intend to work with third parties for the commercialization of our drug candidates. We may fail to identify competent third parties for such purposes, fail to achieve the expected synergies with the clinical development partners, and have little or no control over the marketing and sales efforts of the commercialization partners; (vi) We may encounter difficulties in managing our growth and expanding our operations successfully.

DIVIDEND

We have never declared or paid any dividends on our ordinary shares or any other securities. As of the Latest Practicable Date, we did not have a formal dividend policy. We currently intend to retain all available funds and earnings, if any, to fund the development and expansion of our business and we do not intend to declare or pay any dividends in the foreseeable future. [**REDACTED**] should not [**REDACTED**] our ordinary shares with the expectation of receiving cash dividends. Any future determination to pay dividends will be made at the discretion of our Directors subject to our Articles of Association and the PRC Company Law, and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Regulations in China currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in China.

As confirmed by our PRC Legal Advisor, according to the PRC law, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above. See "Financial Information—Dividend."

[**REDACTED**]-RELATED EXPENSE INCURRED AND TO BE INCURRED

Our [**REDACTED**] expenses represent professional fees, [**REDACTED**] and other fees incurred in connection with the [**REDACTED**]. Assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the mid-point of the indicative [**REDACTED**] range, we estimated that the total [**REDACTED**] expenses for the [**REDACTED**] are approximately HK$[**REDACTED**], accounting for approximately [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**] (assuming no H Shares are issued pursuant to the [**REDACTED**]), of

which approximately HK$[**REDACTED**] is expected to be charged to our consolidated statements of profit or loss and other comprehensive income upon the completion of [**REDACTED**], and approximately HK$[**REDACTED**] is expected to be accounted for as a deduction from equity upon the completion of [**REDACTED**]. The above expenses comprise of (i) [**REDACTED**]-related expenses, including [**REDACTED**] and other expenses, of HK$[**REDACTED**]; and (ii) non-[**REDACTED**]-related expenses of HK$[**REDACTED**], including (a) fee paid and payable to legal advisors and reporting accountants of HK$[**REDACTED**], and (b) other fees and expenses of HK$[**REDACTED**]. We recorded [**REDACTED**] expenses of RMB[**REDACTED**] as of December 31, 2025, among which RMB[**REDACTED**] were recognized in our consolidated statement of profit or loss, and RMB[**REDACTED**] were recognized in the consolidated statement of financial position to be accounted for as a deduction from equity upon [**REDACTED**]. The [**REDACTED**] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

WORKING CAPITAL CONFIRMATION

Our Directors are of the opinion that, taking into account the financial resources available, including cash and bank balances, 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 and other operating costs 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. Assuming an average cash burn rate going forward of 2.5 times the level of the average expenditure during 2024 and 2025, even without taking into account the estimated net [**REDACTED**] from the [**REDACTED**], we estimate that our cash and cash equivalents and financial assets at FVTPL as of December 31, 2025, will be able to maintain our financial viability for 10 months or, if we take into account the estimated net [**REDACTED**] from the [**REDACTED**] (based on the low-end of the [**REDACTED**] Price stated in this Document), for [**REDACTED**] months. 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.

[**REDACTED**]

USE OF [REDACTED]

We intend to use the net [**REDACTED**] from the [**REDACTED**] for the following purposes:

(a) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for further R&D and registration filing of our Core Product, DNV3;

(b) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for further R&D and registration filing of our Core Product, SMET12;

(c) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for further R&D and registration filings of CMD011;

(d) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for further R&D of CMDE005;

(e) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for potential investments or acquisitions of innovative technologies or product candidates, particularly in the areas of TCE, antibody engineering and immunotherapy. We will focus on targets and technologies that demonstrate strong synergy with our existing platforms to further enhance our technological barriers and enrich our product pipeline. As of the Latest Practicable Date, we have not identified any potential investment or acquisition target;

(f) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for working capital and other general corporate purposes.

See "Future Plans and Use of Proceeds—Use of [**REDACTED**]."

NO MATERIAL ADVERSE CHANGE

We expect to record a net loss for the year ending December 31, 2026, which is primarily due to our expectation that significant research and development costs and administrative expenses will be further incurred.

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