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You should read the following discussion and analysis in conjunction with our historical financial information, together with the accompanying notes, included in the Accountants’ Report set out in Appendix I to this document. Our historical financial information has been prepared in accordance with IFRS Accounting Standards, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants’ Report and not rely solely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, our actual performance may differ materially from those anticipated in these forward-looking statements, as a result of various risks and uncertainties over which we do not have full control. For details, see “Forward-looking Statements” and “Risk Factors.”

OVERVIEW

Founded in 2018, we are a commercial stage biopharmaceutical company dedicated to discovering, developing and commercializing innovative therapeutics that address medical needs with limited available therapies across viral infectious diseases, oncology, and inflammatory disorders. We have one Core Product, sebaloxavir marboxil tablets, which is an inhibitor targeting the influenza virus polymerase acidic protein (“PA”) endonuclease. It has obtained its NDA approval from NMPA in July 2025 for the treatment of adult influenza and subsequently obtained NDA approval for the treatment of adolescent patients in June 2026; and we are also developing post-exposure prophylaxis. The market of development and commercialization of innovative antiviral drugs is highly competitive. For details, please see “Risk Factors — “Risks Relating to the Development of Our Drug Candidates — We may face intense competition and rapid technological change and the possibility that our competitors may develop drugs and therapies that are similar, more advanced, or more effective than ours, which may adversely affect our financial condition and our ability to successfully commercialize our drug candidates”.

As of the Latest Practicable Date, we have developed a pipeline of six proprietary drug assets, including our commercialized anti-influenza sebaloxavir marboxil tablets, a late clinical stage sebaloxavir marboxil for suspension targeting pediatric influenza patients, a phase 1 stage selective ectonucleotide pyrophosphatase/phosphodiesterase 1 (“ENPPI”) ZX-8177 for the treatment of solid tumors, which is also at the IND filing stage for the treatment of hypophosphatasia (“HPP”), and an IND-enabling stage DNA polymerase inhibitor ZX-12042B for the treatment of human papillomavirus (“HPV”) infections. We also have two preclinical stage drug candidates targeting herpes simplex virus (“HSV”) infections and autoimmune diseases.

During the Track Record Period, our revenue was primarily generated from sales of our Core Product, sebaloxavir marboxil tablets, which was approved by NMPA in July 2025 and commercially launched in October 2025. As sales of our sebaloxavir marboxil tablets are expected to ramp up, alongside its successful expansion of indications and the anticipated approvals of our drug candidates, our revenue is expected to increase significantly and become more diversified.

BASIS OF PRESENTATION AND PREPARATION

Our historical financial information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (the “IASB”). For the purpose of preparing the historical financial information, we have adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. For details, see note 1 to the Accountants’ Report as set out in Appendix I to this document.

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KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, many of which may be beyond our control. A discussion of the key factors is set out below.

Our Ability to Compete Effectively and Increase the Market Share of Our Products

Our ability to sustain and grow our business depends on the competitiveness of our products and our capacity to maintain or expand their market positions in both domestic and international markets. The pharmaceutical industry in China and globally is highly competitive; factors such as pricing, product quality, brand recognition, and distribution capabilities may influence customer procurement decisions and therefore affect the sales performance of our products. Consequently, our revenue and profitability may fluctuate depending on how effectively our products compete within their respective markets and whether we can successfully maintain or expand their market share.

Sebaloxavir marboxil tablets, our Core Product, was the first and only commercialized product in our pipeline. It was approved by the NMPA in July 2025 and was launched in October in the same year. During the Track Record Period, we primarily generated revenue from sales of our Core Product. In 2025 and the six months ended June 30, 2026, we recorded revenue of RMB5.3 million and RMB2.5 million, respectively. The advancement and approval of our Core Product evidence our strong R&D capabilities, high product quality, and marketing capabilities. The future performance of our products, including the Core Product, will continue to depend on our ability to compete within the market. Changes in market dynamics or competitive positioning may influence sales volumes and market share, which could in turn affect our business, financial condition, and results of operations.

In addition, NRDL inclusion would influence market dynamics by determining patient access to insurance reimbursement for covered medications, thereby affecting both demand patterns and achievable pricing levels. Consequently, the inclusion or exclusion of a product in or from any of these medical insurance programs may significantly affect the demand for such product in China. Our Core Product was not yet included in the NRDL as of the Latest Practicable Date. We plan to participate in the next round of NRDL negotiation for sebaloxavir marboxil tablets, which is expected to take place at the end 2026.

Our Ability to Successfully Develop and Commercialize Our Drug Candidates

Our future financial performance depends significantly on our ability to expand the additional indication and formulation for sebaloxavir marboxil, and to successfully develop and commercialize our pipeline of drug candidates.

We are developing two distinct tablet forms of sebaloxavir marboxil, among which one formulation, the tablets form, is our Core Product. We are also exploring age expansion for sebaloxavir marboxil tablets to cover adolescent influenza patients. We have expanded the indication of sebaloxavir marboxil tablets to cover adolescent influenza patients, for which we obtained NDA approval from the NMPA in June 2026. We submitted the NDA application for sebaloxavir marboxil suspension formulation to the NMPA in June 2026, which was accepted by the NMPA in July 2026 and is currently under review. For both formulations, we are evaluating opportunities to expand their indications to post-exposure prophylaxis. For details, please see “Business — Our Drug Portfolio — Sebaloxavir Marboxil (ZX-7101A): An Anti-Influenza Therapy Featuring Dual Formulations including our Commercialized Core Product — Sebaloxavir Marboxil Tablets.”

Beyond sebaloxavir marboxil, our pipeline includes four drug candidates, including ZX-8177 in clinical stage, ZX-12042B in IND-enabling stage, as well as ZX-15002 and ZX-14000 in pre-clinical stage. For details, see “Business — Our Drug Portfolio.” The ability of our drug candidates to demonstrate favorable safety and efficacy profiles in clinical trials, and to obtain timely regulatory

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approvals, is critical to our ability to diversify revenue streams and achieve sustainable growth. Any delays in the development or approval processes could materially impact our business and financial results.

Operating Expenses

Our results of operations are significantly affected by our cost structure, which is primarily driven by research and development costs.

As part of our core strategy, we are committed to ongoing investment in the R&D of our Core Product, sebaloxavir marboxil tablets, and to support the advancement and expansion of our drug candidates. Consequently, we have dedicated considerable financial resources to advancing the R&D of our clinical, non-clinical and discovery drug candidates. Our current research and development activities mainly relate to drug discovery, preclinical studies and clinical trials, as well as CMC of our drug candidates. As a result, our research and development costs primarily consist of trial and testing expenses, staff costs, depreciation and amortization and others. 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, accounting for 82.9%, 75.8%, 86.2% and 61.8% in terms of our total operating expenses (including our research and development costs, selling expenses and administrative and other operating expenses) for the same period respectively. We anticipate that our research and development costs will continue to rise in the foreseeable future as we pursue new indications and formulations for our Core Product and advance our pipeline of drug candidates.

Funding for Our Operations

During the Track Record Period, we funded our operations primarily through proceeds from pre-[REDACTED] investments and bank borrowings. Going forward, we expect to primarily fund our operations with cash on hand, as well as funds generated from sales of our Core Product, and sales of our other drug candidates following their anticipated approval in the future. However, with the continuing expansion of our business and product pipelines, we may require further funding through public or private [REDACTED], debt financing, collaboration arrangements and licensing arrangements or other funding sources. Any fluctuation in the funding for our operations will impact our cash flow and our results of operations.

Seasonality

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. This seasonal pattern is expected to result in fluctuations in our operating results.

MATERIAL ACCOUNTING POLICIES AND CRITICAL JUDGMENTS AND ESTIMATES

The preparation of historical financial statements in conformity with IFRS Accounting Standards requires our management to make judgments, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Such judgments, estimates and assumptions are continually evaluated and are based on historical experience and various other factors, including expectations of future events, that are believed to be reasonable under the circumstances, from which our actual results may differ. For details, please see note 2 and 3 to the Accountants’ Report set out in Appendix I to this document.

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DESCRIPTION OF SELECTED COMPONENTS OF THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth a summary of our consolidated statements of profit or loss for the periods indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future year or period.

	For the year ended December 31,		For the six months ended June 30,	
	2024	2025	2025	2026
	<i>(RMB in thousands)</i>			
Revenue	—	5,314	—	2,514
Cost of sales	—	(479)	—	(756)
Gross profit	—	4,835	—	1,758
Other income	26,598	306	222	13,507
Other net gain	1,878	3,046	1,448	1,177
Selling expenses	(6,531)	(9,734)	(3,513)	(5,799)
Administrative and other operating expenses	(14,073)	(26,116)	(6,758)	(20,699)
Research and development costs	(100,003)	(112,121)	(64,325)	(42,789)
(Provision for)/reversal of impairment loss on receivables	(1)	(23)	2	18
Loss from operations	(92,132)	(139,807)	(72,924)	(52,827)
Finance income	214	416	166	207
Finance costs	(2,590)	(3,500)	(1,448)	(1,041)
Net finance costs	(2,376)	(3,084)	(1,282)	(834)
Remeasurement of redemption liabilities	(50,887)	(66,293)	(31,233)	(37,115)
Loss before taxation	(145,395)	(209,184)	(105,439)	(90,776)
Income tax	—	(84)	(15)	(17)
Loss for the year/period	(145,395)	(209,268)	(105,454)	(90,793)

Revenue

We primarily engaged in the research, development and commercialization of pharmaceutical products. In July 2025, sebaloxavir marboxil tablets were approved by NMPA for the treatment of influenza in adults and was commercially launched in October 2025. Since then, we began to generate revenue from sales of our Core Product, sebaloxavir marboxil tablets.

During the Track Record Period, our revenue was primarily generated from sales of pharmaceutical products, namely sebaloxavir marboxil tablets. To a lesser extent, we also generated revenue from drug registration assistance service pursuant to the MENA License and Distribution Agreement, including assistance to Cigalah Medpharm to obtain regulatory approval in the Territory. For details, please see “Business — Commercialization — Overseas Markets — MENA License and Distribution Agreement with Cigalah Medpharm for Sebaloxavir Marboxil Oral Formulations.” In 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded revenue of nil, RMB5.3 million, nil and RMB2.5 million, respectively. As sales of our sebaloxavir marboxil tablets ramp up alongside its approval in the MENA region, we expect our revenue will significantly increase.

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The following table sets forth a breakdown of our revenue by business for the periods indicated.

	For the year ended December 31,				For the six months ended June 30,			
	2024	2025	2025	2026	2025	2026	2025	2026
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
					(unaudited)			
Sales of pharmaceutical products	—	—	4,959	93.3	—	—	2,168	86.2
Drug registration assistance service	—	—	355	6.7	—	—	346	13.8
Total	—	—	5,314	100.0	—	—	2,514	100.0

Cost of Sales

During the Track Record Period, our cost of sales primarily consisted of (i) raw material costs in connection with our sebaloxavir marboxil tablets, (ii) manufacturing overheads, primarily comprising fees paid to our CDMOs for manufacturing of our sebaloxavir marboxil tablets, (iii) provision for write-down of inventories and (iv) others, mainly include logistics and insurance costs in connection with the distribution of our sebaloxavir marboxil tablets. We recorded cost of sales of nil, RMB0.5 million, nil and RMB0.8 million in 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

The following table sets forth a breakdown of our cost of sales by nature for the periods indicated.

	For the year ended December 31,				For the six months ended June 30,			
	2024	2025	2025	2026	2025	2026	2025	2026
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
					(unaudited)			
Raw material costs	—	—	273	56.9	—	—	102	13.5
Manufacturing overheads	—	—	202	42.1	—	—	91	12.0
Provision for write-down of inventories	—	—	—	—	—	—	561	74.2
Others	—	—	5	1.0	—	—	2	0.3
Total	—	—	479	100.0	—	—	756	100.0

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales, and our gross profit margin represents our gross profit as a percentage of our revenue. We did not record gross profit or gross profit margin in 2024 and the six months ended June 30, 2025. In 2025, we recorded gross profit of RMB4.8 million and gross profit margin of 91.0%. In addition, in the six months ended June 30, 2026, we recorded gross profit of RMB1.8 million and gross profit margin of 69.9%. The decrease in our gross profit margin in the six months ended June 30, 2026 was primarily due to the inventory write-down. See “— Description of Selected Components from the Consolidated Statements of Financial Position — Inventories” for details.

Other Income

During the Track Record Period, our other income mainly consisted of (i) government grants, primarily comprising one-off subsidies received from local governments and authorities in connection with our research and development milestones, science and technology project initiatives, talent acquisition efforts and other miscellaneous subsidies. There were no unfulfilled conditions or contingencies relating to such grants as of the Latest Practicable Date, and (ii) others, primarily including other allowances we received from time to time. We recorded other income of RMB26.6 million, RMB0.3 million, RMB0.2 million and RMB13.5 million in 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

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Other Net Gain

During the Track Record Period, our other net gain mainly consisted of (i) net realized and unrealized gain on financial assets measured at FVPL, mainly represented income arising from the investment in structured deposits and short-term wealth management products, (ii) net loss or gain on disposal of property, plant and equipment associated with our laboratory equipment, mainly due to office relocation and (iii) net foreign exchange gain or loss, primarily due to the fluctuation between U.S. dollars and RMB.

The following table sets forth a breakdown of our other net gain for the periods indicated.

	For the year ended December 31,		For the six months ended June 30,	
	2024	2025	2025	2026
	<i>(RMB in thousands)</i>			
	<i>(unaudited)</i>			
Net realized and unrealized gain on financial assets measured at FVPL . .	2,041	3,158	1,474	1,239
Net (loss)/gain on disposal of property, plant and equipment	(190)	1	—	(4)
Net foreign exchange gain/(loss).	27	(113)	(26)	(58)
Total	1,878	3,046	1,448	1,177

Research and Development Costs

During the Track Record Period, our research and development costs primarily consisted of (i) staff costs, primarily for our R&D personnel, (ii) trial and testing expenses, primarily including fees related to trial sites and CROs, (iii) depreciation and amortization, and (iv) others, primarily consisted of documentation and miscellaneous fees related to R&D.

The following table sets forth a breakdown of our research and development costs in absolute amounts and as percentages of the total research and development costs for the periods indicated.

	For the year ended December 31,				For the six months ended June 30,			
	2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>							
Staff costs	30,138	30.1	29,033	25.9	15,097	23.5	20,744	48.5
Trial and testing expenses	58,449	58.5	75,502	67.3	45,414	70.6	18,850	44.1
Depreciation and amortization . .	2,695	2.7	614	0.5	402	0.6	221	0.5
Others	8,721	8.7	6,972	6.3	3,412	5.3	2,974	6.9
Total	100,003	100.0	112,121	100.0	64,325	100.0	42,789	100.0

The following table sets forth a breakdown of our research and development costs by drug and drug candidates in absolute amounts and as percentages of the total research and development costs for the periods indicated.

	For the year ended December 31,				For the six months ended June 30,			
	2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>							
Sebaloxavir marboxil tablets (the Core Product).	82,323	82.3	75,602	67.4	57,709	89.7	12,545	29.3
Sebaloxavir marboxil suspension	—	—	23,124	20.6	1,364	2.1	12,237	28.6
ZX-8177	4,425	4.4	3,214	2.9	919	1.4	6,034	14.1
ZX-12042B.	3,425	3.4	3,197	2.9	1,689	2.6	3,422	8.0
ZX-15002.	—	—	1,052	0.9	—	—	4,043	9.4
ZX-14000.	—	—	3,815	3.4	1,462	2.3	3,197	7.5
Others	9,830	9.9	2,117	1.9	1,182	1.9	1,311	3.1
Total	100,003	100.0	112,121	100.0	64,325	100.0	42,789	100.0

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In 2024, 2025 and the six months ended June 30, 2025 and 2026, our research and development costs incurred for our Core Product, sebaloxavir marboxil tablets, amounted to RMB82.3 million, RMB75.6 million, RMB57.7 million and RMB12.5 million, respectively, representing 82.3%, 67.4%, 89.7% and 29.3% of our total research and development costs for the same periods. The decrease in our research and development costs incurred for our Core Product from the six months ended June 30, 2025 to the six months ended June 30, 2026 was primarily attributable to the different stages of clinical development activities for the expansion of indications of sebaloxavir marboxil tablets. During the six months ended June 30, 2025, we incurred higher clinical trial expenses in relation to the adolescent indication expansion, as the relevant clinical trial was ongoing during such period. During the six months ended June 30, 2026, the clinical trial for the adolescent indication expansion had been completed, and the related clinical development activities and expenses decreased accordingly. The movement of our research and development costs incurred for our Core Product during the Track Record Period was primarily in line with the progress of its clinical development and indication expansion activities. We may continue to incur substantial costs and expenses in relation to R&D activities for our drug candidates. For details, see “Business — Research and Development.”

Selling Expenses

During the Track Record Period, our selling expenses primarily consisted of (i) staff costs, primarily for our sales and marketing personnel, (ii) marketing and promotion expenses, mainly related to academic conference for promoting our Core Product along with its commercialization, (iii) travel expenses, and (iv) others, primarily consist of depreciation and amortization.

The following table sets forth a breakdown of our selling expenses in absolute amounts and as percentages of the total selling expenses for the periods indicated.

	For the year ended December 31,				For the six months ended June 30,			
	2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
					(unaudited)			
Staff costs	3,572	54.7	4,757	48.9	2,212	63.0	3,749	64.6
Marketing and promotion expenses	2,597	39.8	4,433	45.5	1,105	31.4	1,871	32.3
Travel expenses	209	3.2	191	2.0	65	1.9	108	1.9
Others	153	2.3	353	3.6	131	3.7	71	1.2
Total	6,531	100.0	9,734	100.0	3,513	100.0	5,799	100.0

Administrative and Other Operating Expenses

During the Track Record Period, our administrative and other operating expenses primarily consisted of (i) [REDACTED] expenses, mainly associated with our proposed [REDACTED], (ii) staff costs, primarily for our administrative personnel, (iii) depreciation and amortization, (iv) office expenses, which primarily include office expenses and property management expenses, (v) professional service fees, primarily including intellectual property filing and maintenance fees, as well as legal consulting fees for our Pre-[REDACTED] investments, (vi) travel and conference expenses, which mainly represented traveling and conference-related expenses incurred for general purpose, and (vii) others, which primarily consist of hiring and training fees, as well as miscellaneous fees.

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The following table sets forth a breakdown of our administrative and other operating expenses in absolute amounts and as percentages of the total administrative and other operating expenses for the periods indicated.

	For the year ended December 31,				For the six months ended June 30,			
	2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
					(unaudited)			
[REDACTED]	—	—	9,415	36.1	—	—	9,198	44.4
Staff costs	9,059	64.4	9,008	34.5	3,773	55.8	7,483	36.2
Depreciation and amortization	726	5.2	1,827	7.0	687	10.2	1,484	7.2
Office expenses	647	4.6	1,134	4.3	746	11.0	1,020	4.9
Professional service fees	2,028	14.4	2,904	11.1	1,077	15.9	891	4.3
Travel and conference expenses	551	3.9	587	2.2	193	2.9	284	1.4
Others	1,062	7.5	1,241	4.8	282	4.2	339	1.6
Total	14,073	100.0	26,116	100.0	6,758	100.0	20,699	100.0

(Provision for)/reversal of Impairment Loss on Receivables

Our (provision for)/reversal of impairment loss on receivables represents provisions or reversals of impairment on trade receivables and other receivables. Impairment loss on receivables is associated with trade receivables and other receivables that remain unsettled by applying the expected credit loss model following applicable accounting standards. In 2024 and 2025, our provision for impairment loss on receivables amounted to RMB1.0 thousand and RMB23.0 thousand. In comparison, in the six months ended June 30, 2025 and 2026, our reversal of impairment loss on receivables amounted to RMB2.0 thousand and RMB18.0 thousand, respectively.

Net Finance Costs

During the Track Record Period, our net finance costs consist of (i) interest income from bank deposits, (ii) interest expenses on bank loans, (iii) interest expenses on capital advances, and (iv) interest expenses on lease liabilities. In 2024, 2025 and the six months ended June 30, 2025 and 2026, our net finance costs amounted to RMB2.4 million, RMB3.1 million, RMB1.3 million and RMB0.8 million, respectively.

Remeasurement of Redemption Liabilities

Our remeasurement of redemption liabilities related to the special rights granted to our Pre-[REDACTED] Investors for their Pre-[REDACTED] Investments into us. 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. For details, please see “History and Corporate Structure — Pre-[REDACTED] Investments” and note 25 to the Accountants’ Report set out in Appendix I to this document.

Income Tax

In 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded income tax of nil, RMB84.0 thousand, RMB15.0 thousand and RMB17.0 thousand, respectively. We recorded income tax in 2025 and the six months ended June 30, 2026 mainly associated with certain subsidiaries of our Group with taxable income.

We are subject to income tax at the following rates on an entity basis on profits arising in or derived from the jurisdictions in which we are domiciled and operated.

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Chinese Mainland

Pursuant to the existing legislation, interpretations and practices, the income tax provision of some of our entities in Chinese mainland was calculated at the statutory tax rate of 25% on the estimated assessable profits during the Track Record Period. Pursuant to the relevant laws and regulations, certain of our subsidiaries were qualified as small and micro enterprise. As such, they entitled to the preferential tax rate of 20%. Currently, we are preparing to apply for the qualification for high-tech enterprises, and therefore a preferential tax rate of 15% will be used to calculate the corresponding income tax if we are able to obtain such qualification. For details of preferential tax treatments enjoyed by our Company and our subsidiaries during the Track Record Period, see note 7 to the Accountants’ Report in Appendix I to this document.

United States

Our subsidiary incorporated in the U.S. is subject to Federal Tax at a rate of 21% and State Profits Tax at a rate of 8.84%. Operations in the U.S. have incurred net accumulated operating losses for income tax purposes, and no income tax provisions had been made in 2024, 2025 and the six months ended June 30, 2026.

Loss for the Year/Period

As a result of the foregoing, 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.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2026 Compared to Six Months Ended June 30, 2025

Revenue

We recorded revenue of RMB2.5 million in the six months ended June 30, 2026, primarily from sales of our sebaloxavir marboxil tablets following its commercial launch in October 2025. To a lesser extent, we also generated revenue from drug registration assistance service for sebaloxavir marboxil tablets pursuant to the MENA License and Distribution Agreement. For details, please see “Business — Commercialization — Overseas Markets — MENA License and Distribution Agreement with Cigalah Medpharm for Sebaloxavir Marboxil Oral Formulations.”

Cost of Sales

We recorded cost of sales of RMB0.8 million in the six months ended June 30, 2026, primarily include (i) RMB0.6 million of provision for write-down of inventories in connection with certain pre-commercialization NDA inspection batches approaching expiry; (ii) RMB0.1 million of raw material costs, mainly associated with our sebaloxavir marboxil tablets; and (iii) RMB91 thousand of manufacturing overheads, representing fees paid to CDMOs for the manufacturing of our sebaloxavir marboxil tablets.

Gross Profit and Gross Profit Margin

As a result of the changes in our revenue and cost of sales described above, we recorded gross profit of RMB1.8 million in the six months ended June 30, 2026, and our profit margin was 69.9% in the six months ended June 30, 2026.

Other Income

Our other income significantly increased from RMB0.2 million in the six months ended June 30, 2025 to RMB13.5 million in the six months ended June 30, 2026, primarily attributable to an increase of RMB13.3 million in government grants, primarily associated with the one-off government grants that we received to support the R&D progress of our drug and drug candidates.

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Other Net Gain

Our other net gain decreased by 18.7% from RMB1.4 million in the six months ended June 30, 2025 to RMB1.2 million in the six months ended June 30, 2026, primarily due to a decrease of RMB0.2 million in net realized and unrealized gains on financial assets measured at FVPL, as a result of lower average balance of structured deposits held and a decline in return rates.

Research and Development Costs

Our research and development costs decreased by 33.5% from RMB64.3 million in the six months ended June 30, 2025 to RMB42.8 million in the six months ended June 30, 2026, primarily due to a decrease of RMB26.6 million in trial and testing expenses, primarily because the Phase III clinical trial of sebaloxavir marboxil tablets in adolescents was completed in 2025 and the related CRO and clinical site costs were substantially wound down.

Selling Expenses

Our selling expenses increased by 65.1% from RMB3.5 million in the six months ended June 30, 2025 to RMB5.8 million in the six months ended June 30, 2026, primarily due to an increase of RMB1.5 million in staff costs, in relation to (i) the scheduled progression of our ESOP plan; and (ii) the expansion of our sales and marketing team from eight employees as of June 30, 2025 to ten employees as of June 30, 2026, to support the commercialization of our Core Product.

Administrative and Other Operating Expenses

Our administrative and other operating expenses significantly increased from RMB6.8 million in the six months ended June 30, 2025 to RMB20.7 million in the six months ended June 30, 2026, primarily due to (i) we recorded RMB9.2 million of [REDACTED] expenses in the six months ended June 30, 2026, mainly comprising professional service fees paid in connection with the proposed [REDACTED]; and (ii) an increase of RMB3.7 million in staff costs, reflecting the scheduled progression of our ESOP plan.

Reversal of Impairment Loss on Receivables

Our reversal of impairment loss on receivables increased from RMB2.0 thousand in the six months ended June 30, 2025 to RMB18.0 thousand in the six months ended June 30, 2026, primarily due to our collection results leading to a decrease in trade receivables.

Net Finance Costs

Our net financial costs decreased by 35.0% from RMB1.3 million in the six months ended June 30, 2025 to RMB0.8 million in the six months ended June 30, 2026, primarily due to a decrease of RMB0.5 million in interest expenses on bank loans, in relation to the scheduled repayment of bank borrowings.

Remeasurement of Redemption Liabilities

Our remeasurement of redemption liabilities increased by 18.8% from RMB31.2 million in the six months ended June 30, 2025 to RMB37.1 million in the six months ended June 30, 2026, in relation to our Series D++ and D+++ financing in the first half of 2026. For details, please see “History and Corporate Structure — Pre-[REDACTED] Investments.” The carrying amount of redemption liabilities will be reclassified from financial liabilities to equity as a result of the termination of the special rights upon [REDACTED].

Loss for the Period

As a result of the foregoing, our loss for the period decreased by 13.9% from RMB105.5 million to RMB90.8 million in the six months ended June 30, 2025 and 2026, respectively.

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

Revenue

We recorded revenue of RMB5.3 million in 2025, primarily from sales of our sebaloxavir marboxil tablets following its commercial launch in October 2025. To a lesser extent, we also generated revenue from drug registration assistance service for sebaloxavir marboxil tablets pursuant to the MENA License and Distribution Agreement. For details, please see “Business — Commercialization — Overseas Markets — MENA License and Distribution Agreement with Cigalah Medpharm for Sebaloxavir Marboxil Oral Formulations.”

Cost of Sales

In 2025, we recorded cost of sales of RMB0.5 million, primarily consisting of (i) RMB0.3 million of raw material costs, mainly associated with our sebaloxavir marboxil tablets; and (ii) RMB0.2 million of manufacturing overheads, representing fees paid to CDMOs for the manufacturing of our sebaloxavir marboxil tablets.

Gross Profit and Gross Profit Margin

As a result of the changes in our revenue and cost of sales described above, we recorded gross profit of RMB4.8 million in 2025.

We recorded a gross profit margin of 91.0% in 2025 following the commercial launch of sebaloxavir marboxil tablets in October 2025. We expect to benefit from increasing sales volumes and economies of scale associated with our sebaloxavir marboxil tablets in the near term, which we believe will contribute to further improvement in our gross profit margin.

Other Income

Our other income decreased by 98.8% from RMB26.6 million in 2024 to RMB0.3 million in 2025, primarily due to a decrease of RMB26.3 million in government grants, mainly because we received a larger amount of one-off government grants in 2024 that we had previously applied for to support the R&D of our drug and drug candidates.

Other Net Gain

Our other net gain increased by 62.2% from RMB1.9 million in 2024 to RMB3.0 million in 2025, primarily due to (i) an increase of RMB1.1 million in net realized and unrealized gain on financial assets measured at FVPL, mainly because we purchased more structured deposits to improve the utilization of our cash on hand on a short-term basis; and (ii) we recorded one-off net loss on disposal of property, plant and equipment of RMB190.0 thousand in 2024, primarily related to the optimization of our R&D infrastructure.

Research and Development Costs

Our research and development costs increased by 12.1% from RMB100.0 million in 2024 to RMB112.1 million in 2025, primarily due to an increase of RMB17.1 million in trial and testing expenses, including payments to CROs and testing fees incurred for the Phase III clinical trial of sebaloxavir marboxil suspension, the Phase I clinical trial of ZX-8177, as well as IND-enabling preclinical studies for ZX-12042B. This was partially offset by (i) a decrease of RMB1.7 million in others, mainly associated with lower traveling fees and intellectual property filing fees in line with the periodic R&D milestones of our drug candidates; and (ii) a decrease of RMB2.1 million in depreciation and amortization, primarily related to renovation of our office.

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Selling Expenses

Our selling expenses increased by 49.0% from RMB6.5 million in 2024 to RMB9.7 million in 2025, primarily due to (i) an increase of RMB1.8 million in marketing and promotion expenses to support the commercial launch and market access of our Core Product, sebaloxavir marboxil tablets, and (ii) an increase of RMB1.2 million in staff costs, as a result of the expansion of our sales and marketing team from three employees as of December 31, 2024 to eight employees as of December 31, 2025, to support the commercialization of our Core Product.

Administrative and Other Operating Expenses

Our administrative and other operating expenses increased by 85.6% from RMB14.1 million in 2024 to RMB26.1 million in 2025, primarily due to (i) we recorded [REDACTED] expenses of RMB9.4 million, primarily comprising professional service fees paid in connection with the proposed [REDACTED], and (ii) an increase of RMB1.1 million in depreciation and amortization as a result of the right-of-use asset depreciation associated with the new R&D center leased by our Hangzhou subsidiary.

Provision of Impairment Loss on Receivables

Our provision for impairment loss on receivables increased from RMB1.0 thousand in 2024 to RMB23.0 thousand in 2025, primarily in line with the commencement of sales of our sebaloxavir marboxil tablets.

Net Finance Costs

Our net financial costs increased by 29.8% from RMB2.4 million in 2024 to RMB3.1 million in 2025, primarily due to interest expenses on capital advances of RMB1.1 million incurred in relation to the capital advances received from a third party investor.

In May 2025, we entered into a conditional contribution agreement (the “**Conditional Contribution Agreement**”) with an independent local state-owned investment fund to support the long-term development of our business. Pursuant to the Conditional Contribution Agreement, the investor agreed to invest RMB40 million in our Company, and we received the proceeds in the same month. In December 2025, the investor and us mutually agreed to terminate the Conditional Contribution Agreement due to a strategic adjustment in our business plan and we returned the capital advance amount to the investor.

Remeasurement of Redemption Liabilities

Our remeasurement of redemption liabilities increased by 30.3% from RMB50.9 million in 2024 to RMB66.3 million in 2025, in relation to our Series D and D+ financing in 2025. For details, please see “History and Corporate Structure — Pre-[REDACTED] Investments.” The carrying amount of redemption liabilities will be reclassified from financial liabilities to equity as a result of the termination of the special rights upon [REDACTED].

Loss for the Year

As a result of the foregoing, our loss for the year amounted to RMB145.4 million and RMB209.3 million in 2024 and 2025, respectively.

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DESCRIPTION OF SELECTED COMPONENTS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth a summary of our consolidated balance sheets as of the dates indicated.

	As of December 31,		As of June 30,
	2024	2025	2026
	<i>(RMB in thousands)</i>		
Non-current assets			
Property, plant and equipment	1,605	6,311	7,843
Right-of-use assets	—	8,552	7,840
Intangible assets	269	563	532
Prepayments, deposits and other receivables	277	680	689
Total non-current assets	2,151	16,106	16,904
Current assets			
Inventories	8,928	10,704	16,785
Trade receivables	—	4,980	1,277
Prepayments, deposits and other receivables	13,907	8,867	14,326
Financial assets measured at FVPL	89,074	174,809	138,163
Time deposits	3,954	14,063	—
Cash and cash equivalents	10,063	30,714	95,427
Taxation recoverable	—	3	—
Total current assets	125,926	244,140	265,978
Current liabilities			
Trade payables	12,791	18,830	22,525
Other payables and accruals	8,234	17,639	11,715
Bank loans	84,880	69,831	64,609
Lease liabilities	—	1,881	2,063
Current taxation	—	13	—
Redemption liabilities	780,700	1,110,150	1,237,265
Total current liabilities	886,605	1,218,344	1,338,177
Net current liabilities	(760,679)	(974,204)	(1,072,199)
Total assets less current liabilities	(758,528)	(958,098)	(1,055,295)
Non-current liabilities			
Bank loans	—	9,700	—
Lease liabilities	—	6,207	5,341
Other non-current liabilities	47,170	46,375	44,785
Total non-current liabilities	47,170	62,282	50,126
Net liabilities	(805,698)	(1,020,380)	(1,105,421)

Property, Plant and Equipment

During the Track Record Period, our property, plant and equipment primarily consisted of (i) leasehold improvements, (ii) electronic equipment, (iii) laboratory equipment, (iv) motor vehicles, (v) office and other equipment, and (vi) construction in progress.

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

	As of December 31,		As of June 30,
	2024	2025	2026
	<i>(RMB in thousands)</i>		
Leasehold improvements	217	—	6,992
Electronic equipment	205	341	370
Laboratory equipment	755	454	276
Motor vehicles	332	216	159
Office and other equipment	96	61	46
Construction in progress	—	5,239	—
Total	1,605	6,311	7,843

Our property, plant and equipment increased from RMB1.6 million as of December 31, 2024 to RMB6.3 million as of December 31, 2025, mainly because we recorded construction in progress related to the renovation of our Hangzhou R&D center. Our property, plant and equipment further increased to RMB7.8 million as of June 30, 2026, primarily due to an increase of RMB7.0 million in leasehold improvements, associated with our Hangzhou R&D center.

Right-of-Use Assets

During the Track Record Period, our right-of-use assets primarily consisted of leasehold properties for our operation. We recorded right-of-use assets of RMB8.6 million as of December 31, 2025, as we leased new office for our Hangzhou subsidiary and R&D center in line with our business expansion and continuous R&D activities. Our right-of-use assets then decreased to RMB7.8 million as of June 30, 2026, primarily reflecting amortization in our right-of-use assets.

Impairment Assessment for Non-financial Assets

At each reporting date, we review the carrying amounts of our non-financial assets (other than inventories) to determine whether there is any indication of impairment according to the accounting policy as set out in Note 2(h)(ii) to the Accountants’ Report in Appendix I to this document.

During the Track Record Period, we made net losses primarily because we were still in the process of continuous research and development expenditures, which was within the expectation of our Directors. We reviewed the internal and external sources of information and didn’t identify any impairment indications on property, plant and equipment, right-of-use assets and intangible assets. Thus, our management concluded that there was no impairment needed for the property, plant and equipment, right-of-use assets and intangible assets in 2024, 2025 and the six months ended June 30, 2026.

Inventories

During the Track Record Period, our inventories primarily consisted of (i) work in progress, (ii) finished goods, and (iii) raw materials.

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The following table sets forth the details of our inventories as of the dates indicated.

	As of December 31,		As of June 30,
	2024	2025	2026
	<i>(RMB in thousands)</i>		
Work in progress	8,105	5,908	12,954
Finished goods	—	2,460	2,254
Raw materials	823	2,336	2,138
	8,928	10,704	17,346
Write-down of inventories	—	—	(561)
Total	8,928	10,704	16,785

Our inventories increased from RMB8.9 million as of December 31, 2024 to RMB10.7 million as of December 31, 2025, primarily attributable to the stock preparation upon the commercialization of our Core Product, sebaloxavir marboxil tablets. Our inventories further increased to RMB16.8 million as of June 30, 2026, primarily due to a higher level of inventory maintained in line with the growing demand of sebaloxavir marboxil tablets. We recorded write-downs of inventories of RMB561 thousand as of June 30, 2026, primarily in respect of certain pre-commercialization inspection batches produced for the NDA dynamic inspection process that were expected to expire before being fully consumed in commercial production. Such write-down is one-off in nature.

The table below sets forth an aging analysis of our inventories as of the dates indicated:

	As of December 31,		As of June 30,
	2024	2025	2026
	<i>(RMB in thousands)</i>		
Within 6 months.	8,105	2,624	7,529
Between 6 months and 1 year.	822	1,554	2,382
Over 1 year	1	6,526	7,435
Total	8,928	10,704	17,346

The following table sets forth our inventory turnover days for the periods indicated:

	For the year ended December 31,		For the six months ended June 30,
	2024	2025	2026
Inventory turnover days ⁽¹⁾	—	7,246	8,229

(1) Calculated using the average of the beginning and ending balances of inventories for the period, divided by cost of sales for the period and multiplied by 360/180 days.

Our inventory turnover days increased from 7,246 days in 2025 to 8,229 days in the six months ended June 30, 2026, primarily because our product sales are concentrated in the winter-spring influenza season, which led to lower sales volume and correspondingly lower cost of sales recognized in the first half of 2026. Our inventory turnover days were relatively high throughout the Track Record Period, primarily because our Core Product, sebaloxavir marboxil tablets, was only approved in July 2025 and commercially launched in October 2025, and accordingly cost of sales was only recognized over a limited portion of the Track Record Period, while we maintained inventory levels to support the scale-up of our commercial sales.

As of July 31, 2026, nil of our inventories as of June 30, 2026 had been utilized or sold.

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Trade Receivables

Our trade receivables primarily represent the balances due from our customers for our Core Product, sebaloxavir marboxil tablets. The following table sets forth the breakdown of our trade receivables as of the dates indicated:

	As of December 31,		As of June 30,
	2024	2025	2026
	<i>(RMB in thousands)</i>		
Trade receivables	—	5,005	1,284
Less: loss allowance	—	(25)	(7)
Total	—	4,980	1,277

Our trade receivables are typically due within 30 days from the invoice date. We grant our largest customer a relatively longer credit period to facilitate our long-term strategic collaboration. As of December 31, 2024, 2025 and June 30, 2026, all of our trade receivables were due within 90 days. To ensure timely and accurate collection of our trade receivables, we implement rigorous upfront customer screening, maintain ongoing customer management, and require credit limit approval for all sales orders.

As of December 31, 2024, we did not record any trade receivables as we have not commercialized any drug product. As of December 31, 2025, we recorded trade receivables of RMB5.0 million, representing amounts due from customers for the sales of our sebaloxavir marboxil tablets. Our trade receivables decreased to RMB1.3 million as of June 30, 2026, primarily reflecting the collection of our trade receivables in accordance with our distribution agreements with our distributors.

The following table sets forth our trade receivables turnover days for the periods indicated.

	For the year ended December 31,		For the six months ended June 30,
	2024	2025	2026
Trade receivables turnover days ⁽¹⁾	—	85	224

Note:

- (1) Our trade receivables turnover days in 2025 was calculated as the average of the beginning and ending balance of trade receivables for the year divided by revenue for that year and multiplied by 90 days. This is because our sebaloxavir marboxil tablets were first launched in October 2025 and, accordingly, revenue attributable to such product was recognized over only a portion of the year, thereby our Directors are of the view that an adjusted calculation methodology will enable a more meaningful and representative measure of the turnover period. Our trade receivables turnover days for the six months ended June 30, 2026 was calculated as the average of the beginning and ending balance of trade receivables for the period divided by revenue for that period and multiplied by 180 days.

Our trade receivables turnover days increased to 224 days in the six months ended June 30, 2026, reflecting a relatively longer trade receivable collection cycle during our early commercialization stage, which is in line with our revenue growth.

As of July 31, 2026, nil of our trade receivables as of June 30, 2026 had been subsequently settled.

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Prepayments, Deposits and Other Receivables

The following table sets forth the details of our prepayments, deposits and other receivables as of the dates indicated.

	As of December 31,		As of June 30,
	2024	2025	2026
	<i>(RMB in thousands)</i>		
VAT recoverable	4,557	2,578	6,413
Prepayments.	8,949	4,632	4,396
Other deposits and receivables	681	2,337	4,206
Less: loss allowance	(3)	—	—
Total	14,184	9,547	15,015
Current	13,907	8,867	14,326
Non-current	277	680	689

Our prepayments, deposits and other receivables decreased from RMB14.2 million as of December 31, 2024 to RMB9.5 million as of December 31, 2025, primarily due to (i) a decrease of RMB4.3 million in prepayments in line with our payment schedule to trial sites, and (ii) a decrease of RMB2.0 million in VAT recoverable. Our prepayments, deposits and other receivables then increased to RMB15.0 million as of June 30, 2026, primarily attributable to (i) an increase of RMB3.8 million in VAT recoverable relating to increasing of our R&D expenses and [REDACTED] expenses, and (ii) an increase of RMB1.9 million in other deposits and receivables, which were primarily related to our capitalized [REDACTED] expenses.

As of July 31, 2026, RMB0.9 million, or 5.7% of our prepayments, deposits and other receivables as of June 30, 2026 had been subsequently settled.

Financial Assets Measured at FVPL

During the Track Record Period, our financial assets measured at FVPL primarily consisted of structured deposits and wealth management products. Our financial assets measured at FVPL increased from RMB89.1 million as of December 31, 2024 to RMB174.8 million as of December 31, 2025, mainly because we purchased more structure deposits to improve the utilization of our cash on hand on a short-term basis. Our financial assets measured at FVPL further decreased to RMB138.2 million as of June 30, 2026, as we redeemed certain structured deposits and wealth management products when they become due in the first half of 2026.

As part of our treasury management, we invest excess cash in certain wealth management products once our liquidity sufficiently covers ordinary business operations. We have established comprehensive internal control policies and procedures outlining the principles and detailed approval processes for these activities, ensuring investments prioritize capital preservation and liquidity pending deployment in our core business. Specifically, our policies stipulate that: (i) we adhere to principal-guaranteed products, such as structured deposits, as our core investment guideline; (ii) our finance department assesses and acquires products based on available funds, future capital needs, and liquidity safety, guided by the principle of maximizing returns; and (iii) purchases must be made through formal applications. Our financial vice president shall assess and select appropriate wealth management products based on funding needs, risk levels and the planned schedule, subject to approval by our CEO.

To manage our risk exposure, we have historically pursued, and may continue to pursue, principal-guaranteed and other low-risk wealth management products offering better returns compared to term deposits at commercial banks. Following the [REDACTED], we will adhere to the relevant size test thresholds under Chapter 14 of the Listing Rules, disclosing details of such investments or other notifiable transactions as required.

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Cash and Cash Equivalents

During the Track Record Period, our cash and cash equivalents primarily consisted of cash at bank. Our cash and cash equivalents increased from RMB10.1 million as of December 31, 2024 to RMB30.7 million as of December 31, 2025, as we received proceeds from our Series D and D+ financing in 2025. Our cash and cash equivalents then increased to RMB95.4 million as of June 30, 2026, primarily related to the proceeds received from our Series D++ and D+++ financing and the redemption of certain structured deposits and wealth management products in the first half of 2026.

Trade Payables

Our trade payables primarily represent outstanding amounts due to CROs, CDMOs and CSOs. Our trade payables are normally settled on terms of one to three months after receiving the invoice.

Our trade payables increased from RMB12.8 million as of December 31, 2024 to RMB18.8 million as of December 31, 2025, primarily due to longer credit period from certain of our suppliers in line with our business growth. Our trade payables further increased to RMB22.5 million as of June 30, 2026, representing our increasing payables to Jumpcan Pharmaceuticals and our CDMOs, which was primarily in connection with the promotion of our Core Product. As of December 31, 2024, 2025 and June 30, 2026, all of our trade payables are due within one year.

As of July 31, 2026, RMB6.7 million, or 29.9% of our trade payables as of June 30, 2026 had been subsequently settled.

Other Payables and Accruals

During the Track Record Period, our other payables and accruals primarily consisted of (i) accrued staff costs, (ii) payables for [REDACTED] expenses, (iii) other payables, mainly including U.S. tax consultation fees and office software fees, (iv) payables for acquisition of property, plant and equipment, mainly associated with the renovation of our Hangzhou R&D center, and (v) other tax payables, primarily representing individual income tax and stamp duty payable.

The following table sets forth the details of our other payables and accrual as of the dates indicated.

	As of December 31, 2024	2025	As of June 30, 2026
	<i>(RMB in thousands)</i>		
Accrued staff costs	7,035	8,493	6,066
Payables for [REDACTED] expenses	—	3,960	2,672
Other payables	509	1,362	1,247
Payables for acquisition of property, plant and equipment	—	3,173	1,176
Other tax payables	690	651	554
Total	8,234	17,639	11,715

Our other payables and accruals increased from RMB8.2 million as of December 31, 2024 to RMB17.6 million as of December 31, 2025, primarily because (i) we recorded a total amount of RMB3.9 million of payables for [REDACTED] expenses primarily related to our proposed [REDACTED], (ii) we recorded a total amount of RMB3.2 million of payables for acquisition of property, plant and equipment, mainly associated with the renovation of our Hangzhou R&D center, and (iii) an increase of RMB1.5 million in accrued staff costs primarily attributable to the timing difference in bonus payments to our employees. Our other payables and accruals further decreased to RMB11.7 million as of June 30, 2026, mainly associated with (i) we recorded a total amount of RMB2.7 million of payables for [REDACTED] expenses primarily related to our proposed [REDACTED], (ii) a decrease of RMB2.4 million in accrued staff costs, reflecting half-year bonus

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accruals as compared to a full-year accrual as of December 31, 2025, (iii) we recorded a total amount of RMB1.2 million of other payables, mainly associated with the accrued service fees payable to a tax consultancy firm, and (iv) we recorded a total amount of RMB1.2 million of payables for acquisition of property, plant and equipment, mainly associated with the renovation of our Hangzhou R&D center.

LIQUIDITY AND CAPITAL RESOURCES

We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. In addition, we monitor the utilization of borrowings and, from time to time, evaluate the options to renew the borrowings upon expiry based on our actual business requirement. We relied on equity financing as the major sources of liquidity during the Track Record Period.

During the Track Record Period, we incurred negative cash flows from our operations and our operating cash outflows mainly resulted from our research and development costs. Our net cash used in operating activities amounted to 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 expect to generate more cash flow from our operating activities, through income from launching and commercializing our Core Product, sebaloxavir marboxil tablets, advancing the development and eventually commercializing other pipeline products, and enhancing our cost containment capacity and operating efficiency. In order to bring to fruition our research and development objectives, we will ultimately need additional funding sources and there can be no assurances that they will be made available. As of July 31, 2026, we had committed unutilized banking facilities of RMB85.4 million.

Current Assets and Liabilities

	As of December 31, 2024	2025	As of June 30, 2026
	<i>(RMB in thousands)</i>		
Current assets			
Inventories	8,928	10,704	16,785
Trade receivables	—	4,980	1,277
Prepayments, deposits and other receivables	13,907	8,867	14,326
Financial assets measured at FVPL	89,074	174,809	138,163
Time deposits	3,954	14,063	—
Cash and cash equivalents	10,063	30,714	95,427
Taxation recoverable	—	3	—
Total current assets	125,926	244,140	265,978
Current liabilities			
Trade payables	12,791	18,830	22,525
Other payables and accruals	8,234	17,639	11,715
Bank loans	84,880	69,831	64,609
Lease liabilities	—	1,881	2,063
Current taxation	—	13	—
Redemption liabilities	780,700	1,110,150	1,237,265
Total current liabilities	886,605	1,218,344	1,338,177
Net current liabilities	(760,679)	(974,204)	(1,072,199)

Our net current liabilities increased from RMB760.7 million as of December 31, 2024 to RMB974.2 million as of December 31, 2025, primarily due to an increase of RMB331.7 million in our current liabilities, as a result of (i) an increase of RMB329.5 million in redemption liabilities related to our Pre-[REDACTED] investors, (ii) an increase of RMB9.4 million in other payables and accruals resulted from payables for [REDACTED] expenses associated with our proposed [REDACTED] and payables for acquisition of property, plant and equipment, mainly associated

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with the renovation of our Hangzhou R&D center, and (iii) an increase of RMB6.0 million in trade payables, primarily due to longer credit period from certain of our suppliers in line with our business growth. For details, please see “— Description of Selected Components from the Consolidated Statements of Financial Position — Other Payables and Accruals.” This is partially offset by an increase of RMB118.2 million in our current assets, primarily attributable to (i) an increase of RMB85.7 million in financial assets measured at FVPL, mainly because we purchased more structured deposits to improve the utilization of our cash on hand on a short-term basis, (ii) an increase of RMB20.7 million in cash and cash equivalents and an increase of RMB10.1 million in time deposits, as we received proceeds from our Series D and D+ financing in 2025, (iii) trade receivables of RMB5.0 million from sales of our sebaloxavir marboxil tablets following its commercial launch in October 2025, and (iv) an increase of RMB1.8 million in inventories, primarily attributable to the stock preparation for the commercialization of sebaloxavir marboxil tablets, partially offset by a decrease of RMB5.0 million in prepayments, deposits and other receivables, primarily due to (i) a decrease of RMB4.3 million in prepayments in line with our payment schedule to trial sites, and (ii) a decrease of RMB2.0 million in VAT recoverable.

Our net current liabilities further increased to RMB1,072.2 million as of June 30, 2026, primarily due to an increase of RMB119.8 million in our current liabilities, as a result of (i) an increase of RMB127.1 million in redemption liabilities related to our Pre-[REDACTED] investors, and (ii) an increase of RMB3.7 million in trade payables, reflecting our revenue growth, partially offset by (i) a decrease of RMB5.9 million in other payables and accruals resulted from payables for [REDACTED] expenses associated with our proposed [REDACTED], staff costs reflecting half-year bonus accruals as compared to a full-year accrual as of December 31, 2025, other payables associated with the accrued service fees payable to a tax consultancy firm and payables for acquisition of property, plant and equipment related to the renovation of our Hangzhou R&D center, and (ii) a decrease of RMB5.2 million in bank loans, primarily attributable to the scheduled repayment of bank borrowings. This is partially offset by an increase of RMB21.8 million in our current assets, primarily due to (i) an increase of RMB64.7 million in cash and cash equivalents due to the proceeds received from our Series D++ and D+++ financing and the redemption of certain structured deposits and wealth management products in the first half of 2026, (ii) an increase of RMB6.1 million in inventories, primarily due to a higher level of inventory maintained in line with the growing demand of sebaloxavir marboxil tablets, and (iii) an increase of RMB5.5 million in prepayments, deposits and other receivables, mainly in relation to VAT recoverable relating to increasing of our R&D expenses and [REDACTED] expenses and other deposits and receivables related to our capitalized [REDACTED] expenses, partially offset by a decrease of RMB36.6 million in financial assets measured at FVPL, primarily due to the redemption of certain structured deposits and wealth management products.

Our net current liabilities were primarily attributable to our redemption liabilities of RMB780.7 million, RMB1,110.2 million and RMB1,237.3 million as of December 31, 2024 and 2025 and June 30, 2026, respectively, arising from the special rights granted to our Pre-[REDACTED] Investors. The carrying amount of redemption liabilities will be reclassified from financial liabilities to equity upon the termination of such special rights at [REDACTED]. Furthermore, our net liabilities position is expected to significantly improve as a result of (i) the reclassification of redemption liabilities to equity upon [REDACTED], (ii) the receipt of the estimated [REDACTED] from the [REDACTED], and (iii) the expected increase in revenue from the commercialization of our Core Product, sebaloxavir marboxil tablets, which obtained NDA approval in July 2025.

Working Capital Confirmation

We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our business operations and mitigate the effects of fluctuations in cash flows. Our Directors are of the opinion that, taking into account the financial resources available, including cash and cash equivalents and unutilized bank facilities and the estimated [REDACTED] from the [REDACTED], as well as our cash burn rate, we have sufficient working capital to cover at least 125% of our costs, including research and development costs, selling expenses and administrative and other operating expenses for at least the next 12 months from the date of this document.

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Our cash burn rate refers to the average monthly amount of cash used in operating activities, capital expenditures and lease payments. We had cash and cash equivalents of RMB95.4 million, time deposits of nil and financial assets measured at FVPL of RMB138.2 million as of June 30, 2026. We estimate that we will receive [REDACTED] of approximately HK\$[REDACTED] in the [REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per Share, being the low end of the indicative [REDACTED] range stated in this document. Assuming an average cash burn rate going forward of [REDACTED] time the level in the six months ended June 30, 2026, we estimate that (i) our cash and cash equivalents, time deposits and financial assets measured at FVPL will be able to maintain our financial viability for [REDACTED] months, (ii) if we take into account all estimated [REDACTED] from the [REDACTED], [REDACTED] months. Our Directors and management team will continue to monitor our working capital, cash flows, and our business development progress. We expect to raise our next round of financing no earlier than 12 months after the completion of the [REDACTED].

Cash Flows

The following table sets forth the components of our consolidated cash flow statements for the periods indicated.

	For the year ended December 31,		For the six months ended June 30,	
	2024	2025	2025	2026
	<i>(RMB in thousands)</i>			
	<i>(unaudited)</i>			
Net cash used in operating activities . . .	(106,049)	(129,837)	(67,643)	(52,563)
Net cash generated from/(used in)				
investing activities	18,294	(95,112)	(100,768)	47,951
Net cash generated from financing				
activities	42,249	245,624	213,547	69,360
Net (decrease)/increase in cash and cash				
equivalents	(45,506)	20,675	45,136	64,748
Cash and cash equivalents at beginning of				
year/period	55,551	10,063	10,063	30,714
Effect of foreign exchange rate changes.	18	(24)	(4)	(35)
Cash and cash equivalents at end of year/ period	10,063	30,714	55,195	95,427

Net Cash Used in Operating Activities

Our net cash used in operating activities in 2024 was RMB106.0 million, primarily attributable to our loss before taxation of RMB145.4 million, as adjusted for non-cash and non-operating items, which primarily include (i) remeasurement of redemption liabilities of RMB50.9 million, (ii) depreciation of property, plant and equipment of RMB3.4 million, (iii) finance costs of RMB2.6 million, and (iv) net realized and unrealized gains on financial assets measured at FVPL of RMB2.0 million. The amount was further adjusted by changes in certain working capital accounts, primarily including (i) an increase of RMB8.3 million in inventories and (ii) a decrease of RMB6.0 million in trade payables.

Our net cash used in operating activities in 2025 was RMB129.8 million, primarily attributable to our loss before taxation of RMB209.2 million, as adjusted for non-cash and non-operating items, which primarily include (i) remeasurement of redemption liabilities of RMB66.3 million, (ii) finance costs of RMB3.5 million, (iii) net realized and unrealized gains on financial assets measured at FVPL of RMB3.2 million and (iv) depreciation of right-of-use assets of RMB1.5 million. The amount was further adjusted by changes in certain working capital accounts, primarily including (i) an increase of RMB6.0 million in trade payables, (ii) an increase of RMB6.2 million in other payables and accruals, (iii) a decrease of RMB5.9 million in prepayments, deposits and other receivables, (iv) an increase of RMB5.0 million in trade receivables, and (v) an increase of RMB1.8 million in inventories.

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Our net cash used in operating activities in the six months ended June 30, 2026 was RMB52.6 million, primarily attributable to our loss before income tax of RMB90.8 million, as adjusted for non-cash and non-operating items, which primarily include (i) remeasurement of redemption liabilities of RMB37.1 million, (ii) equity settled share-based payment expenses of RMB7.6 million, (iii) net realized and unrealized gains on financial assets measured at FVPL of RMB1.2 million and (iv) finance costs of RMB1.0 million. The amount was further adjusted by changes in certain working capital accounts, primarily including (i) an increase of RMB6.6 million in inventories, (ii) a decrease of RMB3.9 million in other payables and accruals, (iii) a decrease of RMB3.7 million in trade receivables, (iv) an increase of RMB3.7 million in trade payables, (v) an increase of RMB3.6 million in prepayments, deposits and other receivables, and (vi) a decrease of RMB1.6 million in other non-current liabilities.

During the Track Record Period, we incurred net cash used in operating activities of RMB106.0 million, RMB129.8 million, RMB67.6 million and RMB52.6 million for the years ended December 31, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. This was primarily due to our losses for the years/periods, as we incurred significant research and development costs in relation to the development of our drug and drug candidates. We expect our net operating cash outflow position to improve as we generate increasing revenue from the commercialization of our Core Product. For examples, our Core Product commenced commercial sales following NDA approval in July 2025, and we generated revenue of RMB5.3 million for the year ended December 31, 2025 and RMB2.5 million for the six months ended June 30, 2026. As we continue to scale up our commercialization efforts through our collaboration with Jumpcan Pharmaceutical as well as distributors and the successful indication expansion and commercialization of other drug candidates, we expect to generate operation cash inflow from our daily operations. In addition, we will continue to enhance our cost containment capacity and operating efficiency to further improve our operating cash flow position.

Net Cash Generated from/(Used in) Investing Activities

In 2024, we had net cash generated from investing activities of RMB18.3 million, primarily attributable to (i) proceeds from disposal of structured deposits and wealth management products of RMB392.8 million, partially offset by (i) payment for purchases of structured deposits and wealth management products of RMB370.8 million and (ii) payment for new time deposits of RMB3.9 million.

In 2025, we had net cash used in investing activities of RMB95.1 million, primarily attributable to (i) payment for purchases of structured deposits and wealth management products of RMB1,590.3 million, (ii) payment for new time deposits of RMB14.1 million, partially offset by (i) proceeds from disposal of structured deposits and wealth of RMB1,507.7 million and (ii) proceeds from redemption of time deposits of RMB3.9 million.

In the six months ended June 30, 2026, we had net cash generated from investing activities of RMB48.0 million, primarily attributable to (i) proceeds from disposal of structured deposits and wealth management products of RMB472.9 million, and (ii) proceeds from redemption of time deposits of RMB14.1 million, partially offset by (i) payment for purchases of structured deposits and wealth management products of RMB435.0 million and (ii) payment for the acquisition of property, plant and equipment of RMB4.2 million.

Net Cash Generated from Financing Activities

In 2024, we had net cash generated from financing activities of RMB42.2 million, primarily attributable to proceeds from bank loans of RMB117.7 million, partially offset by (i) repayment of bank loans of RMB72.9 million and (ii) interest paid of RMB2.6 million.

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In 2025, we had net cash generated from financing activities of RMB245.6 million, primarily attributable to (i) net proceeds from capital contributions by investors with special rights of RMB257.4 million, (ii) proceeds from bank loans of RMB80.0 million and (iii) capital advance received of RMB40.0 million, partially offset by (i) repayment of bank loans of RMB85.3 million and (ii) capital advances and related interest repaid of RMB41.1 million.

In the six months ended June 30, 2026, we had net cash generated from financing activities of RMB69.4 million, primarily attributable to (i) net proceeds from capital contributions by/shares issued to investors with special rights of RMB88.2 million, and (ii) proceeds from bank loans of RMB24.8 million, partially offset by (i) repayment of bank loans of RMB39.7 million and (ii) payment of [REDACTED] expenses of RMB1.9 million.

CASH OPERATING COSTS

The following table sets forth our cash operating costs for the periods indicated.

	For the years ended December 31,		For the six months ended June 30,	
	2024	2025	2025	2026
			(RMB in thousands)	
			(unaudited)	
Costs relating to research and development of our Core Product				
Staff costs	21,406	19,284	14,466	4,210
Trial and testing expenses	47,687	37,951	28,349	8,308
Raw materials and others	15,629	10,656	1,156	910
<i>Subtotal</i>	84,722	67,891	43,971	13,428
Costs relating to research and development of our other drug candidates				
Staff costs	7,047	8,945	1,774	13,727
Trial and testing expenses	4,990	16,198	1,404	3,953
Raw materials and others	5,012	7,313	1,058	7,720
<i>Subtotal</i>	17,049	32,456	4,236	25,400
Total	101,771	100,347	48,207	38,828
Workforce employment	12,631	13,111	5,985	8,848
Product marketing	2,597	5,228	1,105	3,461
Direct production cost	8,320	2,255	4,990	6,837

INDEBTEDNESS

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

	As of December 31,		As of
	2024	2025	June 30,
			2026
	(RMB in thousands)		
Current			
Bank loans.	84,880	69,831	64,609
Lease liabilities.	—	1,881	2,063
Redemption liabilities	780,700	1,110,150	1,237,265
Non-current			
Bank loans.	—	9,700	—
Lease liabilities.	—	6,207	5,341
Total	865,580	1,197,769	1,309,278

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Except as discussed above, we did not have any material mortgages, charges, debentures, loan capital, debt securities, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of the Latest Practicable Date.

Our Directors confirm that there has not been any material change in our indebtedness since June 30, 2026 and up to the date of this document. Our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt and there was no material breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that our Group did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

CAPITAL EXPENDITURES

In 2024, 2025 and the six months ended June 30, 2026, we incurred capital expenditures from payment for the acquisition of property, plant and equipment and payment for the acquisition of intangible assets, amounting to RMB23.0 thousand, RMB2.8 million and RMB4.2 million, respectively.

CAPITAL COMMITMENTS

As of December 31, 2024, we did not have any material commitments. As of December 31, 2025, we had commitments of RMB2.1 million related to contracts for acquisition of property, plant and equipment. As of June 30, 2026, we did not have any capital commitments.

CONTINGENT LIABILITIES

As of June 30, 2026, we did not have any contingent liabilities. We confirm that as of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

We did not have, during the years or periods presented, and we do not currently have, any off-balance sheet arrangements such as relationships with unconsolidated entities or financial partnerships, which are often referred to as structured finance or special purpose entities, established for the purpose of facilitating financing transactions that are not required to be reflected on our balance sheets.

KEY FINANCIAL RATIO

The following table set forth our key financial ratio as of the dates indicated.

	As of December 31,		As of June 30,
	2024	2025	2026
Current ratio ⁽¹⁾	0.1	0.2	0.2

Note:

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

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MATERIAL RELATED PARTY TRANSACTIONS

We did not have any material related party transactions during the Track Record Period. See note 31 to the Accountants’ Report as set out in Appendix I to this document for a detailed information of transactions with related parties.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISKS

Our operations are subject to multiple financial risks, including credit risk, liquidity risk, interest rate risk and currency risk as detailed below. Our management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. For further details, see note 29 to the Accountants’ Report as set out in Appendix I to this document.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to us. Our credit risk is primarily attributable to trade and other receivables. Our exposure to credit risk arising from cash and cash equivalents and time deposits is limited because the counterparties are banks and financial institutions in the PRC with high credit standing, for which we consider to have low credit risk.

We trade only with recognized and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant. Our management has assessed that during the Track Record Period, other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by our management. Our management expect the occurrence of losses from non-performance by counterparties of other receivables to be remote and a loss allowance provision for other receivables to be immaterial.

Liquidity Risk

Our policy is to regularly monitor our liquidity requirements and our compliance with lending covenants, to ensure that we maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and longer term.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our interest-bearing financial instruments at variable rates at the end of each reporting period are the cash at bank, and the cash flow interest risk arising from the change of market interest rate on these balances is not considered significant. Overall speaking, our exposure to interest rate risk is not significant.

Currency Risk

Our businesses are principally conducted in RMB and most of our monetary assets and liabilities are denominated in RMB. Accordingly, the directors consider our exposure to foreign currency risk is not significant.

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DIVIDENDS

We did not declare or pay dividends on our Shares during the Track Record Period. We currently expect to retain all future earnings for use in operation and expansion of our business, and do not have any dividend policy to declare or pay any dividends in the foreseeable future. The declaration and payment of any dividends in the future will be subject to the approval of our Shareholders in a shareholder’s meeting, our Articles of Association and the PRC Company Law, and will depend on a number of factors, including the successful commercialization of our drug candidates as well as our earnings, capital requirements, overall financial condition and contractual restrictions. There is no assurance that dividends of any amount will be declared or distributed in any year. Currently, we do not have, and do not intend to adopt a formal dividend policy or a fixed dividend distribution ratio following the [REDACTED]. As confirmed by our PRC Legal Advisors, any future net profit that we make will have to be applied to make up for our historically accumulated losses in accordance with the PRC laws, after which we will be obliged to allocate 10% of our profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for, and (ii) we have allocated sufficient profit to our statutory common reserve fund as described above. In light of our accumulated losses as disclosed in this document, it is unlikely that we will be eligible to pay a dividend out of our profits in the foreseeable future.

DISTRIBUTABLE RESERVES

As of June 30, 2026, we did not have any reserves available for distribution to our Shareholders.

[REDACTED] EXPENSES

[REDACTED] expenses to be borne by us are estimated to be approximately HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED] per Share), representing approximately [REDACTED]% of the estimated [REDACTED] from the [REDACTED] assuming no Shares are issued pursuant to the [REDACTED]. The [REDACTED] consist of (i) [REDACTED]-related expenses, including [REDACTED], of approximately HK\$[REDACTED], and (ii) non-[REDACTED]-related expenses of approximately HK\$[REDACTED], comprising (a) fees and expenses of our legal advisors and reporting accountants of approximately HK\$[REDACTED], and (b) other fees and expenses of approximately HK\$[REDACTED]. During the Track Record Period, the [REDACTED] expenses charged to our consolidated statements of profit or loss were RMB[REDACTED], and the issue costs, which was recognized as prepayments and are expected to be deducted from equity upon the [REDACTED], were HK\$[REDACTED]. After the Track Record Period, approximately HK\$[REDACTED] is expected to be charged to our consolidated statements of profit or loss, and approximately HK\$[REDACTED] is expected to be accounted for as a deduction from equity upon the [REDACTED]. We do not believe any of the above fees or expenses are material or are unusually high for us. The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

The unaudited [REDACTED] statement of adjusted consolidated net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules is to illustrate the effect of the [REDACTED] on the net tangible liabilities of our Group attributable to the equity shareholders of our Company as of June 30, 2026 as if the [REDACTED] had taken place on that date.

This unaudited [REDACTED] statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of our Group as of June 30, 2026, or at any future dates following the [REDACTED].

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.

FINANCIAL INFORMATION

For details, see Appendix II to this document.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that there has been no material adverse change in our business, financial condition and results of operations since June 30, 2026, being the latest balance sheet date of our consolidated financial statements in the Accountants’ Report set out in Appendix I to this document, and up to the date of this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.