

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our consolidated financial information including the notes thereto, included in the Accountant’s Report set out in Appendix I to this document, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, 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, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this document, including the sections headed “Risk Factors” and “Business.”

For the purpose of this section, unless the context otherwise requires, references to 2024 and 2025 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

BASIS OF PRESENTATION AND PREPARATION

Our historical financial information has been prepared in accordance with all applicable International Financial Reporting Standards issued by the International Accounting Standards Board (“IFRS Accounting Standards”). Our historical financial information has been prepared under the historical cost convention, except for financial assets and financial liabilities measured at fair value through profit or loss. Our historical financial information has been prepared on a going concern basis. For details on the basis of preparation, see Note 2.1 of the Accountant’s Report set out in Appendix I to this document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The growth and future success of our business are influenced by a range of factors. We believe the following represent the most significant factors that may materially affect our financial condition and results of operations.

Successful Development, Regulatory Approval and Commercialization of Our Drug Candidates

Our business and results of operations depend on our ability to successfully develop, obtain regulatory approval for and ultimately commercialize our drug candidates. All of our drug candidates are currently in the development stage. As of the Latest Practicable Date, we had established a diverse pipeline comprised of 11 product candidates, including 10 at clinical stage. For more information on the development status of our Core Products, key products and other pipeline candidates, see “Business — Our Product Pipeline.” Our business and results of operations depend on our pipeline candidates demonstrating favorable safety and efficacy profiles in clinical trials as well as our ability to obtain the requisite regulatory approvals for and market acceptance of our drug candidates. Our drug candidates may require significant development and marketing efforts before we generate any revenue from product sales. If they fail to achieve a sufficient degree of market acceptance, we may not be able to generate revenue as expected.

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We are pursuing a multi-regional development strategy to expedite global filings and potential launches. Once our drug candidates are approved, our operating results will be influenced by market acceptance, pricing and reimbursement outcomes, competitive dynamics and our ability to ensure reliable supply through internal capabilities and qualified CDMO partners. To achieve successful launches, we plan to continue advancing multi-regional clinical trials and registrations, leverage the sales networks of our collaboration partners, build our own commercialization and distribution infrastructure and potentially develop our manufacturing capabilities.

Our Collaboration and Licensing Arrangements

Our collaboration and licensing arrangements are an important part of our strategy to advance the development and maximize the value of our pipeline assets. During the Track Record Period, we entered into an exclusive license agreement with Qilu (“Qilu”) to develop and commercialize MHB088C in Greater China. Pursuant to the agreement, we have received an upfront payment of RMB250.0 million in the first half of 2025 and a near-term milestone payment of RMB30.0 million in July 2025, and are eligible to receive additional milestone payments upon the completion of specified milestone events in the Phase III clinical trial, as well as royalties on net sales of the licensed products, subject to the terms of the agreement. See “Business — Collaboration and Licensing Agreement” for details. These arrangements have contributed to our revenue during the Track Record Period and are expected to provide an important source of funding to support our internal research and development efforts. In particular, the timing and amounts of milestone payments and royalties may differ by agreement and depend on the achievement of various development, regulatory and commercial milestones. As such, they may result in fluctuations in our revenue, profit and results of operations from period to period.

Looking ahead, we may seek to enter into additional licensing or collaboration agreements with strategic partners in key markets to support the clinical development and global commercialization of our pipeline candidates. These future partnerships may provide us with access to complementary capabilities, broaden the reach of our programs, and offer financial support in the form of upfront fees, milestone payments, cost-sharing arrangements and royalties. Our ability to establish and maintain such partnerships, as well as the performance of our partners in fulfilling their obligations under these agreements, will continue to impact our financial results and overall growth trajectory.

Our Cost and Expense Structure

Our results of operations are significantly affected by our cost and expense structure, which primarily consists of research and development expenses and administrative expenses. During the Track Record Period, research and development expenses were the largest component of our operating expenses, reflecting our strategic focus on advancing the development of our drug candidates. We believe that continued investment in research and development is critical to our long-term competitiveness and value creation. Developing and validating novel drug candidates, particularly those intended for use in complex therapeutic areas, requires substantial and sustained capital investment. As such, we have allocated significant financial resources to support clinical trials and preclinical studies. Our research and development expenses amounted to RMB280.7 million, RMB230.3 million, RMB60.1 million and RMB120.0 million in 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively. For further details, see “— Description of Selected Items of Our Consolidated Statements of Comprehensive Loss — Research and Development Expenses.”

Our administrative expenses, which primarily consisted of employee benefit expenses, professional services expenses, depreciation, office and travelling expenses and [REDACTED], amounted to RMB13.5 million, RMB37.1 million, RMB5.9 million and RMB14.8 million in 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively. See “— Description of Selected Items of Our Consolidated Statements of Comprehensive Loss — Administrative Expenses” for detailed information.

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We expect our research and development expenses to continue to represent a significant portion of our total operating expenses in the near term as we advance our pipeline and pursue regulatory approvals. Over time, we anticipate that our cost and expense structure will evolve as we enter new stages of development and potential commercialization. In particular, we expect to incur additional costs and expenses relating to regulatory affairs, quality control and potentially sales and marketing activities as our drug candidates progress. In addition, we expect to incur increasing legal, compliance, accounting, insurance and investor relations expenses associated with being a [REDACTED] company in Hong Kong.

Funding for Our Operations

During the Track Record Period, we funded our operations through both operational sources of cash (e.g., revenue from out-licensing) and non-operational sources of financing from investors (e.g., convertible preferred shares). Going forward, in the event of the successful commercialization of one or more of our pipeline products, we expect to primarily fund our operations with revenue generated from sales of the commercialized 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 sources. Any fluctuation in the funding for our operations will impact our cash flow and our results of operations.

MATERIAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

The preparation of our historical financial information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires our management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in Note 4 of the Accountant’s Report set out in Appendix I to this document.

DESCRIPTION OF SELECTED ITEMS OF OUR CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

The following table sets forth a summary of our consolidated statements of comprehensive loss for the years/periods indicated.

	Year ended December 31,		Five months ended May 31,	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	–	264,410	264,151	–
Cost of revenue	–	(743)	(349)	–
Gross profit	–	263,667	263,802	–
Research and development expenses	(280,689)	(230,322)	(60,060)	(120,001)
Administrative expenses	(13,541)	(37,053)	(5,903)	(14,831)
Other income	23,974	2,976	769	53
Other gains/(losses), net	1,595	702	24	(857)
Operating (loss)/profit	(268,661)	(30)	198,632	(135,636)
Finance income	158	8,606	74	5,394
Finance costs	(117)	(76)	(23)	(90)
Fair value change of financial liabilities at FVTPL	(14,011)	(927,808)	(249,527)	(79,891)

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	Year ended December 31,		Five months ended May 31,	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Loss before income tax	(282,631)	(919,308)	(50,844)	(210,223)
Income tax expense	—	—	—	—
Loss for the year/period attributable to the owners of the Company	(282,631)	(919,308)	(50,844)	(210,223)

Revenue

During the Track Record Period, we had not commercialized our drug candidates, but generated revenue primarily from our license agreement with Qilu in 2025. See “Business — Collaboration and Licensing Agreement” for details. The following table sets forth a breakdown of our revenue by nature for the years/periods indicated.

	Year ended December 31,		Five months ended May 31,	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue from the license agreement	—	264,410	264,151	—
Total	—	264,410	264,151	—

Cost of Revenue

We incurred cost of revenue of RMB349 thousand and RMB743 thousand in the five months ended May 31, 2025 and in 2025, respectively, which mainly represented staff costs.

Gross Profit and Gross Profit Margin

As a result of the foregoing, in 2024, 2025 and the five months ended May 31, 2025 and 2026, our gross profit was nil, RMB263.7 million, RMB263.8 million and nil, respectively. Our gross profit margin was 99.9% for the five months ended May 31, 2025 and 99.7% for 2025.

Research and Development Expenses

The following table sets forth a breakdown of research and development expenses by nature, in absolute amount and for the years/periods indicated.

	Year ended December 31,		Five months ended May 31,	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Outsourced pre-clinical and clinical expenses	243,701	185,767	42,699	99,703
Employee benefit expenses . . .	30,270	34,655	13,553	15,665
Direct materials and supplies .	1,157	2,230	719	1,773
Office and traveling expenses .	2,964	2,755	1,211	1,199
Depreciation	1,160	1,045	457	834
Patent application fee	1,374	3,539	1,288	66
Others	63	331	133	761
Total	280,689	230,322	60,060	120,001

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The table below sets forth a breakdown of our research and development expenses attributable to our Core Products and other product candidates, in absolute amount and for the years/periods indicated.

	Year ended December 31,		Five months ended May 31,	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Core Products				
MHB036C	34,912	41,432	6,349	37,184
MHB018A	14,105	50,073	16,463	30,473
Subtotal	49,017	91,505	22,812	67,657
Other Product Candidates				
MHB088C	61,245	31,807	11,560	12,673
MH004	52,050	33,528	10,086	4,218
MHB039A	18,629	32,234	1,505	1,901
MHB046C	23,312	5,845	586	10,775
MHB042C	24,863	3,696	316	3,779
MHB048C	7,562	5,632	4,887	2,772
MHB009C	8,562	2,970	584	1,687
MHB118C	6,277	3,476	2,765	464
MH048	1,032	217	12	38
Others ⁽¹⁾	28,140	19,412	4,965	14,037
Total	280,689	230,322	60,060	120,001

Note:

- (1) Others primarily includes early-stage R&D expenses not attributable to specific pipeline products, patent application fees, testing fees, ESOP expenses not attributable to specific pipeline products, and expenses relating to other product candidates.

In 2024, 2025 and the five months ended May 31, 2025 and 2026, we recorded research and development expenses attributable to our Core Products of RMB49.0 million, RMB91.5 million, RMB22.8 million and RMB67.7 million, respectively, representing 17.5%, 39.7%, 38.0% and 56.4% of our total research and development expenses for the corresponding years/periods.

Administrative Expenses

The following table sets forth a breakdown of administrative expenses by nature, in absolute amount and for the years/periods indicated.

	Year ended December 31,		Five months ended May 31,	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Employee benefit expenses . .	5,297	8,979	3,127	3,969
Professional services expenses .	2,530	4,887	825	2,506
Office and traveling expenses .	2,396	1,517	540	924
Depreciation	1,945	1,883	789	700
Others	1,373	2,308	622	47
Total	13,541	37,053	5,903	14,831

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Other Income

During the Track Record Period, our other income mainly included government grants, which represent subsidies received from government authorities as incentives to support our research and development activities. The following table sets forth a breakdown of our other income for the years/periods indicated.

	Year ended December 31,		Five months ended May 31,	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Government grants	23,974	2,787	580	21
Others	—	189	189	32
Total	23,974	2,976	769	53

Other Gains/(Losses), Net

The following table sets forth a breakdown of our other gains/(losses), net for the years/periods indicated.

	Year ended December 31,		Five months ended May 31,	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Net foreign exchange gains/(losses).	1,158	202	—	(892)
Realized and unrealized gains on financial assets at FVTPL	305	193	24	42
Others	132	307	—	(7)
Total	1,595	702	24	(857)

Finance Income

Our finance income primarily represented interest income from cash and cash equivalents, which amounted to RMB158 thousand, RMB8.6 million, RMB74 thousand and RMB5.4 million in 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively.

Finance Costs

Our finance costs primarily represented interest expenses on lease liabilities, which amounted to RMB117 thousand, RMB76 thousand, RMB23 thousand and RMB90 thousand in 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively.

Fair Value Change of Financial Liabilities at FVTPL

Our financial liabilities at FVTPL primarily represented our convertible preferred shares issued in our previous equity financings. Changes in the fair value of these financial liabilities are recognized as profit or loss, except for those attributable to changes in our own credit risk, which are recognized in other comprehensive loss. During the Track Record Period, we recorded fair value loss in our financial liabilities at FVTPL of RMB14.0 million, RMB927.8 million, RMB249.5 million and RMB79.9 million in 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively. These changes primarily reflect adjustments in our valuation.

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Income Tax Expense

During the Track Record Period, we recorded no income tax expense. No deferred tax asset has been recognized in respect of the tax losses and deductible temporary difference due to the unpredictability of future profit streams. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where we operate and generate taxable income. For details, see Note 10 of the Accountant’s Report set out in Appendix I to this document.

Loss for the Year

As a result of the foregoing, we recorded losses of RMB282.6 million, RMB919.3 million, RMB50.8 million and RMB210.2 million in 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively. We expect our net loss for 2026 to increase significantly as compared to 2025, primarily due to higher R&D expenditure as we continue to progress our pipeline, including the advancement of MHB018A into Phase III clinical trials for both active and chronic TED in China, together with non-cash fair value losses on financial liabilities at FVTPL reflecting our financing activities and valuation adjustments.

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Five Months Ended May 31, 2026 Compared to Five Months Ended May 31, 2025

Revenue

We recorded revenue of RMB264.2 million in the five months ended May 31, 2025, primarily attributable to the upfront and milestone payments we recognized from our licensing agreement with Qilu. See “Business — Collaboration and Licensing Agreement” for details. We did not have any revenue in the five months ended May 31, 2026.

Cost of Revenue

We recorded cost of revenue of RMB349 thousand in the five months ended May 31, 2025, which mainly represented staff costs.

Gross Profit and Gross Profit Margin

As a result of the foregoing, we recorded a gross profit of RMB263.8 million for the five months ended May 31, 2025, and a gross profit margin of 99.9% for the same period.

Research and Development Expenses

Our research and development expenses increased significantly from RMB60.1 million in the five months ended May 31, 2025 to RMB120.0 million in the five months ended May 31, 2026, primarily due to the advancement of MHB018A into Phase III clinical trials in China for both active and chronic TED, as well as the initiation and progression of the Phase I/II and Phase II clinical trials evaluating MHB036C in combination with MHB039A.

Administrative Expenses

Our administrative expenses increased significantly from RMB5.9 million in the five months ended May 31, 2025 to RMB14.8 million in the five months ended May 31, 2026, primarily due to [REDACTED] incurred and the increase in professional services expenses.

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Other Income

Our other income decreased significantly from RMB769 thousand in the five months ended May 31, 2025 to RMB53 thousand in the five months ended May 31, 2026, primarily due to fluctuations in the recognition of government grants and subsidies under the relevant settlement arrangements.

Other Gains/(Losses), Net

We recorded other gains, net of RMB24 thousand in the five months ended May 31, 2025 and other losses, net of RMB857 thousand in the five months ended May 31, 2026, primarily due to net foreign exchange losses.

Finance Income

Our finance income increased significantly from RMB74 thousand in the five months ended May 31, 2025 to RMB5.4 million in the five months ended May 31, 2026, primarily reflecting higher interest income from cash in bank.

Finance Costs

Our finance costs increased significantly from RMB23 thousand in the five months ended May 31, 2025 to RMB90 thousand in the five months ended May 31, 2026, primarily due to an increase in interest expenses on lease liabilities.

Fair Value Change of Financial Liabilities at FVTPL

We recorded fair value loss in our financial liabilities at FVTPL of RMB249.5 million and RMB79.9 million in the five months ended May 31, 2025 and 2026, respectively, primarily due to adjustments in our valuation.

Loss for the Year

For the reasons discussed above, we recorded losses of RMB50.8 million and RMB210.2 million in the five months ended May 31, 2025 and 2026, respectively.

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

Revenue

We recorded revenue of RMB264.4 million in 2025, primarily attributable to the upfront and milestone payments we recognized from our licensing agreement with Qilu. See “Business — Collaboration and Licensing Agreement” for details. We did not have any revenue in 2024.

Cost of Revenue

We recorded cost of revenue of RMB743 thousand in 2025, which mainly represented staff costs.

Gross Profit and Gross Profit Margin

As a result of the foregoing, we recorded a gross profit of RMB263.7 million for 2025, and a gross profit margin of 99.7% for the same year.

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Research and Development Expenses

Our research and development expenses decreased by 17.9% from RMB280.7 million in 2024 to RMB230.3 million in 2025, primarily due to the decrease in outsourced pre-clinical and clinical expenses as we substantially completed a Phase III trial for our key product MH004 in 2024, while our clinical expenses in 2025 were in line with the development progress of our other product candidates.

Administrative Expenses

Our administrative expenses increased significantly from RMB13.5 million in 2024 to RMB37.1 million in 2025, primarily due to [REDACTED] incurred in 2025.

Other Income

Our other income decreased significantly from RMB24.0 million in 2024 to RMB3.0 million in 2025, primarily reflecting fluctuations of recognition of government grants and subsidies under the relevant settlement arrangements.

Other Gains, Net

Our other gains, net, decreased by 56.0% from RMB1,595 thousand in 2024 to RMB702 thousand in 2025, primarily due to a decrease in net foreign exchange gain.

Finance Income

Our finance income increased significantly from RMB158 thousand in 2024 to RMB8.6 million in 2025, primarily reflecting higher interest income from increased average cash balances during the year, supported by cash received from licensing arrangement and financing activities.

Finance Costs

Our finance costs decreased by 35.0% from RMB117 thousand in 2024 to RMB76 thousand in 2025, primarily attributable to a decrease in interest expenses on lease liabilities, mainly reflecting a decrease in the current portion of our lease liabilities during the year.

Fair Value Change of Financial Liabilities at FVTPL

We recorded fair value loss in our financial liabilities at FVTPL of RMB14.0 million and RMB927.8 million in 2024 and 2025, respectively. This change in fair value of financial liabilities was primarily due to adjustments in our valuation.

Loss for the Year

For the reasons discussed above, we recorded losses of RMB282.6 million and RMB919.3 million in 2024 and 2025, respectively.

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DISCUSSION OF SELECTED ITEMS FROM OUR CONSOLIDATED BALANCE SHEETS

The table below sets forth selected information from our consolidated balance sheets as of the dates indicated.

	As of December 31,		As of May 31,
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Total non-current assets	39,694	45,255	53,390
Total current assets	46,549	841,104	657,169
Total assets	86,243	886,359	710,559
Total non-current liabilities	–	4,393	5,917
Total current liabilities	1,211,700	2,886,231	2,853,368
Total liabilities	1,211,700	2,890,624	2,859,285
Net current liabilities	1,165,151	2,045,127	2,196,199
Net liabilities	1,125,457	2,004,265	2,148,726
Share capital	14	14	14
Other reserves	(53,801)	(13,301)	52,461
Accumulated losses	(1,071,670)	(1,990,978)	(2,201,201)
Total deficits	(1,125,457)	(2,004,265)	(2,148,726)
Total deficits and liabilities	86,243	886,359	710,559

Current Assets and Liabilities

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

	As of December 31,		As of May 31,
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Current assets			
Cash and cash equivalents	29,712	800,749	604,896
Financial assets at FVTPL	13,786	13,248	6,741
Prepayments, deposits and other receivables	3,051	27,107	45,532
Total current assets	46,549	841,104	657,169
Current liabilities			
Financial liabilities at FVTPL	968,655	2,815,384	2,809,591
Trade payables	236,787	47,277	24,069
Other payables	4,523	22,866	18,181
Lease liabilities	1,735	704	1,527
Total current liabilities	1,211,700	2,886,231	2,853,368
Net current liabilities	1,165,151	2,045,127	2,196,199

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Our net current liabilities increased from RMB2,045.1 million as of December 31, 2025 to RMB2,196.2 million as of May 31, 2026. This increase mainly reflected a decrease of RMB195.9 million in cash and cash equivalents, partially offset by an increase of RMB18.4 million in prepayments, deposits and other receivables and a decrease of RMB23.2 million in trade payables.

Our net current liabilities increased from RMB1,165.2 million as of December 31, 2024 to RMB2,045.1 million as of December 31, 2025, primarily due to an increase of RMB1,846.7 million in financial liabilities at FVTPL, relating to an upward adjustment in our valuation. This increase was partially offset by an increase of RMB771.0 million in cash and cash equivalents, a decrease of RMB189.5 million in trade payables and an increase of RMB24.1 million in prepayments, deposits and other receivables.

Assets

Property, Plant and Equipment

The following table sets forth the breakdown of our property, plant and equipment as of the dates indicated.

	As of December 31,		As of May 31,
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Laboratory equipment	3,159	2,939	2,793
Leasehold improvements	2,913	2,363	2,134
Electronic equipment.	288	327	369
Others	304	224	280
Total	6,664	5,853	5,576

Our property, plant and equipment decreased from RMB6.7 million as of December 31, 2024 to RMB5.9 million as of December 31, 2025 and further to RMB5.6 million as of May 31, 2026, primarily due to depreciation of leasehold improvements and laboratory equipment.

Right-of-use Assets

During the Track Record Period, our right-of-use assets primarily represented leases of office and laboratory spaces in Shanghai and Hangzhou. Our right-of-use assets increased from RMB1.8 million as of December 31, 2024 to RMB5.4 million as of December 31, 2025, primarily due to the addition of new leased office, and further increased to RMB7.5 million as of May 31, 2026, primarily due to lease renewals.

Other Non-current Assets

During the Track Record Period, our other non-current assets represented value-added tax recoverable. Our other non-current assets increased from RMB30.9 million as of December 31, 2024 to RMB34.0 million as of December 31, 2025 and further to RMB39.7 million as of May 31, 2026, primarily due to the accumulation of input VAT invoices.

Cash and Cash Equivalents

During the Track Record Period, our cash and cash equivalents primarily consisted of cash in bank and on hand and short-term deposits, denominated in USD and RMB. The following table sets forth the details of our cash and cash equivalents as of the dates indicated.

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	As of December 31,		As of May 31,
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents are denominated in:			
USD	15,071	774,665	554,218
RMB	14,641	26,084	50,678
Total	29,712	800,749	604,896

Our cash and cash equivalents increased from RMB29.7 million as of December 31, 2024 to RMB800.7 million as of December 31, 2025, primarily due to cash received under our license agreement with Qilu and cash inflows from financing activities. Our cash and cash equivalents decreased to RMB604.9 million as of May 31, 2026, primarily due to net cash used in operating activities.

Prepayments, Deposits and Other Receivables

The following table sets forth a breakdown of our prepayments, deposits and other receivables as of the dates indicated. Prepayments to suppliers primarily represented advance payments made to CROs, CDMOs and clinical trial sites in connection with our R&D activities.

	As of December 31,		As of May 31,
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Current			
Prepayments to suppliers	2,704	22,455	39,889
Deferred [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Deposits	246	508	–
Others	101	164	136
Non-current			
Deposits	262	–	617
Total	3,313	27,107	46,149

Our prepayments, deposits and other receivables increased from RMB3.3 million as of December 31, 2024 to RMB27.1 million as of December 31, 2025, primarily due to an increase of RMB19.8 million in prepayments to suppliers, mainly reflecting a prepayment made for material costs in connection with CDMO services. Our prepayments, deposits and other receivables further increased to RMB46.1 million as of May 31, 2026, primarily due to increased prepayments to suppliers.

Financial Assets at FVTPL

Our financial assets at FVTPL primarily represented investment in a wealth management product issued by a reputable commercial bank in the PRC. The wealth management product is not principal protected, and the return is variable. It is denominated in RMB and redeemable on demand. As of December 31, 2024 and 2025 and May 31, 2026, we recorded financial assets at FVTPL at RMB13.8 million, RMB13.2 million and RMB6.7 million, respectively.

We adopt a conservative investment policy based on a dual-balance framework when allocating surplus funds to wealth management products. From a liquidity perspective, we align the tenor of each investment with our rolling 12-month cash flow forecast to ensure that sufficient funds remain available to meet our operational and development needs. From a risk perspective, we limit our investments to low-risk wealth management products with a focus on capital preservation, issued by reputable commercial banks in the PRC. All investments in wealth management products

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are subject to approval by senior management, and where the investment amount or risk profile exceeds specified thresholds, prior approval of the Board is required. Following the [REDACTED], our investments in wealth management products will be subject to compliance with Chapter 14 of the Listing Rules.

Liabilities

Trade Payables

Our trade payables primarily represent accounts payables for services acquired in the ordinary course of business from hospitals, pre-clinical and clinical trial providers. Our trade payables decreased from RMB236.8 million as of December 31, 2024 to RMB47.3 million as of December 31, 2025 and further to RMB24.1 million as of May 31, 2026, primarily due to increased settlement of outstanding balances as our cash position improved. The following table sets forth an aging analysis of our trade payables based on the invoice date as of the dates indicated.

	As of December 31,		As of May 31,
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Within 6 months	87,584	24,562	15,007
Over 6 months and within 1 year	67,962	6,601	7,263
Over 1 year	81,241	16,114	1,799
Total	236,787	47,277	24,069

Our trade payables turnover days remained relatively stable at 228 days and 225 days in 2024 and 2025, respectively, and decreased to 45 days for the five months ended May 31, 2026. Trade payables turnover days are calculated by dividing the average of the beginning and ending balances of trade payables for the relevant year/period by R&D expenses for the same year/period and multiplying by the number of days in the relevant year/period.

Other Payables

The following table sets forth a breakdown of our other payables as of the dates indicated:

	As of December 31,		As of May 31,
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
[REDACTED] payables	[REDACTED]	[REDACTED]	[REDACTED]
Staff salaries and welfare payables.	3,853	7,689	3,684
Other taxes payable.	173	181	165
Others	497	1,057	749
Total	4,523	22,866	18,181

Our other payables increased from RMB4.5 million as of December 31, 2024 to RMB22.9 million as of December 31, 2025, primarily attributable to [REDACTED] payables of RMB[REDACTED] and a RMB3.8 million increase in staff salaries and welfare payables. Our other payables decreased to RMB18.2 million as of May 31, 2026, primarily due to lower staff salaries and welfare payables as compared to the year-end balance.

FINANCIAL INFORMATION

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash during the Track Record Period were to fund our research and development of our drug candidates. During the Track Record Period, we had financed our operations mainly from series of financing and licensing revenue. We recorded net cash outflow to operating activities of RMB145.6 million, RMB182.6 million and RMB180.7 million in 2024, 2025 and the five months ended May 31, 2026, respectively.

Consolidated Statements of Cash Flows

The following table sets forth the components of our consolidated statements of cash flows for the years/periods indicated:

	Year Ended December 31,		Five months ended May 31,	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Net cash (outflow to)/inflow from operating activities	(145,606)	(182,604)	154,087	(180,725)
Net cash inflow from investing activities	7,753	287	2,286	6,243
Net cash inflow from/(outflow to) financing activities	35,076	966,756	14,202	(2,347)
Net (decrease)/increase in cash and cash equivalents .	(102,777)	784,439	170,575	(176,829)
Cash and cash equivalents at the beginning of year/period.	131,208	29,712	29,712	800,749
Effect of foreign exchange rate changes on cash and cash equivalents	1,281	(13,402)	(9)	(19,024)
Cash and cash equivalents at end of year/period	29,712	800,749	200,278	604,896

Net Cash Outflow to Operating Activities

In the five months ended May 31, 2026, our net cash outflow to operating activities was RMB180.7 million, which was primarily attributable to our loss before tax of RMB210.2 million, adjusted for non-cash items and changes in working capital. Positive adjustments mainly included the increase of RMB79.9 million in fair value of financial liabilities at FVTPL; negative adjustments mainly included the decrease of RMB23.2 million in trade payables and the increase of RMB17.5 million in prepayments, deposit and other receivables.

In 2025, our net cash outflow to operating activities was RMB182.6 million, which was primarily attributable to our loss before tax of RMB919.3 million, adjusted for non-cash items and changes in working capital. Positive adjustments mainly included the increase of RMB927.8 million in fair value of financial liabilities at FVTPL; negative adjustments mainly included the decrease of RMB189.5 million in trade payables and the increase of RMB22.5 million in prepayments, deposit and other receivables.

FINANCIAL INFORMATION

In 2024, our net cash outflow to operating activities was RMB145.6 million, which was primarily attributable to our loss before tax of RMB282.6 million, adjusted for non-cash items and changes in working capital. Positive adjustments mainly included the increase of RMB122.8 million in trade payables and the increase of RMB14.0 million in fair value of financial liabilities at FVTPL; negative adjustments mainly included the increase of RMB7.9 million in other non-current assets.

We recorded net operating cash outflows during the Track Record Period, primarily due to our continued investment in R&D activities. Going forward, we may improve our operating cash flow position by generating additional operating cash inflows and managing operating cash outflows. For example, subject to obtaining regulatory approval, commercialization of our product candidates, including MH004 which is currently under NMPA review for AD, may generate product sales revenue and operating cash inflows. In addition, we intend to continue to explore broader commercial collaboration opportunities, such as potential co-development, licensing and other strategic collaboration arrangements with business partners, which may generate upfront payments, milestone payments, service fees or other collaboration income. On the cash outflow side, while continuing to advance our pipeline products, we intend to enhance operating efficiency, monitor administrative and management expenses and manage payment schedules with CROs, CDMOs and other suppliers where commercially practicable. However, these measures may not result in an improvement in our operating cash flow position in the near term.

Net Cash Inflow from Investing Activities

In the five months ended May 31, 2026, our net cash inflow from investing activities was RMB6.2 million, which was primarily attributable to RMB6.5 million proceeds from sale of financial assets, offset by purchase of property, plant and equipment of RMB0.3 million.

In 2025, our net cash inflow from investing activities was RMB0.3 million, which was primarily attributable to RMB39.2 million proceeds from sale of financial assets, offset by payments for financial assets at FVTPL of RMB38.5 million.

In 2024, our net cash inflow from investing activities was RMB7.8 million, which was primarily attributable to RMB30.0 million proceeds from sale of financial assets, offset by payments for financial assets at FVTPL of RMB22.0 million.

Net Cash Inflow from Financing Activities

In the five months ended May 31, 2026, we recorded net cash outflow of RMB2.3 million to financing activities, including payments of RMB[REDACTED] for [REDACTED] and RMB0.8 million for the principal and interest elements of lease liabilities.

In 2025, we had net cash inflow of RMB966.8 million from financing activities, which was primarily attributable to the proceeds from issuance of convertible preferred shares of RMB970.1 million, partially offset by the payment of RMB2.0 million for the principal and interest elements of lease liabilities.

In 2024, we had net cash inflow of RMB35.1 million from financing activities, which was primarily attributable to the proceeds from issuance of convertible preferred shares of RMB37.0 million, partially offset by the payment of RMB1.9 million for the principal and interest elements of lease liabilities.

FINANCIAL INFORMATION

CASH OPERATING COSTS

The following table sets forth information on our cash operating costs for the periods indicated:

	Year ended December 31,		Five months ended May 31,	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Costs relating to research and development of our Core Products				
Clinical costs	38,603	102,702	27,396	75,397
Nonclinical costs	—	—	—	—
Subtotal	38,603	102,702	27,396	75,397
Costs relating to research and development of our other drug candidates				
Clinical costs	83,263	310,344	51,616	62,358
Nonclinical costs	5,551	19,257	1,009	11,633
Subtotal	88,814	329,601	52,625	73,991
Labor cost for research and development staff	29,754	28,743	11,625	18,386
Total cash operating costs for research and development .	157,171	461,046	91,646	167,774
Labor cost for non-research and development staff	4,235	6,065	2,206	4,389
Other cash operating costs	8,332	12,336	2,915	13,977
Total cash operating costs . . .	169,738	479,447	96,767	186,140

WORKING CAPITAL SUFFICIENCY

Our Directors are of the view that, taking into account the financial resources available to our Group, including cash and cash equivalents, cash flows from operating and financing activities, and the estimated net [REDACTED] from the [REDACTED], we have sufficient working capital to meet our present requirements and to cover at least 125% of our costs, including research and development expenses and administrative expenses, for at least the next 12 months from the date of this document.

Our cash burn rate refers to the average monthly amount of net cash used in operating activities, payment for property, plant and equipment and lease payments, without taking into account the potential cash inflow from existing licensing and collaboration agreement. We estimate that we will receive net [REDACTED] of approximately RMB[REDACTED] in the [REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per Share, being the low end of the indicative [REDACTED] stated in this document. Assuming an average cash burn rate going forward of 1.1 times the level in 2025, we estimate that (i) our cash and cash equivalents as of May 31, 2026 at RMB604.9 million, will be able to maintain our financial viability for [REDACTED] months, (ii) if we take into account [REDACTED]% of the estimated net [REDACTED] from the [REDACTED] (namely, the portion allocated for our working capital and other general corporate purposes), [REDACTED] months, or, (iii) if we take into account all estimated net [REDACTED] from the [REDACTED], [REDACTED] months. Directors and our management team will continue to monitor our working capital, cash flows, and our business development progress.

FINANCIAL INFORMATION

INDEBTEDNESS

During the Track Record Period, our indebtedness included lease liabilities and financial liabilities at FVTPL. The following table sets forth a breakdown of our financial indebtedness as of the dates indicated.

	As of December 31,		As of May 31,
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Current			
Financial liabilities at FVTPL	968,655	2,815,384	2,809,591
Lease liabilities	1,735	704	1,527
Non-current			
Lease liabilities	—	4,393	5,917
Total	970,390	2,820,481	2,817,035

Financial Liabilities at FVTPL

Our financial liabilities at FVTPL primarily represented the convertible preferred shares we issued in our previous equity financings. As of December 31, 2024 and 2025 and May 31, 2026, we recorded financial liabilities at FVTPL of RMB968.7 million, RMB2,815.4 million and RMB2,809.6 million, respectively. For further details, please refer to Note 21 to the Accountant’s Report included in Appendix I to this document.

Lease Liabilities

Our lease liabilities arise from leased offices and laboratory to operate our business. The following table sets forth our lease liabilities as of the dates indicated:

	As of December 31,		As of May 31,
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Current	1,735	704	1,527
Non-current	—	4,393	5,917
Total	1,735	5,097	7,444

Our lease liabilities increased from RMB1.7 million as of December 31, 2024 to RMB5.1 million as of December 31, 2025, primarily due to the addition of new leased office, and further increased to RMB7.4 million as of May 31, 2026, mainly due to lease renewals.

As of the Latest Practicable Date, we did not have any committed but unutilized banking facilities. Except for our indebtedness as disclosed above, we did not have any other material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of May 31, 2026, being our indebtedness statement date.

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As of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to obtain future financing, nor was there any material default on our indebtedness or breach of covenant during the Track Record Period. Our Directors further confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings, or breach of covenants during the Track Record Period.

CAPITAL EXPENDITURES

During the Track Record Period, we incurred capital expenditures primarily in connection with the purchase of property, plant and equipment. The following table sets forth our capital expenditures for the years/periods indicated.

	Year ended December 31,		Five months ended May 31,	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Purchase of property, plant and equipment	279	445	43	316

Historically, we funded our capital expenditures primarily through capital contributions by financing activities. We will continue to make capital expenditures to meet the expected growth of our business. We plan to fund our future capital expenditures with a combination of financial resources, including our existing cash balance, cash generated from our operating activities, net [REDACTED] from the [REDACTED] and potential future equity or debt financing. See “Future Plans and Use of [REDACTED] — Use of [REDACTED]” for more details. We may adjust our capital expenditure plans based on our ongoing business needs.

CAPITAL COMMITMENTS

As of December 31, 2024 and 2025 and May 31, 2026, we had no capital expenditure contracted for but not yet incurred.

CONTINGENT LIABILITIES

As of December 31, 2024 and 2025 and May 31, 2026, we did not have any contingent liabilities. We confirm that there had been no material changes to our contingent liabilities as of the Latest Practicable Date.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into certain transactions with our related parties. For details on these transactions, see Note 27 to the Accountant’s Report set out in Appendix I to this document. Our Directors confirm that each of the significant related party transactions during the Track Record Period was conducted on an arm’s length basis, and would not distort our results of operations over the Track Record Period or make our historical results not reflective of our future performance.

OFF-BALANCE SHEET ARRANGEMENTS

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

FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

Our current ratio increased from 0.04 as of December 31, 2024 to 0.29 as of December 31, 2025, mainly due to an increase in cash and cash equivalents, partially offset by the increase in the financial liabilities at FVTPL. Our current ratio decreased to 0.23 as of May 31, 2026, primarily due to a decrease in cash and cash equivalents, partially offset by the increase in prepayments, deposits and other receivables and the decrease in trade payables. Current ratio is calculated as total current assets divided by total current liabilities as of the dates indicated.

MARKET RISK DISCLOSURE

We are exposed to a variety of financial risks, including foreign exchange risk, interest rate risk, credit risk and liquidity risk. For further details, see Note 3 to the Accountant's Report set out in Appendix I to this document.

IMPACT OF COVID-19 PANDEMIC

During the Track Record Period, the COVID-19 pandemic did not have any material adverse impact on our operations or financial performance. To protect the health and safety of our employees and ensure business continuity, we implemented various precautionary measures such as remote working, social distancing and enhanced workplace hygiene protocols. While certain on-site meetings and technical support were temporarily delayed or cancelled during the early stages of the pandemic, such disruptions did not result in any material impact on our research and development activities, clinical development, daily operations, supply chain management or regulatory affairs. We did not receive any COVID-19-specific government subsidies or other forms of financial assistance during the Track Record Period. Our financial performance remained stable and was not materially affected by the COVID-19 pandemic. Given that the pandemic has largely subsided and that our business model is not dependent on extensive on-site operations, our Directors are of the view that the COVID-19 pandemic is unlikely to have any material adverse impact on our business operations or financial performance going forward.

DIVIDEND

We have not declared or paid any dividends during the Track Record Period. We currently expect to retain all future earnings for use in operation and expansion of our business, and do not anticipate paying cash dividends in the foreseeable future. Our board of directors has complete discretion as to whether to distribute dividends, subject to certain restrictions under Cayman Islands law. As advised by our Cayman counsel, under the Cayman Companies Act, a Cayman Islands company may pay a dividend out of either profits or share premium account, and the financial position of accumulated losses does not necessarily prohibit a Cayman Islands company from declaring and paying dividends, as dividends may be declared and paid out of the share premium account notwithstanding the company's profitability, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Our Board has complete discretion as to whether to distribute dividends out of profit or share premium account, subject to the laws of the Cayman Islands and the Articles of Association. There is no assurance that dividends of any amount will be declared to be distributed in any year.

Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distribution, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Our Shareholders in a general meeting may approve any declaration of dividends recommended by our Board. Currently, we do not have any dividend policy or intention to declare or pay any dividends in the near future. [REDACTED] should not [REDACTED] our Shares with the expectation of receiving cash dividends.

FINANCIAL INFORMATION

[REDACTED]

[REDACTED] to be borne by us are estimated to be approximately HK\$[REDACTED] (including [REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] of HK\$[REDACTED] to HK\$[REDACTED] per Share), which represent [REDACTED]% of the gross [REDACTED] from the [REDACTED], assuming no Shares are [REDACTED] pursuant to the [REDACTED]. The above [REDACTED] are comprised of (i) [REDACTED] expenses of HK\$[REDACTED], and (ii) [REDACTED] expenses of HK\$[REDACTED], including (a) fees and expenses of our legal advisors and reporting accountants of HK\$[REDACTED], and (b) other fees and expenses of HK\$[REDACTED]. During the Track Record Period, we incurred [REDACTED] of approximately HK\$[REDACTED]. We expect to incur [REDACTED] of approximately HK\$[REDACTED] after the Track Record Period, approximately HK\$[REDACTED] of which is expected to be charged to our consolidated statements of comprehensive loss, and approximately HK\$[REDACTED] of which is attributable to the [REDACTED] of Shares and will be deducted from equity upon [REDACTED]. The [REDACTED] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

Please refer to “Appendix II — Unaudited [REDACTED] Financial Information” for details of our unaudited [REDACTED] statement of adjusted net tangible assets.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position, level of indebtedness, mortgages, contingent liabilities, guarantees or prospects since May 31, 2026, being the end of the period reported on in the Accountant’s Report set out in Appendix I to this document. Our Directors further confirm that no event has occurred since May 31, 2026, which would materially affect the information contained in the Accountant’s Report.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

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