
RISK FACTORS

An [REDACTED] in the [REDACTED] involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before deciding to [REDACTED] in the [REDACTED]. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In any such event, the [REDACTED] of the [REDACTED] could decline, and you may lose all or part of your [REDACTED]. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we deem immaterial, could also harm our business, financial condition and results of operations.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed “Forward-Looking Statements” in this document. 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 our shares in companies such as ours. Your [REDACTED] decision should be made in light of these considerations.

RISKS RELATING TO THE DEVELOPMENT OF OUR DRUG CANDIDATES

Our business and financial prospects depend substantially on the successful development, approval and commercialization of our drug assets, as well as the expansion of indications of our current drug product. If we are unable to successfully complete clinical development, obtain regulatory approval and commercialize our drug candidates or new indication, including our Core Product, or experience delays in doing so, our business prospects could be adversely affected.

Since our establishment, we have been dedicated to the research and development of small molecule drug assets in the areas with medical needs that are not fully addressed, including viral infections, cancer and inflammatory diseases. Sebaloxavir marboxil is an in-house developed advanced inhibitor targeting the influenza virus PA endonuclease. We have obtained NDA approval from NMPA for sebaloxavir marboxil tablets in July 2025 and subsequently obtained NDA approval for the treatment of adolescent patients in June 2026. In addition, we are developing a suspension formulation of sebaloxavir marboxil to offer more dosing convenience, primarily for pediatric patients. Our ability to sustain and expand the market presence and clinical potential of sebaloxavir marboxil is subject to numerous risks and uncertainties.

Moreover, our future revenue and profitability will substantially depend on our ability to successfully complete the development of our drug candidates, obtain requisite regulatory approvals, and manufacture and commercialize our drug candidates. We have invested a significant portion of our efforts and capital resources in the development of our existing drug candidates, and we expect to continue to incur substantial and increasing expenditures for the development and commercialization of our drug candidates in the future. However, development of new drug candidates, including expanding new indications for our Core Product, can be time-consuming and costly and the outcome may be uncertain. The success of expanding new indications and developing drug candidates will depend on several factors, including obtaining regulatory approvals for additional indications and formulations, expanding clinical evidence for broader use and post-exposure prophylaxis, maintaining manufacturing capacity, quality management and supply chain reliability, achieving continued acceptance by physicians, patients and regulatory bodies, securing appropriate pricing, reimbursement and market access amid intense competition, and addressing the potential impact of evolving influenza virus strains and treatment guidelines. Failure to achieve one or more of these targets could adversely affect the future sales performance and lifecycle management of our Core Product and other drug candidates, which in turn may materially impact our overall results of operations and growth prospects.

RISK FACTORS

Furthermore, the advancement of these programs requires additional technical, financial and human resources to support research, process optimization and clinical trial execution. If our ongoing or planned development activities for these pipeline candidates fail to progress as expected, or if we are unable to identify additional therapeutic opportunities through internal R&D efforts, we may not be able to expand or diversify our product portfolio as planned. Such failure could materially and adversely affect our long-term competitive position, growth potential and prospects.

Clinical drug development involves a lengthy and expensive process with uncertain outcomes and results of earlier studies and trials may not be predictive of future trial results.

Clinical development entails substantial cost, resource-intensive and time-consuming, which is subject to inherent uncertainty as to outcome. Failures or unexpected results may occur at any stage of ongoing or planned clinical studies, whether for expansion of indications of our approved product or for new drug candidates. As of the Latest Practicable Date, we had one approved drug and a portfolio of drug candidates under different stages of clinical trials. For details, please see “Business — Our Drug Portfolio.” We may be unable to initiate or continue trials as planned, such as when regulators do not approve protocols or require suspension, modification or termination of ongoing trials, when clinical trials produce negative results, when third parties fail to perform as expected, when costs exceed estimates or patient enrollment faces challenges.

We cannot assure you that any ongoing or planned clinical studies will commence or progress as planned, will not need to be restructured, or will be completed on schedule, or at all. Significant delays or failures in our clinical programs could hinder our ability to obtain regulatory approvals for new indications or formulations of sebaloxavir marboxil or for our other drug candidates, allowing competitors to bring products to market earlier, which may materially and adversely affect our business, financial condition and results of operations.

Our marketed product and drug candidates approved in the future may fail to achieve or maintain the degree of market acceptance by physicians, medical institutions, pharmacies, patients, and others in the medical community necessary for commercial success, and the actual market size of our product could be smaller than expected.

The commercial success of our Core Product and drug candidates to be approved in the future, is highly dependent on their continued market acceptance among physicians, medical institutions, pharmacies, patients, and others in the medical community. The market acceptance of our products and drug candidates depends on many factors, including the perceived advantages of our products over competing products, safety and efficacy, pricing and cost-effectiveness, the effectiveness of our sales and marketing efforts, publicity concerning our products or competing products, our ability to respond to changes in needs and preferences of healthcare practitioners and patients, and whether our products are included in the NRDL or other government-sponsored medical insurance programs.

In addition, market acceptance of a product is also affected by whether it is included in the NRDL or other government-sponsored medical insurance programs. If our products fail to achieve or maintain widespread market acceptance, or if new products introduced by our competitors are more cost-effective or are received more favorably, our products may be deemed less competitive, and the demand for our products may decline and our business and financial performance may be materially and adversely affected. Furthermore, the actual market size of our drug candidates may not be as large as we anticipate. The number of patients in the addressable markets may turn out to be lower than expected, or new patient identification and access may become more challenging. Any of these unfavorable developments could adversely affect our business, financial condition and results of operations.

RISK FACTORS

We rely on CSOs to promote and market our products and on our distribution network to sell and distribute our products, and if we fail to maintain, manage and expand our CSO arrangements or distribution network, our business could be adversely affected.

We rely on CSOs to promote and market, and distributors to sell and distribute, our products in relevant markets. During the Track Record Period, we had engaged two CSOs in total, namely Jumpcan Pharmaceutical in Chinese Mainland and Cigalah Medpharm in the MENA region. Our reliance on a limited number of CSOs exposes us to concentration risks. If either of our CSOs fails to perform its obligations, maintain sufficient sales, promotion, regulatory or market access capabilities, comply with applicable laws and regulations, or continue its business relationship with us, our commercialization progress, market coverage, product uptake and revenue growth may be materially and adversely affected. Although we may seek to engage alternative or additional CSOs or distributors where appropriate, we may not be able to identify and onboard suitable partners in a timely manner or on commercially reasonable terms.

Consistent with industry practice, we sold our products through distributors in China. As of June 30, 2026, we have engaged 30 distributors across China. All of these distributors were Independent Third Parties. During the Track Record Period and up to the Latest Practicable Date, we complied with the two-invoice system for our pharmaceutical products sold to public hospitals and medical institutions in China. In line with industry practice in China, we typically enter into distribution agreements with our distributors for a prescribed term. However, we cannot assure you that our distributors will always distribute our products in an effective manner, and we may not be able to renew these agreements with our distributors on commercially acceptable terms or at all. Our distributors may elect not to renew their distribution agreements with us or otherwise terminate their business relationships with us for various reasons, including if the pricing regulations imposed by the PRC government authorities or other factors substantially limit the margins they can obtain through the resale of our products. In addition, we may not be able to establish business relationships with new distributors to support the continued growth of our business. In the event that a significant number of our distributors terminate their relationships with us, or we are otherwise unable to maintain and expand our distribution network effectively, our business, financial condition and results of operations could be materially and adversely affected. Additionally, if a significant number of our distributors cease or reduce their purchases of our products or fail to meet the terms provided in our distribution agreements, our business, financial condition and results of operations could be materially and adversely affected. Moreover, non-compliance by any of our distributors or sub-distributors under applicable regulations may adversely affect the sales and distribution of our products. Nor can we guarantee their continuous compliance with our sales policies or prevent potential competition among them for market share of our products. Failure by these distributors to sell our products efficiently, manage inventory appropriately, or adhere to our pricing and marketing strategies could disrupt our commercial operations and sales performance, which could in turn materially and adversely affect our business, financial condition, and results of operations.

We may face intense competition and rapid technological change, which may adversely affect our financial condition and our ability to successfully commercialize our drug candidates.

The market of development and commercialization of innovative antiviral and other therapeutic drugs is highly competitive. Our Core Product and other drug candidates may compete with major multinational, smaller emerging pharmaceutical companies and biotechnology companies worldwide. We are developing our drug candidates in competition with a number of large biopharmaceutical companies that currently market and sell drugs or are pursuing the development of drugs or indications for the same or similar target therapeutic area as ours. Some of these competing drugs and therapies may be based on scientific approaches that are the same as or similar to our approach, and others may be based on entirely different approaches. If we fail to differentiate our drugs and drug candidates or secure robust intellectual property protection, we may lose market share or face legal challenges. For details, refer to “Industry Overview.”

RISK FACTORS

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize drugs that are safer, more effective, have fewer or less severe side effects, are more convenient, or are less expensive than our Core Product, namely the sebaloxavir marboxil tablets, or any of our current drug candidates and any drugs that we may develop or commercialize in the future. Our competitors also may obtain approval from the NMPA or other comparable regulatory authorities for their drugs more rapidly than we may obtain approval for our drug candidates, including the suspension formulation of sebaloxavir marboxil and our other drug candidates, which could result in our competitors establishing a stronger market position. They may render our drug candidates obsolete or non-competitive before we can recover expenses of developing and commercializing any of our drug candidates.

Furthermore, mergers and acquisitions in the pharmaceutical and biopharmaceutical industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller and other early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties may compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs.

If our drug candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our drug candidates.

While our sebaloxavir marboxil tablets have obtained approval by NMPA for the treatment of influenza in adults in China, we are also developing a suspension formulation of sebaloxavir marboxil to offer more dosing convenience, primarily for pediatric patients. As such, the suspension formulation of sebaloxavir marboxil and other drug candidates remain subject to the approval of the NMPA and, where applicable, other regulatory authorities. Unexpected or severe adverse events during clinical trials could cause us or regulatory authorities to interrupt, delay, suspend or terminate such trials, or could lead to restrictions, delays, or denials of regulatory approval by the NMPA or other applicable regulatory authorities. Adverse events could also slow enrollment, cause discontinuation of participation by subjects, or result in potential product liability claims.

Even for our sebaloxavir marboxil tablets and any future approved products, post-marketing regulatory scrutiny may lead regulatory authorities to require updated labeling or additional warnings, mandate risk management and pharmacovigilance measures, demand post-marketing studies or extra clinical data, suspend, restrict or withdraw marketing approvals, order product recalls, or take enforcement actions for manufacturing or reporting non-compliance.

We could also be sued and held liable for harm caused to patients. Any such events could result in significant costs, reputational damage, reduced sales, or loss of market acceptance of our drug product, and could materially and adversely affect our business, financial condition, results of operations and prospects.

If we encounter delays or difficulties enrolling patients in our clinical trials, clinical development of our drug candidates could be delayed or otherwise adversely affected.

The timely completion of clinical trials in accordance with their protocols depends, among other things, on our ability to enroll a sufficient number of patients who remain in the trial until its conclusion. We may not be able to initiate or continue clinical trials for our drug candidates if we are unable to locate and enroll a sufficient number of eligible patients, or if there are delays in the enrollment of eligible patients as a result of the competitive environment for clinical trial subject enrollment.

We may experience difficulties resulting from trial design, eligibility criteria, the drug candidate’s risk-benefit profile, our operational resources, physician referral practices, and competing trials for similar indications.

RISK FACTORS

Even if we are able to enroll a sufficient number of patients in our clinical trials, delays in enrollment may result in increased costs or affect the timing or outcome of such trials, which could prevent their timely completion and adversely impact the overall development timeline of our drug candidates and, ultimately, our ability to obtain regulatory approvals.

The data and information that we gather or rely on in our research and development process could be inaccurate or incomplete.

We and our collaboration partners collect, process and analyze large volumes of data and information from our preclinical studies, clinical programs and other research and development activities. Following the identification of a promising drug candidate, we also conduct extensive information gathering and data verification. However, the overall quality, accuracy and integrity of such data may be subject to challenge. If we identify material mistakes in data capture, entry, analysis or reporting, our ability to advance the development of our drug candidates could be materially impaired and our reputation and business prospects could be adversely affected. We also prepare and submit data to the NMPA and where applicable, other regulatory authorities, in connection with the clinical development, approval and post-marketing management of our drug product and drug candidates. Interim or preliminary clinical data that we announce for our investigational products may differ from final data after further patient follow-up or verification and material changes could expose us to potential liability if any authority or third party determines that our storage, submission or disclosure of data was inaccurate, incomplete or misleading. Even if such claims prove to be unfounded, they could result in significant cost, negative publicity, or diversion of management attention. In addition, we rely on CROs, SMOs and other third parties to collect, record and manage data for certain of our preclinical and clinical programs in China. We exercise only limited control over their performance. If any of these third parties fail to meet our standards of data accuracy, completeness or regulatory compliance, our regulatory reviews and development timelines may be delayed or otherwise negatively affected.

We may not be able to identify, discover or develop new drug candidates, or to identify additional therapeutic opportunities for our drug candidates to maintain or expand our drug pipeline.

We cannot guarantee that we will be successful in identifying or discovering new potential drug candidates or new therapeutic applications for our existing ones. Drug candidates that we identify may ultimately be found to have limited efficacy, undesirable safety profiles, or other characteristics that make them unmarketable or unlikely to receive regulatory approval. Certain types of small-molecule drug assets may also pose technical challenges in terms of synthetic feasibility, formulation, or large-scale manufacturing. Some of our early-stage discovery programs may fail to produce meaningful outcomes in further stages of development due to insufficient discovery technologies, adverse effects or inadequate efficacy of candidates, technical limitations of internal platforms, higher-than-expected time and resource requirements, and competition for talent and enabling technologies. Accordingly, there can be no assurance that we will be able to discover or develop new drug candidates, identify additional therapeutic uses for our existing drug product, or otherwise maintain and expand our product pipeline through internal research programs. If we fail to do so, our ability to sustain future growth, enhance our product portfolio and strengthen our market position could be materially and adversely affected. In addition, we may devote significant resources to research programs or potential innovations that ultimately prove unsuccessful, which could further divert capital and management attention from other more promising opportunities.

AEs or undesirable side effects caused, or are perceived to be caused, by our drug candidates could interrupt or halt clinical trials, delay or prevent regulatory approval, limit the commercial profile of an approved label, or result in significant negative consequences following any regulatory approval.

Results of trials conducted by us with respect to our drug candidates could reveal a high and unacceptable severity or prevalence of certain AEs. In such an event, such trials could be suspended or terminated and the NMPA or other comparable regulatory authorities could order us, as applicable, to cease further development of, or deny approval of, our drug candidates for any or all

RISK FACTORS

targeted indications. AEs related to our drug candidates may also affect subject recruitment or the ability of enrolled subjects to complete the trial and could result in potential liability claims. If safety issues are identified after any approval, regulators may impose additional warnings or risk-management requirements, including restrictions on distribution and/or post-marketing studies, or withdraw approvals or revoke licenses, and we or our collaboration partners may be required to suspend marketing. In addition, the use of our drug candidates in combination with third-party drugs may present distinct or exacerbated AEs compared with monotherapy, which could further complicate development, labeling and regulatory oversight. Any of these occurrences may significantly harm our reputation, business, financial condition and prospects.

We may allocate our limited resources to the development of a specific drug candidate or indication, potentially overlooking other drug candidates and indications that may later demonstrate greater commercial potential or a higher probability of success.

We have limited financial and human resources, and we must decide which of our drug discovery, research and development programs to pursue and how much funding to allocate to each. Currently, we strategically focus our R&D on viral infection, oncology, and inflammatory disorders and on a small number of high-priority candidates, including sebaloxavir marboxil, ZX-8177 for oncology and HPP indications and ZX-12042B for HPV infections. As a result, we may forgo, deprioritize or delay opportunities to develop other drug candidates that could later prove to have greater commercial potential, a broader clinical application, or a higher likelihood of success. If our assessment of the potential of our drug candidates is incorrect, or if these programs encounter unexpected setbacks while other development opportunities prove more promising, our resource allocation could be suboptimal. In addition, if we do not accurately evaluate the commercial potential, target market, or competitive positioning of a particular drug candidate, we may choose to enter into collaboration, licensing or other arrangements for a program that would have been more advantageous to develop and commercialize independently, or we may allocate resources to internal programs that would have been better advanced through a partnership. Any such misallocation of resources could materially and adversely affect our business, financial condition, results of operations and future prospects.

Our sales may be subject to seasonality, which could cause our results of operations to fluctuate.

Our sales performance may subject to seasonal fluctuations. Influenza infections typically exhibit strong seasonality, with higher incidence during colder months (usually from late autumn to early spring) and lower incidence in other periods of the year. As a result, the demand and sales of sebaloxavir marboxil tablets are expected to increase significantly during influenza seasons and decrease during non-peak periods, leading to seasonal variations in our revenue and results of operations. The unpredictability of seasonal influenza epidemics outbreaks in terms of timing, severity, duration, type, and geographic spread can vary significantly from year to year. A particularly mild influenza season could result in substantially reduced demand for sebaloxavir marboxil tablets, potentially leaving us with excess inventory. As these factors are largely beyond our control and are difficult to predict with certainty, the potential fluctuations relating to our sebaloxavir marboxil tablets’ performance could materially impact our revenue and business prospects. In addition, any prolonged outbreak of epidemic illness may lead to large-scale travel restrictions, social-distancing measures and business closures which would significantly reduce the movement of people, resulting in a decline in the incidence of influenza which in turn could have a negative impact on our business. This seasonal tendency may cause our quarterly, semi-annual or even annual operating results to fluctuate significantly. Therefore, comparisons of our operating performance between certain period may not be meaningful and should not be regarded as reliable indicators of future performance. Furthermore, if our manufacturing, distribution or sales operations are disrupted by factors such as supply chain interruptions, logistic bottlenecks, or public health control measures during or immediately prior to the influenza season, our ability to timely meet market demand could be adversely affected.

RISK FACTORS

RISKS RELATING TO OUR FINANCIAL POSITION

We have a limited operating history, which may make it difficult to evaluate our current business and predict our future performance.

We are a biopharmaceutical company with a limited operating history. Since our inception, our operations have primarily focused on drug discovery, preclinical studies and clinical trials, establishing our intellectual property portfolio, seeking business development opportunities and business planning and raising capital. Our Core Product, sebaloxavir marboxil tablets, received regulatory approval in China in July 2025. However, we still have limited experience in drug commercialization and the sustainability or scale of such revenue remains uncertain. As a result of our limited operating history, it may be difficult for [REDACTED] to evaluate our business, assess our prospects or accurately predict our future performance. We may face risks and difficulties commonly experienced by early-stage companies in developing, manufacturing and, when approved, commercializing proprietary therapeutics. If we are unable to successfully manage these risks and difficulties, our business, financial condition and results of operations could be materially and adversely affected.

We have incurred significant loss since inception, and we may continue to incur losses and may fail to achieve or maintain profitability in the future. As a result, you may lose substantially all of your [REDACTED] in us if our business fails.

[REDACTED] in biopharmaceutical companies is highly speculative. It entails substantial upfront capital expenditures and significant risk that a drug candidate will fail to gain regulatory approval or become commercially viable. We have incurred significant expenses related to the research and development of our drug product and drug candidates. In 2024, 2025 and the six months ended June 30, 2025 and 2026, our research and development costs amounted to RMB100.0 million, RMB112.1 million, RMB64.3 million and RMB42.8 million, respectively. In addition, we also incurred other expenses related to our operations including administrative expenses. As a result, our loss for the year/period amounted to RMB145.4 million, RMB209.3 million, RMB105.5 million and RMB90.8 million in 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

Our Core Product, sebaloxavir marboxil tablets, has obtained regulatory approval and is commercially available in China. However, the revenue generated to date has been limited and has not been sufficient to offset our total operating costs. We expect to continue to incur significant expenses and operating losses for the foreseeable future as we advance our pipeline and scale up our commercialization capabilities. Our future expenses are expected to relate mainly to advancing clinical and pre-clinical studies of our drug candidates, seeking additional regulatory approvals, commercializing approved drug candidates, identifying new drug candidates, addressing competition, maintaining and expanding our intellectual property portfolio, and building necessary infrastructure and compliance systems as a public company.

We cannot guarantee that we will be able to obtain regulatory approvals for any of our drug candidates in a timely manner, or at all. In addition, only one of our drug candidates has been approved by NMPA for the treatment of influenza in adults in China, and we expect to continue incurring substantial expenditures before we are able to generate sufficient revenue from product sales. Considering the numerous risks and uncertainties associated with regulatory approval, we are unable to accurately predict the timing or amount of additional expenses, or when, or if, we will be able to achieve or maintain profitability. Our expenses could increase beyond expectations if we are required by the NMPA or other applicable authorities to perform studies in addition to those that we currently anticipate. Even if our drug candidates are approved for commercial sale, we expect to continue incurring significant costs associated with the manufacturing and the commercial launch of the drug candidates.

RISK FACTORS

We invest substantial human and capital resources in research and development, but we cannot guarantee that such efforts will lead to successful outcomes.

In 2024, 2025 and the six months ended June 30, 2025 and 2026, our research and development costs were RMB100.0 million, RMB112.1 million, RMB64.3 million and RMB42.8 million, respectively. We intend to continue to strengthen our technical capabilities in the development and manufacture of our drug candidates, which requires substantial capital and time. We cannot assure you that we will be able to develop, improve or adapt to new technologies and methodologies, successfully identify new technological opportunities, develop and bring new or enhanced products to market, or obtain sufficient or any patent or other intellectual property protection for such new or enhanced products in a timely and cost-effective manner. Any failure to do so may render our previous efforts obsolete, which could significantly reduce the competitiveness of our technology platforms and drug candidates and harm our business and prospects.

We recorded net liabilities and net current liabilities during the Track Record Period, which may continue into the foreseeable future and expose us to liquidity risk.

As of December 31, 2024, 2025 and June 30, 2026, we have net liabilities of RMB805.7 million, RMB1,020.4 million and RMB1,105.4 million, respectively. As of the same date, we had net current liabilities of RMB760.7 million, RMB974.2 million and RMB1,072.2 million, respectively. A net liabilities position can expose us to liquidity and financial risks. This in turn could require us to seek financing from external sources such as bank borrowings, which may not be available on terms favorably or commercially reasonable to us, or at all. If we are unable to maintain adequate working capital or obtain sufficient financings to meet our capital needs, we may be unable to continue our operations according to our plan, default on our payment obligations and fail to meet our capital expenditure requirements, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

We had net operating cash outflows during the Track Record Period, which may continue into the foreseeable future and expose us to liquidity risk.

Since our inception, our operations have consumed substantial amounts of cash. We had net cash used in operating activities of RMB106.0 million, RMB129.8 million, RMB67.6 million and RMB52.6 million in 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. We may continue to experience net cash outflows from our operating activities from time to time. See “Financial Information — Liquidity and Capital Resources — Cash Flows — Net Cash Flows Used in Operating Activities” for details. As our business develops and expands, we expect to generate more net cash from our operating activities, through increasing sales revenue of the existing drug product. If we are unable to maintain adequate working capital or obtain sufficient financings to meet our capital needs, we may be unable to continue our operations according to our plan, default on our payment obligations and fail to meet our capital expenditure requirements, which may have a material adverse effect on our business, results of operations, financial condition and prospects.

We have historically received financial incentives, such as government grants and tax benefits, and we may not receive such incentives in the future.

We recognized government grants in other income of RMB26.5 million, RMB195 thousand, RMB112 thousand and RMB13.4 million in 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. These government grants primarily represent subsidies received from the local governments for expenses arising from research and development activities and contribution to regional economic development. We also enjoyed preferential tax treatment during the Track Record Period. See “Financial Information — Description of Selected Components of the Consolidated Statements of Profit or Loss — Income Tax.” The government grants and preferential tax treatments we receive are subject to the discretion of relevant government authorities, who may reduce or eliminate such incentives at any time, generally with prospective effect. Given this inherent uncertainty, our net income in a particular period may fluctuate relative to other periods beyond those attributable to our underlying business performance or operational factors. Consequently, the

RISK FACTORS

discontinuation or changes of such government grants, preferential tax treatments and other related financial incentives currently available to us could have an adverse effect on our financial condition, results of operations, cash flows and prospects.

We are exposed to risks in connection with the wealth management products we purchased.

We may from time to time purchase structured deposits and low-risk wealth management products. These structured deposits and wealth management products are principal-guaranteed with an original maturity ranging from one to six months and are issued and managed by reputable and licensed commercial banks in China. Our wealth management products are recognized as financial assets measured at FVPL, which amounted to RMB89.1 million, RMB174.8 million and RMB138.2 million as of December 31, 2024, 2025 and June 30, 2026, respectively. The returns of our investments on the structured deposits and wealth management products are not guaranteed. We are exposed to credit risks in relation to these financial assets, which may adversely affect their fair value. Net changes in their fair value are recorded in profit or loss, and therefore directly affect our results of operations. In addition, there can be no assurance that our internal management and investment strategy will be effective and adequate with respect to our purchased structured deposits. We cannot guarantee that we will not experience losses with respect to such investments in the future or that such losses or other potentially negative consequences due to such investments will not have material adverse effects on our business, results of operations and prospects. If there is any decrease of fair value on financial assets due to the change of the valuation of such financial assets, our financial conditions will be adversely affected.

We are exposed to risks associated with our redemption liabilities.

Our redemption liabilities represent the redemption liabilities of the equity shares we issued to our Pre-[REDACTED] Investors with certain special rights. Specifically, these investors have the right to require our Company to redeem all or part of the shares at any time upon occurrence of specified triggering events, including non-completion of a qualified [REDACTED] by a predetermined date. In the event of a liquidation, dissolution or winding up of our Company or in the event of any deemed liquidation event, which includes a sale or transfer of all or a significant portion of assets, intellectual properties or business of our Group, or a change in control of our Group, all assets and funds of our Company legally available for distribution (after satisfaction of expenses required by law, creditors' claims and outstanding taxation expense) shall be distributed to Pre-[REDACTED] Investors by cash at the respective liquidation preference amount. For details, see note 25 to the Accountants' Report as set out in Appendix I to this document. In 2024, 2025 and the six months ended June 30, 2025 and 2026, our remeasurement of redemption liabilities amounted to RMB50.9 million, RMB66.3 million, RMB31.2 million and RMB37.1 million, respectively. If we fail to complete a qualified [REDACTED] by the predetermined date or other triggering events occur, we may be required to redeem these shares, which could materially and adversely affect our business, financial condition, results of operations and prospects.

We may need to obtain substantial additional financing to fund our operations and expansion, and if we fail to do so, we may be unable to complete the development and commercialization of our drug candidates.

During the Track Record Period, we financed our operations primarily through proceeds from pre-[REDACTED] investments and bank borrowings. As of December 31, 2024, 2025 and June 30, 2026, our bank loans were RMB84.9 million, RMB79.5 million and RMB64.6 million, respectively. We believe our current cash and cash equivalents and the estimated [REDACTED] from the [REDACTED] will be sufficient to meet our anticipated cash needs for at least the next 12 months from the date of this Document. We expect to fund our future operations primarily with existing cash and cash equivalents, future potential payments received from our license and collaboration agreements and [REDACTED] from the [REDACTED]. Upon the successful commercialization of more of our drug candidates, we expect to fund our operations in part with income generated from sales of our commercialized drug product. Changes in our ability to fund our operations may affect our cash flow and results of operations.

RISK FACTORS

As our business continues to expand, we may seek additional funding through public or private [REDACTED], debt financing, collaboration arrangements and licensing arrangements or other funding sources, which may not be available on terms favorable or commercially reasonable to us or at all. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted and the terms may include liquidation or other preferences that may adversely affect your rights as a [REDACTED] of our H Shares. Incurring additional debt could result in increased fixed payment obligations and could also result in certain additional restrictive covenants, such as limitations on our ability to incur additional debt or issue additional equity, limitations on our ability to acquire or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. If adequate funds are not available to us on a timely basis, we may be required to delay, limit, reduce or terminate preclinical studies, clinical trials or other research and development activities, or the commercialization of one or more of our drug candidates, which may adversely affect our business prospects.

In the event that we enter into collaboration or licensing arrangements in order to raise capital, we may be required to accept unfavorable terms, including relinquishing or licensing to a third party on unfavorable terms our rights to technologies or drug candidates that we otherwise would seek to develop or commercialize ourselves or potentially reserve for future arrangements when we might be able to achieve more favorable terms.

Our future investments, potential acquisitions or strategic partnerships, may increase our capital requirements, cause dilution to our Shareholders, and/or cause us to incur debt or assume contingent liabilities and subject us to other risks.

To support our growth, we may acquire businesses, products, technologies, or know-how, or enter into strategic partnerships that would enhance our product development, technological capabilities, or distribution network. However, any potential acquisition or strategic partnership may involve a number of risks, including but not limited to increased operating expenses and cash needs, assumption of indebtedness or contingent liabilities, key personnel retention risks, counterparty-related uncertainties, equity issuance with dilutive effects, integration challenges, diversion of management attention, failure to generate sufficient revenue from acquired assets to meet strategic objectives, and adverse financial impacts from changes in relevant accounting principles. Moreover, pursuing acquisitions may require us to issue securities that dilute existing Shareholders, take on new debt obligations, incur substantial one-time costs, or acquire intangible assets that could lead to significant future amortization expenses. Additionally, we may face challenges in identifying appropriate acquisition targets and any such difficulty could impede our growth or restrict access to technologies and products essential for advancing our business.

RISKS RELATING TO DEPENDENCE ON THIRD PARTIES

We work with third parties to develop a portion of our drug candidates for clinical development and future commercialization. Our business could be harmed if those third parties fail to deliver sufficient quantities of product, maintain necessary licenses or otherwise duly perform their contractual obligations.

We have worked with and plan to continue to work with reputable CROs, CDMOs, CSOs and SMOs to support our ongoing preclinical research and clinical trials under our oversight and management. In addition, we will rely on some of these third parties to perform certain specification tests on our drug candidates prior to delivery to patients. If these tests are not appropriately done and test data are not reliable, patients could be put at risk of serious harm and regulatory authorities could place significant restrictions on us until deficiencies are remedied.

We are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocol, legal and regulatory requirements. We, our CROs and SMOs for our clinical programs and our clinical investigators are required to comply with Good Clinical Practice (“GCP”), enforced by the NMPA and other comparable regulatory authorities. If we or any of our

RISK FACTORS

CROs, SMOs or clinical investigators fail to comply with applicable GCP, the clinical data generated in our clinical trials may be deemed unreliable and the NMPA or comparable regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. In addition, our pivotal clinical trials must be conducted with product produced under Good Manufacture Practices (“GMP”) regulations. Our failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process. We and our third-party service providers are also subject to environmental, health and safety laws and regulations, and any failure to comply could expose us to fines, penalties or liabilities that could exceed our resources. If any of our relationships with these third-party service providers deteriorate or terminate, we may not be able to replace them in a timely manner or on commercially reasonable terms. Failure by these third-party service providers to perform their contractual duties or to meet expected milestones may delay or disrupt our research, clinical development, manufacturing operations or commercialization, which could materially and adversely affect our business, financial condition and results of operations. Switching or onboarding replacements may also result in additional cost and delay. In addition, our sales and promotional activities partly depend on the performance and capacity of personnel placed by CSOs, and any failure by CSOs to provide qualified personnel, renew their agreements with us, or comply with applicable anti-corruption and other laws and regulations could result in material and adverse fluctuations in our revenue or market share. Furthermore, if any of our business partners fail to obtain or maintain necessary permits, licenses and certificates required for their operations, our ability to develop, manufacture and commercialize our products could be materially impaired.

In addition, under certain of our agreements with CSOs, key decisions are made by a JSC composed of representatives from both us and our CSO partners. Under the China Sales and Promotion Agreement with Jumpcan Pharmaceutical, the JSC comprises six members, with each party appointing three representatives. Decisions are made by consensus. In the event that consensus is not reached, decision-making authority is bifurcated: (i) we retain final decision-making authority over all other matters relating to sebaloxavir marboxil oral formulations, including R&D, registration, production, trademarks, product pricing, medical insurance access, centralized procurement and bidding strategy, and distributor selection; and (ii) Jumpcan Pharmaceutical has final decision-making authority solely with respect to matters related to the execution of promotional activities for sebaloxavir marboxil oral formulations within the Licensed Field in the Territory. Under the MENA License and Distribution Agreement with Cigalah Medpharm, in the event that consensus is not reached by the JSC, we are entitled to cast the deciding vote on any matter relating to sebaloxavir marboxil oral formulations.

While we retain substantive control over the core strategic elements of commercialization, Jumpcan Pharmaceutical’s final decision-making authority over promotional execution matters could result in promotion-level decisions that are not fully aligned with our preferred approach. If such decisions lead to suboptimal promotional strategies, reduced market uptake or inefficiencies in sales channel execution, our ability to maximize the commercial potential of our Core Product could be adversely affected. In addition, if we are unable to reach consensus with our CSO partners on matters within their decision-making authority, we may need to increase our expenditures or undertake promotional activities at our own expense in order to supplement or redirect the CSO’s efforts. Any material disagreement or deadlock that delays, limits or otherwise negatively impacts the promotion of our Core Product could materially and adversely affect our business, financial condition, results of operations and prospects.

If we cannot maintain or develop clinical collaborations and relationships with our PIs, physicians and experts, our results of operations and prospects could be adversely affected.

Our relationships with PIs, physicians and experts play an important role in our research and development and marketing activities. We have established collaborations with numerous hospitals and PIs in China to gain first-hand knowledge of unmet clinical needs and clinical practice trends, which is critical to our ability to develop new market-responsive drugs. However, we cannot assure

RISK FACTORS

you that we will be able to maintain or strengthen our clinical collaborations and relationships with our PIs and physicians and experts, or that our efforts to maintain or strengthen such relationships will yield the successful development and marketing of new products.

RISKS RELATING TO COMMERCIALIZATION AND MANUFACTURING OF OUR DRUG CANDIDATES

We have limited experience in commercializing our drug candidates. If we are unable to establish and improve our marketing and sales capabilities through successfully building up our sales and marketing team and sales network, our ability to generate revenue and our business, financial condition, results of operations and prospects may be materially and adversely affected.

We have only commercialized one drug to date, namely our Core Product, sebaloxavir marboxil tablets. We have limited experience in commercializing our drug candidates. Our long-term success depends on our ability to further strengthen in-house commercialization capabilities, including expanding and training our sales and marketing team, enhancing our market access and distribution network and accumulating sufficient experience to support the launch of additional drug candidates. Commercialization of pharmaceutical products is a complex and resource-intensive process that requires expertise, infrastructure and compliance systems. We plan to continue enhancing our internal sales and marketing capabilities while partnering with qualified CSOs and other third-party collaborators to expand our market presence effectively. However, there can be no assurance that we will be able to effectively scale up or manage our growing sales force, or that our cooperative arrangements with CSOs or other external partners will produce satisfactory results. Any failure to attract or retain capable marketing professionals, to maintain efficient coordination with external sales partners, or to comply with applicable promotional and distribution regulations could impair our ability to capture market opportunities. As a result, if we are unable to further establish, expand and optimize our sales and marketing capabilities, or if our commercialization arrangements fail to perform as expected, our ability to sustain revenue growth and our business, financial condition, results of operations and prospects may be materially and adversely affected.

The market size of our drug and drug candidates might be smaller than we expected.

Our estimates of both the number of people who have these diseases, as well as the subset of people with these diseases who have the potential to benefit from treatment with our drug candidates have been derived from a variety of sources, and may prove to be incorrect. Further, new studies may change the estimated incidence or prevalence of the diseases we are targeting. The number of our target patients may turn out to be lower than expected. Likewise, the potentially addressable patient population for each of our product and drug candidates may be limited or may not be receptive to treatment with our product and drug candidates, and new patients may become increasingly difficult to identify or access. If the market opportunities for our drug candidates are smaller than we estimate, it could have an adverse effect on our business, financial condition, results of operations and prospects. Our Core Product, sebaloxavir marboxil tablets, has been developed for the treatment of influenza. However, given the presence of various prevention methods, such as vaccine coverage and lifestyle changes, as well as existing and potential alternative treatment options, for our targeted indications, the market potential of the sebaloxavir marboxil tablets may be limited. As a result, even though the number of patients of our targeted indications may be large, the actual addressable patients of our product and drug candidates may be limited and smaller than we expected.

Our drug product and drug candidates approved in the future may fail to achieve or maintain the degree of market acceptance by physicians, medical institutions, pharmacies, patients, third-party payers and others in the medical community necessary for commercial success, and the actual market size of our drug candidates could be smaller than expected.

The commercial success of our products, including drug product and drug candidates to be approved in the future, is highly dependent on their continued market acceptance among patients, healthcare practitioners and others in the medical community. The market acceptance of our products and drug candidates depends on many factors, including their perceived advantages over

RISK FACTORS

competing products, safety and efficacy, pricing and cost-effectiveness, sales and marketing effectiveness, related publicity, as well as adaption to changing needs and preferences of healthcare providers and patients. In addition, market acceptance of a product is also affected by whether it is included in the NRDL or other government-sponsored medical insurance programs. See also “— Our drugs may not be covered by reimbursement programs or may become subject to unfavorable reimbursement practices, either of which could harm our business.” If our products fail to achieve or maintain widespread market acceptance, our products may be deemed less competitive or even rendered obsolete, and the demand for our products may decline and our business and profitability may be materially and adversely affected. Furthermore, the actual market size of our drug candidates may not be as large as we anticipate, the number of patients in the addressable markets may turn out to be lower than expected, or new patient identification and access may become more challenging. Any of these unfavorable developments could adversely affect our business, financial condition and results of operations.

Our drugs may not be covered by reimbursement programs or may become subject to unfavorable reimbursement practices, either of which could harm our business.

The regulations that govern reimbursement for new therapeutic drugs vary substantially from country to country. For details of the NRDL and other related matters, see “Regulatory Overview.” There can be no assurance that any of our drug candidates will be included in the NRDL after initial approval for commercial sale. If we were to successfully launch commercial sales of our products but fail in our efforts to have our products included in the NRDL, our revenue from commercial sales will be highly dependent on patient self-payment, which can make our products less competitive. In addition, a key trend in the global healthcare industry is cost containment. Government authorities and third-party payers have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. As a result, even if our drug candidates are successfully approved by the NRDL or any other reimbursement programs sponsored by government health administration authorities and third-party payers, our potential revenue from the sales of these products could still decrease as a result of the significantly lowered prices we may be required to charge or potential deeper-than-expected price reduction required for our products to be included in such reimbursement programs due to price control policies. If reimbursement is not available or is available only to limited levels, we may not be able to successfully commercialize any drug candidate that we successfully develop.

There may also be significant delays in obtaining reimbursement for approved drug candidates, and reimbursement coverage may be more limited than the approved indications of the drug candidates by the NMPA or other comparable regulatory authorities. Moreover, eligibility for reimbursement does not imply that any drug will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale and distribution. Our inability to promptly obtain reimbursement coverage at intended payment rates from both government funded and private payers for our drug candidates and any new drug candidates that we develop could have a material adverse effect on our business, operating results and overall financial conditions.

If we fail to meet the growing demand for sebaloxavir marboxil tablets and our future approved drugs by ensuring that we have adequate manufacturing capacity through our cooperation with CDMOs, or if we are unable to successfully manage our anticipated growth or to precisely anticipate market demand, our business could suffer.

Manufacturing operations are subject to a range of potential disruptions, including equipment failure, non-compliance with established protocols, changes in product specifications, substandard or insufficient raw material supply, shifts in product mix, evolving manufacturing technologies, physical constraints affecting production continuity, and both natural and human-induced environmental events. If the manufacturing process of our drug and drug candidates encounters unanticipated delays and expenses as a result of any of these disruptions, the supply of sebaloxavir marboxil tablets and our other drug candidates would be limited, which would in turn limit our

RISK FACTORS

development and commercialization activities and adversely affect our sales and profitability. To produce sebaloxavir marboxil tablets and our drug candidates in the quantities that will be required to meet anticipated market demand, we will need to increase, or “scale up,” the production process over the initial level of production. If we are unable to do so through our cooperation with CDMOs, or if the cost of this scale up is not economically feasible for us or we cannot find a third-party supplier, we may not be able to offer sebaloxavir marboxil tablets or other future approved drugs in a sufficient quantity to meet future demand.

Guidelines, recommendations and studies published by various organizations could disfavor our drug candidates.

Government agencies, professional societies, practice management groups, private health and science foundations and organizations focused on various diseases may publish guidelines, recommendations or studies that affect our or our competitors’ drugs and drug candidates. Currently, there are not any unfavorable guidelines, recommendations and studies published by various organizations in relation to our drug candidates. However, any such guidelines, recommendations or studies that reflect negatively on our drug candidates, either directly or relative to our competitive drug candidates, could result in current or potential decreased use and/or sales of, and revenue from one or more of our drug candidates. Furthermore, our success depends in part on our ability to educate healthcare providers and patients about our drug candidates, and these education efforts could be rendered ineffective by, among other things, third parties’ guidelines, recommendations or studies.

We may not be able to maintain effective quality control over our drug product and drug candidates.

The quality of sebaloxavir marboxil tablets and our other drug candidates we used for research and development purposes, will depend significantly on the effectiveness of our quality control and quality assurance, which in turn depends on factors such as the robustness of the production processes of our drug product, the quality and reliability of equipment used, the capabilities of the CDMOs we engage and our ability to ensure that they adhere to our quality control and quality assurance protocol. We operate a comprehensive quality control system, which is established and refined in accordance with the rigorous regulations and guidelines in China. However, we cannot assure you that our quality control and quality assurance procedures will be effective in consistently preventing and resolving deviations from our quality standards or that our standard operating procedures will be complete or updated at all times, or that our CDMOs will strictly adhere to our quality control and quality assurance procedures. Any significant failure or deterioration of our quality control and quality assurance protocol or standard operating procedures could render our approved drugs unsuitable for use, result in gaps in the audit of our processes and/or harm our market reputation and relationship with business partners. Any such developments may have a material and adverse effect on our business, financial condition and results of operations.

We are exploring collaboration opportunities on product commercialization and development worldwide and may continue to do so in the future, which will expose us to additional risks of conducting business in additional international markets.

Overseas markets are an important component of our growth strategy. In July 2025, we entered into a license and distribution agreement with Cigalah Medpharm, a fast growing pharmaceutical company in the UAE, in relation to sebaloxavir marboxil. We plan to explore more market opportunities overseas in the future, where there is substantial demand for our drug product and drug candidates and we intend to identify and collaborate with reputable local partners that have proven track record to maximize the global value of our drug candidates. We may also engage in licensing, co-development and co-promotion arrangements with global MNCs, and continue to conduct certain of our clinical trials abroad. For more details, see “Business — Business Strategies.” However, such activities may subject us to additional risks that may materially adversely affect our ability to attain or sustain profitable operations, including increased expenses and management distraction; challenges in identifying and cooperating with qualified partners; difficulties in

RISK FACTORS

enforcing contracts overseas; changes in trade restrictions; adverse economic and foreign exchange risks; compliance burdens under foreign tax, employment and labor laws; labor uncertainty; as well as business interruptions caused by geopolitical conflicts, natural disasters and other events. These and other risks may materially adversely affect our ability to procure equipment and raw materials and to attain or sustain any future revenue from international markets.

Counterfeit pharmaceutical products may reduce demand for our drug candidates, which could have a negative impact on our reputation and business.

Since the commercialization of sebaloxavir marboxil tablets and upon commercialization of our drug candidates, the illegal import of competing drugs from countries where government price controls or other market dynamics result in lower prices may adversely affect the demand for our drug candidates and, in turn, may adversely affect our sales and profitability in China and other countries where we plan to commercialize our products. Furthermore, cross-border imports from lower-priced markets (parallel imports) into higher-priced markets could harm sales of our existing and future approved drugs and exert commercial pressure on pricing within one or more markets. In addition, competent government authorities may expand consumers’ ability to import lower priced versions of our future approved drugs or competing drugs from outside China or other countries where we operate. Any future legislation or regulations that increase consumer access to lower priced medicines from outside China or other countries where we operate could have a material adverse effect on our business.

Our drug candidates may involve risks of contamination during production.

Production of pharmaceutical products is a complex process, which may be exposed to contamination during production. In addition, manufacturing operations based on the sharing of equipment and facilities are common and activities such as developing clinical samples which may increase chances of cross-contamination. Contamination of our future pharmaceutical products, if and when approved and manufactured, could have a material adverse effect on our commercial prospects and financial results by negatively impacting customers, healthcare providers and collaboration partners. In addition, contaminated products that are unknowingly distributed could result in patient harm, damage the reputation of our drug candidates and company and expose us to liability claims, regulatory enforcement actions.

RISKS RELATING TO OUR INTELLECTUAL PROPERTY RIGHTS

If we are unable to obtain and maintain adequate patent and other intellectual property protection for our drug candidates, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties may compete directly against us, and our ability to successfully develop and commercialize any of our drug candidates would be materially adversely affected.

Our commercial success depends, to a certain extent, on our ability to protect our proprietary technology and drug candidates from competition by obtaining, maintaining, defending and enforcing our intellectual property rights, including patent rights. We seek to protect the drug candidates and technology that we consider commercially important primarily by filing patent applications in China and other countries or regions, relying on trade secrets or pharmaceutical regulatory protection or employing a combination of these methods. As of the Latest Practicable Date, we held 71 patents and patent applications, including 31 patents and patent applications in relation to our Core Product. The process of prosecution and maintenance can be expensive and time-consuming, and we or our business partners may not be able to file and prosecute all necessary or desirable patent applications and secure other intellectual property protection in all jurisdictions in a timely manner. It is also possible that we or our business partners will fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection. Moreover, we or our business partners may fail to timely identify third-party infringement of our intellectual property rights and take necessary actions to defend and enforce our rights, or at all.

RISK FACTORS

The issuance, scope, validity, enforceability and commercial value of patents are inherently uncertain. Patent examination may require us to narrow our claims, potentially reducing protection, and undiscovered prior art or defects in patents or applications may prevent issuance or render issued patents invalid or unenforceable. Even if patents are granted, third parties may challenge them in litigation or administrative proceedings, and adverse outcomes could narrow or invalidate our claims, limit our ability to exclude others, or require us to obtain licenses or otherwise prevent us from commercializing certain drug candidates without infringing third-party intellectual property rights. In addition, intellectual property laws and enforcement vary across jurisdictions and may be costly, time-consuming and unpredictable, which may limit our ability to prevent third parties from practicing our inventions, or from selling, importing or exporting competing products, and competitors may design around our patents.

Our patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, which could be reduced or eliminated for non-compliance with these requirements.

Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and patent applications are due to be paid to the China National Intellectual Property Administration (the “CNIPA”), the United States Patent and Trademark Office (the “USPTO”) and other applicable patent authorities over the lifetime of a patent. There are situations in which inadvertent failures or non-compliance will result in the abandonment or lapse of the patent or patent application and the partial or complete loss of patent rights in the relevant jurisdiction. Such non-compliance events include, but not limited to failure to respond to official actions within prescribed time limits and non-payment of fees and failure to properly legalize and submit formal documents within prescribed time limits.

If our patent terms expire before or soon after our drug candidates are approved, or if competitors successfully challenge our patents, our business may be materially harmed. Lack of protection under the applicable patent linkage and patent term extension laws and regulations could increase the risk of early generic competition.

Patents have a limited duration. Depending on the jurisdiction, various extensions may be available, but the life of a patent and the protection it affords, is limited. For example, the expiration of a patent is generally 20 years from the date of application for inventions in China and generally 20 years from the earliest date of filing of the first non-provisional patent application to which the patent claims priority in the U.S. Even if patents covering our drug candidates, their manufacture, or use are obtained, once the patent life has expired, we may be open to competition from competitive medications, including biosimilar medications. Manufacturers of generic or biosimilar drugs may challenge the scope, validity, or enforceability of our patents in court or before a patent office, and we may not be successful in enforcing or defending those intellectual property rights and, as a result, may not be able to develop or market the relevant product exclusively, which would have a material adverse effect on any potential sales of that product. Upon the expiration of our issued patents or patents that may be issued from our patent applications, we will not be able to assert such patent rights against potential competitors and our business and results of operations may be adversely affected. Given the amount of time required for the development, testing and regulatory review of new drug candidates, patents protecting such drug candidates might expire before or shortly after such drug candidates are commercialized. As a result, our owned and licensed patents and patent applications may not provide us with sufficient rights to exclude others from commercializing technology and products similar or identical to ours. Even if we believe that we are eligible for certain patent term extensions, there can be no assurance that the applicable authorities, including the FDA and the USPTO in the U.S., and any equivalent regulatory authority in other countries, will agree with our assessment of whether such extensions are available, and such authorities may refuse to grant extensions to our patents, or may grant more limited extensions than we request. Moreover, the applicable time period or the scope of patent protection afforded could be less than

RISK FACTORS

we request. If we are unable to obtain a patent term extension or the term of any such extension is less than we request, our competitors may obtain approval of competing products following our patent expiration and our business could be harmed.

We may not be able to adequately protect our intellectual property rights throughout the world or prevent unfair competition by third parties.

Filing, prosecuting, maintaining and defending patents on drug candidates in all countries throughout the world could be prohibitively expensive for us, and our intellectual property rights in some countries can have a different scope and strength than do those in some other countries. In addition, the laws of certain countries do not protect intellectual property rights to the same extent as the laws of certain other countries. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries, or from selling or importing drugs made using our inventions in and into certain jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own drugs and further, may export otherwise infringing drugs to certain jurisdictions where we have patent protection, but where enforcement rights are not as strong as those in certain other countries. These drugs may compete with our drug candidates and our patent rights or other intellectual property rights may not be effective or adequate to prevent them from competing.

The legal systems of some countries do not favor the enforcement of patents, trade secrets and other intellectual property, particularly those relating to biopharmaceutical products, which could make it difficult in those jurisdictions for us to stop the infringement, misappropriation or other violation of our patents or other intellectual property rights, or the marketing of competing drugs in violation of our proprietary rights. Proceedings to enforce our intellectual property and proprietary rights in foreign jurisdictions could put our patents at risk of being invalidated or interpreted narrowly, could put our patent applications at risk of not issuing, and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and prospects.

We may be involved in lawsuits to protect or enforce our intellectual property, or defend against infringement and other claims alleged by third parties, which could be expensive, time consuming and unsuccessful, and delay us from developing or commercializing our drug candidates.

Competitors or other third parties may infringe our or our licensors’ patent rights or misappropriate or otherwise violate our intellectual property rights. Litigation and other proceedings in connection with any of the foregoing claims can be expensive and time-consuming and, even if resolved in our favor, may cause us to incur significant expenses and could distract management and our scientific and technical personnel from their normal responsibilities. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. An adverse result in any litigation proceeding could put our patent, as well as any patents that may issue in the future from our pending patent applications, at risk of being invalidated, held unenforceable or interpreted narrowly. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. Moreover, we may not be able to detect infringement against our patents. If we later sue such third party for patent infringement, the third party may have certain legal defenses available to it, making it impossible for us to enforce our patents against such third party.

The outcome following legal assertions of invalidity and unenforceability is unpredictable. Moreover, if the breadth or strength of protection provided by our patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or

RISK FACTORS

commercialize our drug candidates. Additionally, we may be subject to claims that former employees, collaboration partners or other third parties have an interest in our owned, out-licensed or in-licensed patents, patent applications, trade secrets or other intellectual property as an inventor or co-inventor.

If our trademarks and trade names are not adequately protected, then we may not be able to build brand recognition in our markets of interest and our business may be adversely affected.

Our registered or unregistered trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition among potential partners or customers in our markets of interest. At times, competitors may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively, and our business may be adversely affected. Our efforts to enforce or protect our proprietary rights related to trademarks, trade secrets, domain names, copyrights or other intellectual property may be ineffective and could result in substantial costs and diversion of resources and could adversely affect our competitive position, business, financial condition, results of operations and prospects.

If we are unable to protect the confidentiality of our trade secrets and confidential information, our business and competitive position will be harmed. We may be subject to claims that our employees, consultants or advisers have wrongfully used or disclosed alleged trade secrets of their former employers, and we may be subject to claims asserting ownership of what we regard as our own intellectual property.

In addition to our issued patents and pending patent applications, we rely on trade secrets and confidential information, including unpatented know-how, technology and other proprietary information, to maintain our competitive position and to protect our drug candidates. We seek to protect our trade secrets and confidential information, in part, by entering into non-disclosure and confidentiality agreements with parties that have access to trade secrets or confidential information, such as our employees, collaboration partners, outside scientific collaborators, sponsored researchers, contract manufacturers, consultants, advisors and other third parties that have access to them. However, we may not be able to prevent unauthorized disclosure or use of our proprietary information. If a competitor lawfully obtains or independently develops similar information, we may have no legal recourse to prevent its use. Furthermore, many of our employees, consultants and advisors, including our senior management, may currently be, or were previously employed at other pharmaceutical companies, including our competitors or potential competitors. We may face claims alleging misappropriation of intellectual property from former employers. We are not aware of any threatened or pending claims related to these matters or concerning the agreements with our senior management, but in the future litigation may be necessary to defend against such claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or be required to obtain licenses to such intellectual property rights, which may not be available on commercially reasonable terms or at all. Even if successful, such litigation may disrupt operations and hinder our ability to retain or recruit key personnel, adversely affecting our drug development and commercialization efforts. In addition, claims by or against us related to the ownership of such intellectual property may arise. We may also be subject to claims by former employees, consultants or other third parties asserting an ownership right in our owned or licensed patents or patent applications. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending any of the foregoing claims, litigation could result in substantial costs and be a distraction to our management and scientific personnel. Moreover, our

RISK FACTORS

trade secrets and other proprietary or confidential information may become known or be independently developed by a third party, or misused by any collaborator or other third party to whom we disclose such information.

Intellectual property and other laws and regulations are developing, which could diminish the value of patents in general, thereby impairing our ability to protect our drug candidates.

Obtaining and enforcing patents in the pharmaceutical and biopharmaceutical industry involves technological and legal complexity, and obtaining and enforcing pharmaceutical and biopharmaceutical patents is costly, time-consuming and inherently uncertain. Changes in either the patent laws or their interpretation in China or other jurisdictions may increase the uncertainties and costs surrounding the prosecution of our patents, diminish our ability to protect our inventions, obtain, maintain, defend and enforce our intellectual property rights and, more generally, affect the value of our intellectual property or narrow the scope of our patent rights. Changes in patent laws and regulations in other jurisdictions, or changes in the practices of the authorities responsible for enforcing them, could impair our ability to secure new patents or to assert and defend those we currently own or license, or may acquire in the future.

Intellectual property rights do not necessarily protect us from all potential threats.

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect our business or permit us to maintain our competitive advantage. For example, third parties may develop similar products or technologies outside the scope of our patents or independently develop similar technologies without violating our owned or licensed intellectual property rights; we may not be the first to invent or file for relevant inventions; our pending applications may not issue as patents, and issued patents may be invalid or unenforceable. Should any of these events occur, they could materially adversely affect our competitive position, business, financial condition, results of operations and prospects.

RISKS RELATING TO GOVERNMENT REGULATIONS

All material aspects of the research, development and commercialization of pharmaceutical products are heavily regulated. Any failure to comply with relevant laws and regulations may adversely affect our business and results of operations.

All jurisdictions in which we intend to conduct our biopharmaceutical industry activities regulate these activities in great depth and detail. We intend to focus our activities primarily in China, among other potential markets. These jurisdictions strictly regulate the pharmaceutical industry, and in doing so they employ extensive regulations governing the development, approval, manufacturing, marketing, sales and distribution of pharmaceutical products. Differences in regulatory regimes across jurisdictions may lead to a higher compliance burden. The process of obtaining regulatory approvals and compliance with appropriate laws and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable requirements at any time during the product development process and approval process, or after approval, may subject an applicant to administrative or judicial sanctions. These sanctions could include refusal to approve pending applications; withdrawal of an approval; license revocation; clinical hold; voluntary or mandatory product recalls; product seizures; total or partial suspension of production or distribution; injunctions, refusals of government contracts; injunctions, fines and other civil or criminal penalties. Failure to comply with these regulations could therefore have a material adverse effect on our business.

RISK FACTORS

The regulatory approval processes of the NMPA and other comparable regulatory authorities are time-consuming and may evolve over time, and if we are ultimately unable to obtain regulatory approval for our drug candidates, our business will be substantially harmed.

The regulatory approval processes of the NMPA and other comparable regulatory authorities are inherently time-consuming and may evolve over time or vary among jurisdictions. Our drug candidates could fail to receive regulatory approval for many reasons, including regulators’ disagreement with beginning or completing clinical trials; failure to comply with or pass inspections or audits under applicable standards, such as GCP at clinical sites and GMP across production; deficiencies in manufacturing processes found by regulators; changes in approval policies and regulations that render our existing data inadequate; failure to incorporate required technological advancements into clinical trials; and deviations from a trial protocol or regulatory requirements. Even if we were to obtain approval, regulatory authorities may approve any of our drug candidates for fewer or more limited indications than we request, grant approval contingent on the performance of costly post-marketing clinical trials, or approve a drug candidate with an indication that is not desirable for the successful commercialization of that drug candidate. We cannot guarantee that we will be able to obtain regulatory approvals for our existing drug candidates or any drug candidates we may discover, in-license or acquire and seek to develop in the future.

In addition, the NMPA or a comparable regulatory authority may require more information support approval and regulatory requirement are subject to change, which may result in increased costs, delays, or disruption to the successful completion of our clinical trials.

Changes in government regulations or in practices relating to the biopharmaceutical industry, including healthcare reform in China, and compliance with new regulations may result in additional costs.

The biopharmaceutical market is heavily regulated in China. Changes in government regulations or in practices relating to the biopharmaceutical industry, such as a relaxation in regulatory requirements or the introduction of simplified approval procedures which will lower the entry barrier for potential competitors, or an increase in regulatory requirements which may cause difficulty for us to satisfy such requirements, may have a material adverse impact on our business, financial condition, results of operations and prospects. Furthermore, our licensing partners gain exposure to the China market through license arrangements with us. If China modifies regulations which materially and adversely affects collaboration with foreign pharmaceutical or biopharmaceutical companies, our business, financial condition, results of operations and prospects may be materially and adversely affected as well.

Emerging U.S. laws, executive actions and procurement/export controls targeting biotech supply chain and data security could restrict or discourage collaborations with certain China-based CROs/CDMOs. If enacted or applied via statute, executive order, guidance, or funding rules, these measures may force us to replace vendors, transfer know-how, revalidate manufacturing, amend regulatory filings, and qualify new suppliers, leading to delays, higher costs and operational disruption. Even without formal enactment, counterparties’ risk responses and heightened due diligence could increase compliance burden and negatively impact our partnerships, financing and timelines, which could materially adversely affect our business and prospects.

We are subject to stringent privacy laws and information security policies related to data privacy and security, and we may be exposed to risks relating to personal or other sensitive information.

We process significant amounts of data in our research, development, and clinical trial activities, including scientific data, personal information, important data, and potentially human genetic resources. As a result, we are subject to stringent and evolving data privacy and security laws and policies in the PRC and other jurisdictions. Key PRC regimes include the Measures for Cybersecurity Review (《網絡安全審查辦法》), Regulation on the Administration of Cyber Data Security (《網絡數據安全管理條例》), and outbound data transfer rules such as the Measures for the Security Assessment of Outbound Data Transfer (數據出境安全評估辦法). For details, see “Regulatory Overview.” As of the Latest Practicable Date, we have not received any notification

RISK FACTORS

regarding non-compliance with such regulations. However, the scope, interpretation, and enforcement of these regimes remain uncertain and may tighten over time. If we cannot complete required procedures on a timely basis or at all, or if we are required to undergo cybersecurity or national security related review, we may face restrictions on data sharing, delays or disruptions to our R&D and international collaboration, increased compliance costs, required changes or suspension of certain operations, and administrative penalties such as fines. Any of these outcomes could materially and adversely affect our business, liquidity, and financial results.

We may be subject, directly or indirectly, to applicable anti-kickback, false claims laws, physician payment transparency laws, fraud and abuse laws or similar healthcare and security laws and regulations in China and other jurisdictions.

Healthcare providers play a primary role in recommending and prescribing products, and if we obtain approval for any of our drug candidates and commercialize them in China, our operations may be subject to fraud and abuse laws in the PRC and other countries, including the federal Anti-Kickback Statute, the False Claims Act, the Federal Physician Payment Act, and other regulations by U.S. federal, state and local authorities. Regulatory authorities could conclude that our business practices may not comply with current or future fraud, abuse or other healthcare laws or regulations. If any such actions are instituted against us, and if we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of civil, criminal and administrative penalties, damages, disgorgement, monetary fines, possible exclusion from participation in governmental healthcare programs, contractual damages, reputational damage, diminished profits and future earnings, and curtailment of our operations, any of which could adversely affect our ability to operate our business and have a material adverse effect on our business, financial condition, results of operations and prospects. If any of the physicians or other providers or entities with whom we expect to do business is found to be not in compliance with applicable laws, our business may also be adversely affected.

Our drug candidates will be subject to ongoing or additional regulatory obligations and continued regulatory review, which may result in significant additional expense, and we may be subject to penalties and other negative consequences if we fail to comply with regulatory requirements.

Sebaloxavir marboxil tablets and any of our future approved drugs, will be subject to ongoing or additional regulatory requirements for manufacturing, labeling, packaging, storage, advertising, promotion, sampling, record-keeping, conduct of post-marketing studies and submission of safety, efficacy, and other post-marketing information, including requirements of regulatory authorities in China and other jurisdictions. As such, we are and will be subject to continual review and inspections by the regulators for their assessment of our compliance with applicable laws and requirements and adherence to commitments we made in any application materials with the NMPA or other comparable regulatory authorities. Following the approval of any of our drug candidates by the NMPA or other comparable regulatory authorities, we will be subject to ongoing regulatory obligations. These may include the submission of safety and other post-marketing reports, product registration updates and continued compliance with current cGMP and GCP standards for any post-approval clinical trials. Regulatory authorities may also impose additional conditions, such as the implementation of a Risk Evaluation and Mitigation Strategy (“REMS”) or equivalent programs, either as a prerequisite for approval or as a post-marketing requirement. As a result, we and our collaboration partners must continue to devote significant time, financial resources, and operational effort to ensure full compliance across manufacturing, production and quality control functions. The regulatory landscape in China and other jurisdictions is continuously evolving, and we cannot predict the nature, scope, or timing of future legislative or administrative changes. If we fail to adapt to new or revised regulatory requirements, or are unable to maintain compliance with existing obligations, we may lose regulatory approvals already obtained, which could materially and adversely affect our ability to commercialize our products and achieve or sustain profitability.

RISK FACTORS

We may be subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, and similar laws and regulations. Non-compliance with such laws and regulations, whether by us or third parties, can subject us to administrative, civil, and criminal penalties or other consequences, any of which could adversely affect our business, financial condition, results of operations and prospect.

We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, and similar laws and regulations in various jurisdictions where we conduct activities, including the U.S. Foreign Corrupt Practices Act (“FCPA”), sanction laws and regulations imposed by the U.S., the European Union, the United Nation, the United Kingdom and Australia, and other anticorruption laws and regulations. A violation of these laws or regulations could adversely affect our business, financial condition, results of operations and prospects. In the ordinary course of business, we have direct or indirect interactions with officials and employees of government agencies and state-owned affiliated entities, which may expose us to a number of compliance-related risks and regulatory scrutiny. In addition, we may be exposed to fraud, bribery or other misconduct committed by our Directors, officers, employees, principal investigators, consultants and commercial partners that could subject us to financial losses and sanctions imposed by government authorities. Furthermore, sanctions laws and regulations are continually evolving, with new individuals and entities regularly being added to the list of sanctioned persons. New requirements or restrictions may be introduced, increasing regulatory scrutiny over our business, particularly in relation to our international expansion plans. If any of our future activities are deemed to violate applicable sanctions, our business and reputation could be materially and adversely affected.

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any instances of fraud, bribery, or other misconduct involving employees and other third parties that had any material and adverse impact on our business and results of operations. However, we cannot assure you that there will not be any such instances in future. We may be unable to prevent, detect or deter all such instances of misconduct, even though we consider our internal control policies and procedures to be adequate. Any such misconduct and/or non-compliance, whether previously undetected or occurring in the future, could have a material adverse effect on our business, financial performance and reputation. We may be subject to claims, fines or suspension of our operations. Negative publicity arising from actual or alleged misconduct by our Directors, officers, employees, or commercial partners could also adversely affect our reputation, sales activities, or the [REDACTED] and [REDACTED] of our H Shares.

We could be adversely affected as a result of any transactions we have with countries that are, or become subject to, sanctions administered by the Relevant Sanctions Authorities.

Certain countries or organizations, including the U.S., the EU, the UK, Australia and the UN, have implemented economic sanctions against Sanctioned Countries or against targeted industry sectors, groups of companies or persons, and/or organizations. During the Track Record Period, we entered into a license and distribution agreement with Cigalah Medpharm in relation to sebaloxavir marboxil oral formulations (including but not limited to tablets and suspension formulations). As of the Latest Practicable Date, sebaloxavir marboxil was not approved in the MENA region or any other overseas market. We cannot predict the interpretation or implementation of government policy at the U.S. federal, state or local levels or any policy by the EU, the UK, Australia, the UN and other applicable jurisdictions with respect to any current or future activities by us or our affiliates in these countries. Moreover, because sanctions programs evolve over time, new requirements or restrictions could come into effect which may increase scrutiny on our business or result in our business activities being deemed to violate sanctions. We cannot assure you that regulators will not take the position that our past, current or future activities globally constitute sanctionable activities or business. Our business and reputation could be adversely affected if the government of the United States, the EU, the UK, Australia, the UN or any other governmental entities were to determine that any of our activities constitute violations of the sanctions they impose. We cannot assure you that [REDACTED] who are subject to the jurisdictions of the U.S., the EU, the UK, Australia and/or other jurisdictions will be willing to make [REDACTED], or may divest their [REDACTED], in us, which may have an adverse impact on the [REDACTED] and the future prevailing [REDACTED] of

RISK FACTORS

our Shares, despite our commitment not to direct the [REDACTED] from the [REDACTED] and any other funds [REDACTED] through the Stock Exchange to [REDACTED] with Sanctioned Targets. While our immediate commercialization focus in the MENA region is primarily concentrated on Saudi Arabia and the UAE, which are not subject to comprehensive sanctions, certain other countries covered by the MENA License and Distribution Agreement may be subject to varying degrees of geopolitical instability or armed conflicts. Any escalation of geopolitical tensions, imposition of new sanctions or outbreak of armed conflicts in countries within the Territory could disrupt regulatory approval processes, impair market access, affect supply chain logistics or reduce patient demand, which could in turn adversely affect our commercialization plan for the Core Product in the MENA region.

RISKS RELATING TO OUR OPERATIONS

If we fail to effectively manage our anticipated growth or execute on our growth strategies, our business, financial condition, results of operations and prospects could suffer.

As part of our business strategy, we intend to advance clinical development and regulatory approval of our Core Product, continue to advance our drug candidates to diversify our product portfolio, maximize commercial value through flexible partnership and commercialization models and strengthen supply chain infrastructure and enhance R&D capabilities. For more details, see “Business — Business Strategies.” Managing our growth and executing on our growth strategies will require, among other things, our ability to continue to identify and develop promising drug candidates in the highly competitive global and Chinese biopharmaceutical market, effective coordination and integration of new facilities and new teams that we may develop, successful hiring and training of personnel, effective cost control, sufficient liquidity, effective and efficient financial and management control, effective quality control, and management of our suppliers to leverage our purchasing power. All of these endeavors will require substantial management attention and efforts and significant additional expenditures. We cannot assure you that we will be able to manage any future growth effectively and efficiently, and any failure to do so may materially and adversely affect our ability to capitalize on new business opportunities, which in turn may have a material and adverse effect on our business, financial condition, results of operations, and prospects.

Negative publicity and allegations involving us, our Shareholders, Directors, officers, employees and business partners may affect our reputation and, as a result, our brand, business, financial condition and results of operations may be negatively affected.

Any negative publicity concerning us, our affiliates or any entity using a similar brand name, our Shareholders, Directors, officers, employees and business partners, management, even if untrue, could adversely affect our reputation and business prospects. Such negative coverage in the media and publicity could threaten the perception of our reputation. To the extent our Shareholders, Directors, officers, employees and business partners were in compliance with any laws or regulations or became involved in lawsuits, disputes, or other legal proceedings or became subject to administrative measures, penalties or investigations by regulatory authorities, we may also suffer negative publicity or harm to our reputation. As a result, we may be required to spend significant time and incur substantial costs in response to allegations and negative publicity. In addition, any negative publicity about us could adversely affect our ability to maintain our existing collaboration arrangements or attract new collaboration partners, and we may not be able to diffuse such negative publicity to the satisfaction of our [REDACTED] and customers.

Our success depends on our key senior management members and our ability to attract, train, motivate and retain highly skilled personnel.

We may face challenges in recruiting and retaining qualified personnel in the future. We may be unable to retain existing talent or attract experienced individuals to fill critical roles, particularly as we expand our commercialization capabilities. The departure of one or more of our senior management or key clinical and scientific personnel, regardless of whether or not they join a competitor or form a competing company, may subject us to risks relating to replacing them in a timely manner or at all, which may disrupt our drug development progress and have a material and

RISK FACTORS

adverse effect on our business and results of operations. In addition, we will need to hire additional employees as we build and expand our commercialization team. We may not be able to attract and retain qualified employees on acceptable terms.

We may be involved in claims, disputes, litigation, arbitration or other legal proceedings in the ordinary course of business.

From time to time, we may be involved in claims, disputes and legal proceedings in our ordinary course of business. These may concern issues relating to, among others, product liability, environmental matters, breach of contract, employment or labor disputes and infringement of intellectual property rights. Claims, disputes or legal proceedings against us may be brought by our counterparties, such as our business partners, suppliers, CSOs, CDMOs, CROs and other service providers. Any claims, disputes or legal proceedings initiated by us or brought against us, with or without merit, may result in substantial costs and diversion of resources, and if we are unsuccessful, could lead to substantial damages payable by us and materially harm our reputation.

We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources.

We maintain insurance policies that are required under the PRC laws and regulations as well as based on our assessment of our operational needs and industry practice. In addition to employee social and medical insurances, our principal insurance policies also cover adverse events in clinical trials and product liability for our Core Product. We currently do not maintain insurance for environmental liability or property loss. For additional information, see “Business — Insurance.” According to CIC, our insurance policy is in line with the industry practice. Our insurance coverage may be insufficient to cover any claims that we may have. Any liability or damage to, or caused by, our facilities or our personnel beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources and may negatively impact our product development and overall operations.

Increased labor costs could result in exceeding expenses, slow our growth and negatively affect our ability to operate efficiently.

Since our operations are relatively labor-intensive and our operations, to a certain extent, require the use of technical skills and know-how of our employees, we have implemented a number of initiatives in an effort to attract, retain and motivate our qualified and competent staff. Our business may be adversely affected by labor shortages, rising labor costs, increased employee turnover, or changes in labor laws and regulations. In addition, share options and other share-based incentives granted under our existing or future share-based incentive plans could adversely affect our costs and our results of operations. In addition, we may face labor disputes with employees from time to time, which could result in settlement payments and operational disruptions. Such disputes may also damage our reputation, making it more difficult to attract and retain qualified personnel.

If we fail to make full contribution to the social insurance fund and housing provident fund, we may be subject to late fees, fines or other administrative penalties.

Pursuant to the PRC laws and regulations, we are required to participate in the employee social welfare plan administered by local governments. Such plan consists of pension insurance, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and housing provident fund. Any failure to make timely and adequate social welfare contribution for its employees may trigger an order of correction from competent authority requiring the employer to make up the full amount of such overdue social welfare contribution within a specified period of time, and the competent authority may further impose fines or penalties. As the PRC labor laws and regulations are still evolving, we cannot guarantee you that our employment practices and policies will at all times be deemed to be in full compliance with such laws and regulations. For example, during the Track Record Period, we have engaged certain third parties to make contributions to the social insurance fund and housing provident fund for three of our employees and we have not

RISK FACTORS

received any complaints or notices from our employees regarding such practice. During the Track Record Period, we have not been subject to any material administrative penalties from the competent authorities for violations of labor-related laws and regulations. In addition, introduction of new judicial interpretations or changes in regulatory guidance in the future may result in certain aspects of our operations being deemed not fully compliant with evolving labor laws and regulations, and we could be subject to related penalties, fines or legal fees and our business, financial condition and results of operations could be materially and adversely affected.

Product liability claims or lawsuits could cause us to incur substantial liabilities.

We face an inherent risk of product liability as a result of the clinical testing and any future commercialization of our drug candidates inside and outside China. For example, we may be sued if our drug candidates cause or are perceived to cause injury or material adverse side effects or are found to be otherwise unsuitable during clinical testing, manufacturing, marketing or sale. If we cannot successfully defend ourselves against or obtain indemnification from our collaborators for product liability claims, we may incur substantial liabilities or be required to postpone, restrict or cease commercialization of our drug candidates. Even successful defense would require significant financial and management resources. We purchase insurance to cover potential liability claims arising from our clinical studies and the commercialization of our Core Product, but we may not be able to maintain insurance coverage at a reasonable cost or obtain insurance coverage that will be adequate to satisfy all liabilities that may arise. If a successful product liability claims or series of claims is brought against us for uninsured liabilities or in excess of insured liabilities, our assets may not be sufficient to cover such claims and our business, financial condition and results of operations could be materially affected.

Any failure to comply with applicable laws and regulations and industry standards or obtain various licenses and permits could harm our reputation, business, financial condition, results of operations and prospects.

A number of governmental agencies or industry regulatory bodies in the PRC and other applicable jurisdictions impose strict rules, regulations and industry standards governing biopharmaceutical research and development activities. Our or our business partners’ failure to comply with such regulations could result in the termination of ongoing research, administrative penalties imposed by regulatory bodies or the disqualification of data for submission to regulatory authorities. Pursuant to relevant laws and regulations, we are required to obtain, maintain and renew various approvals, licenses, permits and certificates from relevant authorities to operate our business. Any failure to obtain or renew any approvals, licenses, permits and certificates necessary for our operations may result in enforcement actions including orders issued by the relevant regulatory authorities to take remedial actions, suspend our operations or impose fines and penalties which could materially and adversely affect our business, financial condition, results of operations and prospects. If the interpretation or implementation of laws and regulations is adjusted in the future or new regulations come into effect, or the criteria used in reviewing applications for, or renewals of permits, licenses and certificates change, we may be required to obtain any additional approvals, permits, licenses or certificates and we cannot assure you that we will be able to do so. Our failure to obtain the additional approvals, permits, licenses or certificates may restrict the conduct of our business, increase our costs, and in turn, adversely affect results of operations and prospects. Any government investigation of alleged violations of laws could cost significant time and resources in response and generate negative publicity. Any failure to comply with ongoing regulatory requirements may significantly and adversely affect our ability to commercialize our product. If regulatory sanctions are applied or if regulatory approval is withdrawn, the value of our Company and our results of operations will be adversely affected.

RISK FACTORS

Business disruptions could seriously harm our future revenue and financial condition and increase our costs and expenses.

Our operations, and those of our business partners, including third-party research institution collaborators, suppliers, contractors and consultants, could be subject to natural or man-made disasters or business interruptions. Specifically, we rely on CROs for conducting research and development of our drug candidates, CSO for selling our sebaloxavir marboxil tablets and CDMO for the manufacturing of sebaloxavir marboxil tablets and other drug candidates for clinical development, and they may be affected by such business interruptions. The occurrence of any of these business disruptions could seriously affect our ability to obtain supplies of our drug candidates, harm our operations and financial condition and could increase our costs and expenses. Damage or extended periods of interruption to our corporate, development, research or manufacturing facilities due to fire, natural disaster, power loss, communications failure, unauthorized entry or other events could cause us to cease or delay development or commercialization of some or all of our drug candidates. Our insurance might not cover all losses under such circumstances and our business may be seriously harmed by such delays and disruptions.

Changes in the political relationships between the PRC and other countries and international trade policies, may adversely affect our business operations.

We are focusing our activities in China while pursuing global opportunities. China’s political relationships with foreign countries and regions may affect our development of drug candidates and the commercialization of sebaloxavir marboxil tablets and other drug candidates, upon approval, in foreign countries.

For example, on February 21, 2025, U.S. President Donald J. Trump issued a memo entitled the “America First Investment Policy” (the “**America First Memo**”), outlining the ongoing review and consideration of potential new or expanded restrictions on U.S. outbound investment in the PRC in sectors such as semiconductors, artificial intelligence, quantum, biotechnology, hypersonics, aerospace, advanced manufacturing and directed energy. The America First Memo also contemplates potential restrictions on investments in publicly traded securities by pension funds, university endowments and other limited partner investors. Escalating trade and political tensions or unfavorable government policies may undermine the competitive position of our approved drugs or adversely impact the clinical development and commercialization of our other drugs overseas.

In addition, rising geopolitical friction, increased regulatory scrutiny, or adverse policy shifts may affect our current and future relationships with Shareholders and business partners, the provision of research and development and other services, the supply of materials and products, the recruitment of scientists and R&D personnel and the import or export of raw materials used in drug development. Such developments may also prevent us from generating revenue from sebaloxavir marboxil tablets, our future approved drugs and other drug candidates in certain markets. If new tariffs, policies, legislation, or regulations are introduced, or if existing trade agreements are renegotiated, these changes could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may be subject to natural disasters, health epidemics, acts of war or terrorism or other factors beyond our control.

Our operations may be under the threat of natural disasters, such as floods, earthquakes, sandstorms, snowstorms, fire or drought, the outbreak of a widespread health epidemic, such as swine flu, avian influenza, severe acute respiratory syndrome (SARS), influenza A (H1N1), Ebola, Zika, COVID-19, other factors beyond our control, such as power, water or fuel shortages, failures, malfunction and breakdown of information management systems, unexpected maintenance or technical problems, or are susceptible to potential wars or terrorist attacks. Any of these factors and other factors beyond our control could cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial condition and results of operations.

RISK FACTORS

We may be restricted from transferring our scientific data abroad.

On March 17, 2018, the General Office of the State Council promulgated the Measures for the Management of Scientific Data (《科學數據管理辦法》) (the “**Scientific Data Measures**”), under which enterprises in China must seek governmental approval before any scientific data involving a state secret may be transferred abroad or to foreign parties. Further, any researcher conducting research funded at least in part by the Chinese government is required to submit relevant scientific data for management by the entity to which such researcher is affiliated before such data may be published in any foreign academic journal. Given the term state secret is not clearly defined, if and to the extent our research and development of drug candidates will be subject to the Scientific Data Measures and any subsequent laws as required by the relevant government authorities, we cannot assure you that we can always obtain relevant approvals for sending scientific data (such as the results of our preclinical studies or clinical trials conducted within China) abroad or to our foreign partners in China. If we are unable to obtain necessary approvals in a timely manner, or at all, our research and development of drug candidates may be hindered, which may materially and adversely affect our business, financial condition, results of operations and prospects. If the relevant government authorities consider the transmission of our scientific data to be in violation of the requirements under the Scientific Data Measures, we may be subject to fines and other administrative penalties imposed by those government authorities. In addition, according to the Administration of Human Genetic Resources (《人類遺傳資源管理條例》) promulgated in May 2019 and the PRC Biosecurity Law (《中華人民共和國生物安全法》) promulgated in October 2020, if any scientific data falls within the scope of Chinese human genetic resources, any transfer of such data outside of China will be subject to the prior approval of the PRC Ministry of Science and Technology. There can be no assurance that we will be able to obtain such approval in a timely manner, or at all.

Restrictions on currency exchange may limit our ability to utilize our revenue effectively in the future.

The PRC government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of China. Shortages in availability of foreign currency may then restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to our offshore entities for our offshore entities to pay dividends or make other payments or otherwise to satisfy our foreign-currency-denominated obligations. The RMB is currently convertible under the “current account,” which includes dividends, trade and service-related foreign exchange transactions, but not under the “capital account,” which includes foreign direct investment and foreign currency debt. However, the relevant PRC governmental authorities may limit or eliminate our ability to purchase foreign currencies in the future for current account transactions. Foreign exchange transactions under the capital account remain subject to limitations and require approvals from, or registration with, SAFE and other relevant PRC governmental authorities. This could affect our ability to obtain foreign currency through debt or equity financing for our subsidiaries.

[REDACTED] of our H Shares may be subject to PRC income tax obligations.

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares.

Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the income derived in China under the PRC Individual Income Tax Law (the “**IIT Law**”) and its implementation guidelines. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. However, pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》) (Cai Shui Zi [1994] No. 020) issued by the MOF and SAT on May 13, 1994, the income gained by individual foreigners from dividends and bonuses of enterprises with foreign investment are exempted from individual income tax for the time being. In addition, under the IIT Law and its implementation regulations, non-PRC resident individual

RISK FACTORS

holders of H shares are subject to individual income tax at a rate of 20% on gains realized upon the sale or other disposition of H shares. However, pursuant to the Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui Zi [1998] No. 61) issued by the MOF and the SAT on March 30, 1998, from January 1, 1997, the income of individuals from the transfer of the shares of listed enterprises continues to be exempted from individual income tax.

As of the Latest Practicable Date, no aforesaid provisions had expressly provided that individual income tax shall be levied on non-PRC resident individual [REDACTED] on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges. However, there is no assurance that the PRC tax authorities will not levy income tax on non-PRC resident individual [REDACTED] on gains from the sale of H shares.

For non-PRC resident enterprises that do not have establishments or premises in China, and for those that have establishments or premises in China but whose income is not related to such establishments or premises, under the PRC Enterprise Income Tax Law and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are subject to PRC enterprise income tax at a 10% rate. In accordance with the Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) issued by SAT on November 6, 2008, the withholding tax rate for dividends payable to non-PRC resident enterprise [REDACTED] of H Shares will be 10% and we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise [REDACTED] of our H Shares (including [REDACTED]). Non-PRC resident enterprises (or other non-PRC owners [REDACTED] H shares through non-PRC enterprises) that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities’ approval.

The interpretation and application of applicable PRC tax laws and regulations by the competent tax authorities shall be in accordance with the then effective laws and regulations, and new taxes may be imposed which may materially and adversely affect the value of your [REDACTED] in our H Shares.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing original actions in China against us or our management.

We are a joint stock company incorporated in China. In addition, most of our Directors and senior management personnel reside within Chinese Mainland. Therefore, it may be difficult for [REDACTED] to directly effect service of legal process upon us or our Directors and senior management personnel in the PRC. Judgment rendered by a Hong Kong court can generally be recognized and enforced in Chinese Mainland even if the parties in the dispute do not enter into a choice of court agreement in writing. However, we cannot guarantee that all judgments made by Hong Kong courts will be recognized and enforced in Chinese Mainland, as whether a specific judgment will be recognized and enforced is still subject to a case-by-case examination by the relevant court.

RISKS RELATING TO THE [REDACTED]

There has been no [REDACTED] for our H Shares and their [REDACTED] and [REDACTED] following the [REDACTED] may be volatile.

Prior to the completion of the [REDACTED], there has been no [REDACTED] for our H Shares. There can be no guarantee that an active [REDACTED] for our H Shares will develop or be sustained after the completion of the [REDACTED]. The [REDACTED] of our H Shares may drop below the [REDACTED] at any time after completion of the [REDACTED].

RISK FACTORS

The [REDACTED] of our H Shares may be volatile, which could result in substantial losses to you.

The [REDACTED] of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control. Pursuant to the applicable PRC law, within one year following the [REDACTED], all existing Shareholders (including the Pre-[REDACTED] Investors) could not dispose of any of the Shares held by them. Due to such lock-up requirement, the [REDACTED] and [REDACTED] of the H Shares in the short term following the [REDACTED] may be significantly affected. These factors may significantly affect the [REDACTED] and [REDACTED] of our H Shares, regardless of our actual operating performance.

Future [REDACTED] or perceived [REDACTED] of substantial amounts of our H Shares in the [REDACTED] could have a material and adverse effect on the [REDACTED] of our H Shares and our ability to raise additional [REDACTED] in the future.

The [REDACTED] of our H Shares could decline as a result of future [REDACTED] of a substantial number of our H Shares or other securities relating to our H Shares in the [REDACTED], the issuance of [REDACTED] or other securities, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our securities, including any future [REDACTED], could also materially and adversely affect our ability to raise [REDACTED] at a specific time and on terms favorable to us. In addition, our Shareholders may experience [REDACTED] in their holdings if we [REDACTED] more [REDACTED] in the future. [REDACTED] or [REDACTED] by us may also confer rights and privileges that take priority over those conferred by the H Shares.

You will incur immediate and substantial dilution and may experience further [REDACTED] if we [REDACTED] additional [REDACTED] in the future.

The [REDACTED] of the [REDACTED] is higher than the net tangible asset value per Share immediately prior to the [REDACTED]. Therefore, purchasers of the [REDACTED] in the [REDACTED] will experience an immediate [REDACTED] in [REDACTED] consolidated net tangible asset value. To expand our business, we may consider [REDACTED] and [REDACTED] additional [REDACTED] in the future. [REDACTED] of the [REDACTED] may experience [REDACTED] in the net tangible asset value per Share of their Shares if we [REDACTED] additional shares in the future at a [REDACTED] that is lower than the net tangible asset value per Share at that time.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any amount of dividends in the future.

Our ability to declare future dividends will depend on the availability of dividends, if any, received from us and our subsidiaries. Under PRC law and the constitutional documents of our PRC operating subsidiaries, dividends may be paid only out of distributable profits, which refer to after-tax profits as determined under PRC GAAP less any recovery of accumulated losses and required allocations to statutory capital reserve funds. Any distributable profits that are not distributed in a given year are retained and become available for distribution in subsequent years. In addition, as stipulated by our Articles, distributable profits are recognized as our after-tax profit determined under PRC GAAP or IFRS Accounting Standards, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, our Company and our subsidiaries may not be able to pay a dividend in a given year if our Company or our subsidiaries do not have distributable profits as determined under PRC GAAP even if they have profits as determined under IFRS Accounting Standards. See “Financial Information — Dividends” for details of our dividend policy. Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will have sufficient or any profits to distribute dividends to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable.

RISK FACTORS

Our Single Largest Group of Shareholders has substantial influence over the Company, and their interests may not always be aligned with the interests of our other Shareholders.

Our Single Largest Group of Shareholders collectively has significant influence in determining the outcome of any corporate transaction or other matter submitted to the Shareholders for approval, including but not limited to mergers, privatizations, consolidations and the sale of all, or substantially all, of our assets, election of directors, and other significant corporate actions. Immediately following the completion of the Share Subdivision and the [REDACTED], our Single Largest Group of Shareholders will be together entitled to control in aggregate approximately [REDACTED]% of our total issued share capital and thus remain as the Single Largest Group of Shareholders upon [REDACTED]. The interests of Single Largest Group of Shareholders might differ from the interests of our other Shareholders. Any conflict of interest between Single Largest Group of Shareholders and our other Shareholders may materially and adversely affect aspects such as the decision and implementation of our business plans, which may, in turn, affect our operations and prospects.

Certain facts, forecasts and statistics in this document relating to the biopharmaceutical industry are derived from official government sources and may not be fully reliable.

Certain statistics, information and data contained in this document relating to China and elsewhere in the world, and the industry in which we operate have been derived from various official government publications. We cannot guarantee the quality or reliability of such source materials. They have not been prepared or independently verified by us, the Sole Sponsor, [REDACTED] or any of their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such statistics, information and data, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods and analysis or discrepancies between published information and market practice, such statistics, information and data in this document may be inaccurate or may not be comparable to statistics, information and data produced with respect to other economies. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. In all cases, [REDACTED] should give consideration as to how much weight or importance they should attach to or place on such facts.

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, and growth opportunities for existing operations, plans and objectives of management, certain [REDACTED] information, and other matters. The words “will,” “expect,” “anticipate,” “estimate,” “believe,” “going forward,” “ought to,” “may,” “seek,” “should,” “intend,” “plan,” “projection,” “could,” “vision,” “goals,” “objective,” “target,” “schedule,” “predict,” “aim,” “intend,” “consider,” “would,” “continue” and “outlook” and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements should be considered in light of various important factors, including those set out in “Risk Factors” in this document. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

You should only rely on the information included in this document to make your [REDACTED] decision, and we strongly caution you not to rely on any information in press articles or other media coverage relating to us, our Shares or the [REDACTED].

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the [REDACTED]. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

RISK FACTORS

such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness, or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and you should not rely on such information.