You should read the following discussion and analysis in conjunction with our audited consolidated financial information, included in the Accountants' Report in Appendix I to this document, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with IFRS.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on our assumptions and analysis 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 results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this document.

OVERVIEW

We are a commercial-stage biopharmaceutical company. Oncology and hematological diseases are our primary therapeutic areas. During the Track Record Period, we generated revenue from sales of ZEGFROVY® and golidocitinib in Chinese Mainland. ZEGFROVY® and golidocitinib were commercially launched in August 2023 and June 2024 in Chinese Mainland, respectively. Our revenue increased significantly from RMB91.3 million in 2023 to RMB359.9 million in 2024, and further increased to RMB801.1 million in 2025. In addition, our revenue increased from RMB355.0 million for the six months ended June 30, 2025 to RMB522.7 million for the six months ended June 30, 2026.

On July 14, 2026, we entered into a license agreement (the "**AstraZeneca Agreement**") with AstraZeneca UK Limited ("**AstraZeneca**"), pursuant to which we granted to AstraZeneca, among other rights, an exclusive license to develop and commercialize ZEGFROVY® globally. In partial consideration of the rights granted by us to AstraZeneca, AstraZeneca is expected to pay us a one-time, non-refundable and non-creditable upfront payment of US$600.0 million. In addition, we are eligible for development milestone payments potentially up to an aggregate of US$400.0 million and sales milestone payments potentially up to an aggregate of US$500.0 million, subject to the achievement of specified development, regulatory and sales milestone events. Upon commercialization, we are eligible for tiered royalties of up to low-double-digit percentages on the global sales of ZEGFROVY®, in each case subject to certain adjustments. For details, see "Business — License Agreement with AstraZeneca."

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with the IFRSs. All IFRSs that are effective for the accounting period beginning on January 1, 2025, together with the relevant transitional provisions, have been early adopted by us in the preparation of the historical financial information during the Track Record Period. The historical financial information has been prepared on the historical cost convention except for certain financial assets at fair value through profit or loss, which are carried at fair value.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been and will continue to be affected by a number of factors, including the following significant factors:

The Growth of China's Pharmaceutical Market and Related Regulations

We are a commercial-stage pharmaceutical company based in China. The overall growth of China's pharmaceutical market, particularly in oncology indications and hematological diseases, has affected and will continue to affect our results of operations. The growth of China's pharmaceutical market is influenced by multiple macro and industry-specific factors, such as continued economic development, increasing per capita income and healthcare expenditure, expanding medical insurance coverage, relevant laws and regulations, and government policies. Meanwhile, the Chinese pharmaceutical industry continues to evolve rapidly, shaped by ongoing

regulatory reform, technological innovation, and shifting market expectations for clinical differentiation and cost-effectiveness. Our ability to timely anticipate and adapt to evolving market trends, technological advancements, and regulatory changes will have an impact on our operations and financial performance.

In recent years, the healthcare regulatory framework in China has undergone significant changes, which may affect our financial conditions and results of operations. Market acceptance and sales volume of golidocitinib and future products depend, in part, on the level of government spending on healthcare and the coverage of our product portfolio under government medical reimbursement or procurement schemes. For details, see "Regulatory Overview — Other Laws and Regulations in Relation to Medical Industry." Both ZEGFROVY® and golidocitinib were included in the NRDL in 2024, which took effect on January 1, 2025. The inclusion of ZEGFROVY® and golidocitinib in the NRDL or other government-sponsored medical insurance programs will have an impact on sales volume and selling prices. For details on the impact of the NRDL, see "Business — Pricing."

The AstraZeneca Agreement

The AstraZeneca Agreement is expected to affect our results of operations, financial position and cash flows. Pursuant to the AstraZeneca Agreement, AstraZeneca is expected to pay us a one-time, non-refundable and non-creditable upfront payment of US$600.0 million, and we are eligible for development milestone payments potentially up to an aggregate of US$400.0 million and sales milestone payments potentially up to an aggregate of US$500.0 million, subject to the achievement of specified development, regulatory and sales milestone events. Upon commercialization, we are eligible for tiered royalties of up to low-double-digit percentages on the global sales of ZEGFROVY®, subject to certain adjustments. The timing and amount of upfront, milestone and royalty payments, and the recognition of related revenue, may materially affect our revenue, profitability, cash flows and working capital. AstraZeneca will have the sole right, at its sole expense, to develop, commercialize and manufacture Licensed Products, which may reduce our future research and development and selling and distribution expenses associated with those products, although we will continue to incur certain costs for ongoing combination studies, development, regulatory, manufacturing technology transfer and transitional supply activities, some of which AstraZeneca will reimburse. For details, see "Business — License Agreement with AstraZeneca."

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 golidocitinib and any future 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 golidocitinib and any future products. Consequently, our revenue and profitability may fluctuate depending on how effectively golidocitinib and any future products compete within their respective markets and whether we can successfully maintain or expand their market share.

During the Track Record Period, we generated revenue from sales of ZEGFROVY® and golidocitinib in Chinese Mainland. ZEGFROVY® and golidocitinib were commercially launched in August 2023 and June 2024 in Chinese Mainland, respectively. Our revenue increased significantly from RMB91.3 million in 2023 to RMB359.9 million in 2024, and further increased to RMB801.1 million in 2025. In addition, our revenue further increased from RMB355.0 million for the six months ended June 30, 2025 to RMB522.7 million for the six months ended June 30, 2026. The sales performance of golidocitinib and any future products was supported by our strong R&D capabilities, product quality, and sales and marketing capabilities. The future performance of golidocitinib and any future products will continue to depend on their 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, pricing trends and gross profit margins in the pharmaceutical industry, including golidocitinib and any future products, are subject to fluctuations driven by broader market forces and industry competition. Overall pricing levels and profitability may vary with changes in supply and demand, market structure, or general economic conditions. Golidocitinib, any future products, and products of our competitors may experience fluctuations in sales and profitability throughout

different stages of their life cycles, as market acceptance, competition, and product maturity evolve. Such movements are typical in the industry and generally reflect broader market trends rather than company-specific developments. Golidocitinib and any future products may be at different stages of commercialization and address distinct therapeutic areas. As a result, our overall revenue and cost structure will depend on the sales mix and relative contribution of golidocitinib and any future products, which may vary over time depending on market dynamics, pricing, and reimbursement conditions.

Our Ability to Successfully Develop and Commercialize Our Drug Candidates

The success of our business and results of operation depend in part on our ability to advance our drug development programs, demonstrate satisfactory safety and efficacy in clinical trials, obtain the necessary regulatory approvals, and launch our products in our target markets as planned. This process requires the effective coordination of our research, clinical, regulatory, and manufacturing functions, as well as continuous investment to advance our pipeline candidates across multiple therapeutic areas. As of the Latest Practicable Date, we had five clinical-stage drug candidates.

Our ability to bring our drug candidates to market within projected timelines will be critical to sustaining our long-term growth. After our drug candidates are commercialized, our business and results of operations will depend on the market acceptance and sales of commercialized drugs. The market performance of newly launched products will in turn be influenced by their clinical differentiation, pricing strategies, reimbursement coverage and the effectiveness of our commercialization efforts, including brand positioning and academic promotion. Furthermore, we plan to collaborate with leading academic and research institutions to access external innovation and scientific breakthroughs. These collaborations will be governed by a clear framework for project selection, milestone-based execution, and intellectual property management. In turn, such partnerships are expected to support and potentially enhance the future commercialization of our drug candidates. For details, see "Business — Our Product Portfolio" and "— Our Strategies."

See also "Risk Factors — Risks Relating to the Development of Our Drug Candidates — If we fail to achieve our expected product development milestones, it could adversely affect our business prospects."

Our Ability to Effectively Control Costs and Expenses

Our profitability depends in part on our ability to manage costs and enhance operating efficiency. As we strive to expand sales of golidocitinib and any future products while implementing effective cost-control measures, we aim to maintain profitability while steadily increasing investment in our innovation-focused pipeline.

Our cost of sales consists primarily of manufacturing costs, raw material costs for ZEGFROVY® and golidocitinib, and logistic and transportation costs, which the fluctuations in which may directly affect our gross profit margin. While we continue engaging third-party CDMOs for drug product manufacturing, we plan to gradually transition toward in-house manufacturing to enhance efficiency, quality control, and cost savings. As of the Latest Practicable Date, we have completed the construction of our international-standard manufacturing facility in Wuxi, Jiangsu. This manufacturing facility is designed to meet GMP requirements in China and the United States, and we anticipate the commercial production to commence in 2027. Our ability to manage and control manufacturing costs is expected to have a significant impact on our gross profit margin.

Our operating expenses include research and development expenses, selling and distribution expenses, as well as administrative expenses and other operating expenses. Research and development expenses constituted a significant portion of our operating expenses during the Track Record Period, reflecting the development of ZEGFROVY®, golidocitinib and other drug candidates through various stages of development. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our research and development expenses amounted to RMB805.6 million, RMB723.7 million, RMB855.6 million, RMB408.3 million and RMB402.0 million, respectively. During the Track Record Period, as we progressed from the R&D phase to commercial stage, which featured intensive testing and validation, to the mass production phase, our R&D expenses decreased from 2023 to 2024, and we started to experience increasing commercial successes generated from our R&D investments. We expect our research and development expenses will increase in the future to support the clinical development of our drug pipeline.

In addition, we incurred substantial selling and distribution expenses during the Track Record Period. Our selling and distribution expenses amounted to RMB210.1 million, RMB445.3 million, RMB570.8 million, RMB268.4 million and RMB241.2 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. This was primarily attributable to the rapid expansion of our sales and marketing team to support the commercialization of the products. Our gradually built internal commercialization team enhances efficiency in product launches and ongoing sales operations. This in-house capability enables streamlined decision-making, direct oversight of marketing strategies, and real-time adaptation to market feedback. In addition, by leveraging our expanded distributorship network, it facilitates rapid market penetration with minimal incremental costs, thereby enabling targeted, high-efficiency sales that minimize additional expenses. As we continued to benefit from economies of scale and enhanced operational efficiency, we will be able to achieve a decline in our selling and marketing expenses as a proportion of revenue. Furthermore, following the effectiveness of the AstraZeneca Agreement, AstraZeneca will have the sole right to commercialize ZEGFROVY® globally at its sole cost and expense. Accordingly, we expect a significant decrease in our selling and distribution expenses attributable to ZEGFROVY® as commercialization activities for this product transition to AstraZeneca. We also plan to adjust and optimize our commercialization team to focus on the promotion of golidocitinib and our pipeline products. For details, see "Business — License Agreement with AstraZeneca."

Our administrative expenses and other operating expenses amounted to RMB228.4 million, RMB155.6 million, RMB164.2 million, RMB70.9 million and RMB79.7 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. During the Track Record Period, we have observed a decrease of our administrative expenses and other operating expenses in term of our revenue. We have benefited from operational efficiency arising from the economies of scale we have achieved and will continue to actively control our administrative and other operating expenses and expect that such expense as a percentage of revenue will continue to decrease as our business expands. We also plan to improve our operating efficiency by continuously upgrading our budget control system to drive cost-efficient business operation.

Going forward, as we endeavor to advance golidocitinib and our innovative pipeline as well as enhance our drug development capabilities, we expect to continue incurring significant research and expenses, which may affect our results of operations for the subsequent years.

Funding for Our Operations

During the Track Record Period, we funded our operations primarily through cash generated from our financing activities, sales of ZEGFROVY® and golidocitinib and bank borrowings. Going forward, we expect to primarily fund our future working capital and other cash requirements with cash generated from license fee income under the AstraZeneca Agreement, anticipated sales of golidocitinib and our drug candidates upon their approval, the [**REDACTED**] from the [**REDACTED**], and bank borrowings and other financing activities. However, with the continuing development of golidocitinib and our drug candidates, we may require further funding through debt financing, collaboration arrangements and licensing arrangements or other funding sources. Any fluctuation in funding for our operations will affect our cash flow and results of operations.

MATERIAL ACCOUNTING POLICIES AND CRITICAL JUDGMENTS AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. Estimates and judgments are continually re-evaluated and are based on historical experience and other factors, including industry practices and expectations of future events that we believe to be reasonable under the circumstances. We did not change our assumptions or estimates as of the Latest Practicable Date and have not noticed any material errors regarding our assumptions or estimates. Our material accounting policy information and significant accounting judgments and estimates, which are important for an understanding of our financial condition and results of operations, are set forth in detail in Note 2.3 and 3 to the Accountants' Report set out in Appendix I to this document. We set forth below certain accounting policies that we believe are of critical importance to us.

Impairment of Non-financial Assets

At the end of each period during the Track Record Period, we review the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognized no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets;

- intangible assets; and
- interests in subsidiaries in the Company's statement of financial position

If the recoverable amount (i.e. the higher of the fair value less costs of disposal and value-in-use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods. A reversal of an impairment loss is recognized in profit or loss immediately.

Value-in-use is based on the estimated future cash flows expected to be derived from the asset or Cash-Generating Unit ("**CGU**"), discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For the purpose of impairment testing, our management, with the assistance of independent professional valuer, identified our Group as a single CGU. The recoverable amount of the CGU was determined based on a value-in-use calculation which uses cash flow projections based on financial bedgets approved by the management covering a forecast of a five year budget and extrapolate till the end of the useful live of the drug licenses. Key assumptions used for the value in use calculations are the discount rate. The discount rate was a pre-tax measure based on the risk-free rate in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of our Group. A discount rate of 15.84% per annum, 16.35% per annum, 15.72% per annum and 14.71% per annum have been applies for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, respectively. Based on the results of the assessments, as the recoverable amount of the CGU is higher than the net carrying amount, no impairment loss on property, plant and equipment or intangible assets was recognized during the Track Record Period. For details, see Note 13 to the Accountants' Report set out in Appendix I to this document.

DESCRIPTION OF CERTAIN CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ITEMS

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income items for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	(RMB in thousands)			*(Unaudited)*	
Revenue	91,289	359,901	801,136	355,001	522,693
Cost of sales	(3,215)	(9,316)	(34,229)	(15,627)	(20,891)
Gross profit	**88,074**	**350,585**	**766,907**	**339,374**	**501,802**
Other income	35,261	43,323	64,661	36,408	11,448
Other gains/(losses), net	20,661	13,772	23,143	10,027	13,682
Selling and distribution expenses	(210,050)	(445,331)	(570,792)	(268,438)	(241,165)
Research and development expenses	(805,598)	(723,687)	(855,609)	(408,267)	(402,032)
Administrative and other operating expenses	(228,386)	(155,558)	(164,220)	(70,942)	(79,705)
Finance costs	(7,574)	(22,755)	(31,216)	(17,152)	(16,492)
Loss before income tax	**(1,107,612)**	**(939,651)**	**(767,126)**	**(378,990)**	**(212,462)**
Income tax expense	(101)	(4)	(1,391)	(52)	(633)
Loss and total comprehensive income for the year/period	**(1,107,713)**	**(939,655)**	**(768,517)**	**(379,042)**	**(213,095)**

Revenue

During the Track Record Period, we generated revenue from sales of ZEGFROVY® and golidocitinib in Chinese Mainland. ZEGFROVY® and golidocitinib were commercially launched in August 2023 and June 2024 in Chinese Mainland, respectively. As our pipeline drug candidates are expected to launch into the market in the future upon approval, and as indications of golidocitinib and future products are expanded, our sources of revenue are expected to become more diversified. The following table sets forth a breakdown of our total revenue by product, in absolute amounts and as a percentage of our total revenue, for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
ZEGFROVY®	91,289	100.0	310,805	86.4	575,629	71.9	262,402	73.9	368,245	70.5
Golidocitinib	–	–	49,096	13.6	225,507	28.1	92,599	26.1	154,448	29.5
Total	**91,289**	**100.0**	**359,901**	**100.0**	**801,136**	**100.0**	**355,001**	**100.0**	**522,693**	**100.0**

During the Track Record Period, our revenue grew substantially due to the successful launch of ZEGFROVY® and golidocitinib and our efficient pre-launch execution strategies. ZEGFROVY® and golidocitinib were included in the NRDL in late 2024, resulting in price reductions effective January 1, 2025. In line with industry practice and to avoid any price inversion, we provided a one-off price compensation of RMB52.3 million to our distributors for inventory that had already been delivered to distributors but not yet sold to end customers prior to the price adjustment taking effect. This measure was aimed at fostering distributor partnerships and ensuring a smooth transition to the new pricing system. The amount of compensation was determined as inventory volume multiplied by the unit price reduction. This compensation, recorded as a revenue reduction in the fourth quarter of 2024, resulting in a relative lower full-year 2024 revenue.

Cost of Sales

Our cost of sales consists of (i) manufacturing overheads, primarily comprising fees paid to our CDMOs for manufacturing of ZEGFROVY® and golidocitinib, (ii) raw material costs for ZEGFROVY® and golidocitinib, and (iii) logistic and transportation costs, primarily related to the delivery of ZEGFROVY® and golidocitinib to distributors. The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as a percentage of total cost of sales, for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Manufacturing overheads	2,320	72.2	6,678	71.7	25,907	75.7	11,597	74.2	16,585	79.4
Raw material costs	663	20.6	2,066	22.2	7,154	20.9	3,473	22.2	3,649	17.5
Logistic and transportation costs	232	7.2	572	6.1	1,168	3.4	557	3.6	657	3.1
Total	**3,215**	**100.0**	**9,316**	**100.0**	**34,229**	**100.0**	**15,627**	**100.0**	**20,891**	**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. Our gross profit amounted to RMB88.1 million, RMB350.6 million, RMB766.9 million, RMB339.4 million and RMB501.8 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

Our gross profit margin was 96.5%, 97.4%, 95.7%, 95.6% and 96.0% in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Our relatively high gross profit margins during the Track Record Period were primarily due to our enhanced bargaining power with respect to selling prices, leveraged through our R&D expertise and innovative product portfolio. This was exemplified by ZEGFROVY®, which is China's first innovative first-in-class drug with U.S. marketing approval, and golidocitinib, the world's first and only approved JAK1 inhibitor for relapsed or refractory peripheral T-cell lymphoma. In addition, we maintain effective control over our cost of sales by implementing optimized raw material procurement strategies, including leveraging long-term supplier relationships, enhancing supply chain efficiency, and closely monitoring market trends to ensure cost stability and quality consistency. The following table sets forth a breakdown of our gross profit and gross profit margin by product for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
ZEGFROVY®	88,074	96.5	302,512	97.3	549,807	95.5	250,241	95.4	353,005	95.9
Golidocitinib	–	–	48,073	97.9	217,099	96.3	89,133	96.3	148,797	96.3
Total	**88,074**	**96.5**	**350,585**	**97.4**	**766,907**	**95.7**	**339,374**	**95.6**	**501,802**	**96.0**

Other Income

Our other income consists of (i) government grants, primarily comprise one-off subsidies received from local governments and authorities in connection with our industry development initiatives, clinical trials of drug products, and talent acquisition efforts. There were no unfulfilled conditions or contingencies relating to such grants as of the Latest Practicable Date, and (ii) interest income. The following table sets forth a breakdown of our other income for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	(RMB in thousands)				
				(Unaudited)	
Government grants	31,620	41,081	62,525	34,948	10,909
Interest income	3,641	2,242	2,136	1,460	539
Total	**35,261**	**43,323**	**64,661**	**36,408**	**11,448**

Other Gains/(Losses), Net

Our other gains or losses, net primarily consist of (i) fair value gains on financial assets at FVPL, mainly related to our structure deposits, (ii) foreign exchange gains or losses, net, primarily due to the fluctuation between U.S. dollars and RMB, (iii) gain or loss on disposal of property, plant and equipment, net, (iv) expected credit loss or reversal of expected credit loss on trade receivables, primarily related to the movement in loss allowance for trade receivables at amortized cost based on the expected credit loss model, and (v) others, including net loss on disposal of property, plant and equipment mainly associated with our office equipment. The following table sets forth a breakdown of our other gains or losses, net for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	(RMB in thousands)				
				(Unaudited)	
Fair value gains on financial assets at FVPL	22,519	14,451	25,327	11,219	13,673

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	(RMB in thousands)			*(Unaudited)*	
Foreign exchange (losses)/gain, net	(1,454)	(2,450)	(1,013)	(640)	441
(Loss)/gain on disposal of property, plant and equipment, net	(8)	–	–	–	84
(Expected credit loss)/ reversal of expected credit loss on trade receivables	(396)	118	(1,171)	(552)	(679)
Others	–	1,653	–	–	163
Total	**20,661**	**13,772**	**23,143**	**10,027**	**13,682**

Selling and Distribution Expenses

Our selling and distribution expenses consist of (i) staff costs, which primarily consist of salaries and benefits for our sales and marketing personnel, (ii) marketing expenses, mainly for various marketing and promotion activities for ZEGFROVY® and golidocitinib, (iii) share-based payments granted to our sales and marketing personnel, and (iv) others, mainly include property utilities and office expenses and depreciation and amortization expenses. The following table sets forth a breakdown of our selling and distribution expenses and as percentages of the total selling and distribution expenses for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(Unaudited)*	*%*	*RMB'000*	*%*
Staff costs	111,037	52.9	229,199	51.5	327,239	57.3	163,038	60.8	148,836	61.7
Marketing expenses	60,754	28.9	156,994	35.2	210,917	37.0	89,176	33.2	86,706	36.0
Share-based payments	30,319	14.4	45,788	10.3	24,641	4.3	11,063	4.1	1,540	0.6
Others	7,940	3.8	13,350	3.0	7,995	1.4	5,161	1.9	4,083	1.7
Total	**210,050**	**100.0**	**445,331**	**100.0**	**570,792**	**100.0**	**268,438**	**100.0**	**241,165**	**100.0**

Research and Development Expenses

Our research and development expenses consist of (i) R&D service fees, primarily include payments to CROs, hospitals and other medical institutions and testing fees incurred for clinical trials, (ii) staff costs, which primarily consist of salaries and benefits for our R&D personnel, (iii) depreciation and amortization, (iv) cost of raw materials and consumables used for research and development of our drug candidates, (v) share-based payments granted to our R&D personnel, and (vi) others, which primarily consist of property utilities and office expenses. The following table sets forth a breakdown of our research and development expenses and as percentages of the total research and development expenses for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(Unaudited)*	*%*	*RMB'000*	*%*
R&D service fees	480,927	59.7	358,166	49.5	483,416	56.5	234,422	57.4	219,243	54.5
Staff costs	183,895	22.8	204,348	28.2	214,475	25.1	104,295	25.6	115,418	28.7

	For the year ended December 31,						For the six months ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Depreciation and amortization	60,658	7.5	59,862	8.3	56,416	6.6	26,865	6.6	28,991	7.2
Cost of raw materials and consumables	30,216	3.8	42,508	5.9	50,116	5.9	18,732	4.6	18,527	4.6
Share-based payments	18,813	2.3	32,423	4.5	21,075	2.5	9,097	2.2	4,622	1.2
Others	31,089	3.9	26,380	3.6	30,111	3.5	14,856	3.6	15,231	3.8
Total	**805,598**	**100.0**	**723,687**	**100.0**	**855,609**	**100.0**	**408,267**	**100.0**	**402,032**	**100.0**

Administrative and Other Operating Expenses

Our administrative and other operating expenses consist of (i) staff costs, which primarily consist of salaries and benefits for our administrative personnel, (ii) depreciation and amortization, (iii) property utilities and office expenses, (iv) professional service fees, primarily including payments to accountants and legal professionals in relation to our daily operation, (v) share-based payment granted to our administrative personnel, and (vi) others, which primarily include travel and conference expense and business tax and surcharges. The following table sets forth a breakdown of our administrative and other operating expenses 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,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Staff costs	45,302	19.8	56,519	36.3	82,132	50.0	39,194	55.2	40,172	50.4
Depreciation and amortization	9,393	4.1	14,446	9.3	16,548	10.1	7,706	10.9	15,366	19.3
Property utilities and office expenses	14,989	6.6	15,420	9.9	22,483	13.7	6,271	8.8	12,518	15.7
Professional service fees	4,044	1.8	5,808	3.7	2,953	1.8	448	0.6	3,430	4.3
Share-based payments	147,479	64.6	54,607	35.1	27,932	17.0	14,157	20.0	2,134	2.7
Others	7,179	3.1	8,758	5.7	12,172	7.4	3,166	4.5	6,085	7.6
Total	**228,386**	**100.0**	**155,558**	**100.0**	**164,220**	**100.0**	**70,942**	**100.0**	**79,705**	**100.0**

Finance Costs

Our finance costs consist of (i) interest charges on bank borrowings less amount capitalized in construction in progress, and (ii) interest expenses on lease liabilities. The following table sets forth a breakdown of our finance costs for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
		(RMB in thousands)		*(Unaudited)*	
Interest charges on bank borrowings	3,677	21,256	32,791	18,776	15,574

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	(RMB in thousands)			*(Unaudited)*	
Less: amount capitalized in construction in progress .	–	(1,556)	(3,958)	(2,899)	–
	3,677	19,700	28,833	15,877	15,574
Interest expenses on lease liabilities	3,897	3,055	2,383	1,275	918
Total	**7,574**	**22,755**	**31,216**	**17,152**	**16,492**

Income Tax Expense

We incurred income tax expense of RMB101.0 thousand, RMB4.0 thousand, RMB1,391.0 thousand, RMB52.0 thousand and RMB633.0 thousand related to certain subsidiary with taxable profits in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Pursuant to the existing legislation, interpretations and practices, the income tax provision of some of our entities in Chinese mainland shall be computed at a reduced rate of 25% on the estimated assessable profits during the Track Record Period. Several of our subsidiaries in Chinese mainland qualified as high-tech enterprises. Accordingly, they enjoyed a preferential income tax rate of 15% for 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 are entitled to the preferential tax rate of 20%. In addition, certain research and development costs are qualified for additional deduction. For details of preferential tax treatments enjoyed by our Company and our subsidiaries, see Note 9 to the Accountants' Report in Appendix I to this document.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our revenue increased by 47.2% from RMB355.0 million for the six months ended June 30, 2025 to RMB522.7 million for the six months ended June 30, 2026, primarily due to an increase in sales of ZEGFROVY® and golidocitinib, which was primarily driven by the inclusion of both products in the NRDL effective since January 2025, together with our continued sales and marketing efforts and the expansion of our distribution network that further accelerated market penetration. In particular, revenue from ZEGFROVY® increased from RMB262.4 million for the six months ended June 30, 2025 to RMB368.2 million for the six months ended June 30, 2026. Our revenue from golidocitinib increased from RMB92.6 million for the six months ended June 30, 2025 to RMB154.4 million for the six months ended June 30, 2026. The inclusion of ZEGFROVY® and golidocitinib in the NRDL expanded patient access, enhanced affordability and facilitated broader hospital coverage, thereby contributing to the growth of our revenue. In addition, the continuous expansion of our distribution network contributed to the increased sales of ZEGFROVY® and golidocitinib, growing from 38 distributors for the six months ended June 30, 2025 to 41 distributors for the six months ended June 30, 2026.

Cost of Sales

Our cost of sales increased by 33.7% from RMB15.6 million for the six months ended June 30, 2025 to RMB20.9 million for the six months ended June 30, 2026, primarily attributable to an increase of RMB5.0 million in manufacturing overheads associated with higher production volume of ZEGFROVY® and golidocitinib, which is in line with the growth of sales of ZEGFROVY® and golidocitinib.

Gross Profit and Gross Profit Margin

As a result of the changes in our revenue and cost of sales described above, our gross profit increased by 47.9% from RMB339.4 million for the six months ended June 30, 2025 to RMB501.8 million for the six months ended June 30, 2026.

Our gross profit margin increased slightly from 95.6% for the six months ended June 30, 2025 to 96.0% for the six months ended June 30, 2026, primarily due to improved manufacturing efficiency as our production processes stabilized. We strategically select CDMO suppliers based on quality and unit price, implement batch production planning to reduce unit costs and actively manage raw material costs. The increase in our gross profit margin was also attributable to a decline in the market prices of certain our raw materials.

Other Income

Our other income decreased by 68.6% from RMB36.4 million for the six months ended June 30, 2025 to RMB11.4 million for the six months ended June 30, 2026, primarily attributable to a decrease of RMB24.0 million in government grants which was primarily influenced by the prevailing government policies during the relevant period.

Other Gains/(Losses), Net

Our other gains or losses, net increased by 36.5% from RMB10.0 million for the six months ended June 30, 2025 to RMB13.7 million for the six months ended June 30, 2026, primarily due to an increase of RMB2.5 million in fair value gains on financial assets at FVPL, mainly because we purchased more structure deposits in order to better utilize our cash on hands.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 10.2% from RMB268.4 million for the six months ended June 30, 2025 to RMB241.2 million for the six months ended June 30, 2026, primarily attributable to (i) a decrease of RMB14.2 million in staff costs, as we optimized the structure of our commercialization team to enhance operational efficiency and (ii) a decrease of RMB9.5 million in share-based payments, reflecting the scheduled progression of our ESOP plan.

Research and Development Expenses

Our research and development expenses remained relatively stable at RMB408.3 million for the six months ended June 30, 2025 and RMB402.0 million for the six months ended June 30, 2026.

Administrative and Other Operating Expenses

Our administrative and other operating expenses increased by 12.4% from RMB70.9 million for the six months ended June 30, 2025 to RMB79.7 million for the six months ended June 30, 2026, primarily attributable to (i) an increase of RMB7.7 million in depreciation and amortization, mainly associated with our Wuxi manufacturing facility which commenced operations in late 2025, and (ii) an increase of RMB6.2 million in property utilities and office expenses, in line with the expansion of our operations. This was partially offset by a decrease of RMB12.0 million in share-based payments, reflecting the scheduled progression of our ESOP plan.

Finance Costs

Our finance costs decreased by 3.8% from RMB17.2 million for the six months ended June 30, 2025 to RMB16.5 million for the six months ended June 30, 2026, mainly due to (i) a decrease of RMB0.4 million in interest expenses on lease liabilities, mainly related to the gradual decrease in lease liabilities over the lease terms, and a decrease of RMB0.3 million in interest charges on bank borrowings less amount capitalized in construction in progress, in line with the decline of interest rates associated with our borrowings and the partial repayment of our borrowings.

Income Tax Expense

We recorded income tax expense of RMB52.0 thousand and RMB633.0 thousand for the six months ended June 30, 2025 and 2026, in relation to one of our subsidiaries in Chinese Mainland.

Loss for the Period

As a result of the foregoing, we recorded a loss of RMB379.0 million and RMB213.1 million for the six months ended June 30, 2025 and 2026, respectively.

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

Revenue

Our revenue increased significantly from RMB359.9 million in 2024 to RMB801.1 million in 2025, primarily due to an increase in sales of ZEGFROVY® and golidocitinib. In particular, revenue from ZEGFROVY® sales increased by RMB264.8 million from 2024 to 2025, primarily due to its inclusion in the NRDL in 2024 (effective since January 1, 2025), which drove higher sales volumes. Furthermore, the sales volume of golidocitinib increased following its inclusion in the NRDL in 2024 (effective since January 1, 2025), resulting in revenue growth of RMB176.4 million for the year ended December 31, 2025 compared to the same period in 2024. In addition, the continuous expansion of our distribution network contributed to the increased sales of ZEGFROVY® and golidocitinib, growing from 30 in 2024 to 40 distributors in 2025.

Cost of Sales

Our cost of sales increased significantly from RMB9.3 million in 2024 to RMB34.2 million in 2025, primarily attributable to an increase of RMB19.2 million in manufacturing overheads associated with higher production volume of ZEGFROVY® and golidocitinib, and an increase of RMB5.1 million in raw material costs, both in line with the growth of sales of ZEGFROVY® and golidocitinib.

Gross Profit and Gross Profit Margin

As a result of the changes in our revenue and cost of sales described above, our gross profit increased by 118.8% from RMB350.6 million in 2024 to RMB766.9 million in 2025.

Our gross profit margin decreased slightly from 97.4% in 2024 to 95.7% in 2025, following the inclusion of ZEGFROVY® and golidocitinib in the NRDL in 2024, which took effect on January 1, 2025. The inclusion of ZEGFROVY® and golidocitinib into the NRDL resulted in adjustments in their corresponding sales price, which in turn decrease their gross profit margin. These efforts enabled ZEGFROVY® and golidocitinib to strengthen their accessibility and affordability.

Other Income

Our other income increased by 49.3% from RMB43.3 million in 2024 to RMB64.7 million in 2025, primarily attributable to an increase of RMB21.4 million in government grants related to (i) the continuous encouragement of our research and development activities, primarily related to DZD4205 and DZD8586; and (ii) the supportive measures for R&D-intensive companies in fostering industry growth.

Other Gains/(Losses), Net

Our other gains or losses, net increased by 68.0% from RMB13.8 million in 2024 to RMB23.1 million in 2025, primarily attributable to an increase of RMB10.9 million in fair value gains on financial assets at FVPL, mainly because we purchased more structure deposits in order to better utilize our cash on hands.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 28.2% from RMB445.3 million in 2024 to RMB570.8 million in 2025, primarily attributable to (i) an increase of RMB98.0 million in staff costs, primarily attributable to the expansion of our commercialization team headcount to support our ongoing sales and marketing activities for ZEGFROVY® and golidocitinib. In particular, our sales and marketing personnel increased from 488 in 2024 to 591 in 2025, and (ii) an increase of RMB53.9 million in marketing expenses related to meetings and academic conferences for promoting ZEGFROVY® and golidocitinib, which was also in line with our sales growth. This was partially offset by a decrease of RMB21.1 million in share-based payments, reflecting the scheduled progression of our ESOP plan.

Research and Development Expenses

Our research and development expenses increased by 18.2% from RMB723.7 million in 2024 to RMB855.6 million in 2025, primarily attributable to an increase of RMB125.3 million in R&D service fees related to clinical trials for our drug candidates, including payments to CROs and testing fees incurred for clinical trials for WUKONG28 and WUKONG1, as well as fees paid to hospitals and other medical institutions for TAI-SHAN8, TAI-SHAN9 and TIAN-SHAN2, TIAN-SHAN7. This was partially offset by a decrease of RMB11.3 million in share-based payments, reflecting the scheduled progression of our ESOP plan.

Administrative and Other Operating Expenses

Our administrative and other operating expenses increased slightly from RMB155.6 million in 2024 to RMB164.2 million in 2025, primarily due to (i) an increase of RMB25.6 million in staff costs, primarily attributable to an increase of our administrative personnel to support our business growth, and (ii) an increase of RMB7.1 million in property utilities and office expenses, mainly associated with our Wuxi manufacturing facility in line with the business expansion. This was partially offset by a decrease of RMB26.7 million in share-based payments, reflecting the scheduled progression of our ESOP plan.

Finance Costs

Our finance costs increased by 37.2% from RMB22.8 million in 2024 to RMB31.2 million in 2025, primarily due to an increase of RMB9.1 million in interest charges on bank borrowings less amount capitalized in construction in progress, mainly attributable to higher bank loan balances.

Income Tax Expense

Our income tax expense increased from to RMB0.004 million in 2024 to RMB1.4 million in 2025, primarily because one of our subsidiaries in Chinese mainland was subject to standard tax rate in 2025 rather than reduced tax rate, resulting from its continuous business growth.

Loss for the Year

As a result of the foregoing, we recorded a loss of RMB939.7 million and RMB768.5 million in 2024 and 2025, respectively.

Year Ended December 31, 2023 Compared with Year Ended December 31, 2024

Revenue

Our revenue significantly increased from RMB91.3 million in 2023 to RMB359.9 million in 2024, mainly driven by the official launch of ZEGFROVY® and golidocitinib. This increase was partially offset by one-off price difference compensation to our distributors for unsold inventory following the inclusion of ZEGFROVY® and golidocitinib in the NRDL in 2024 (effective since January 1, 2025). Revenue from ZEGFROVY® sales increased from RMB91.3 million in 2023 to RMB310.8 million in 2024, primarily due to its commercialization in August 2023 and the subsequent ramp-up in sales volume. Furthermore, golidocitinib was approved in June 2024 and we generated revenue of RMB49.1 million from its sales in 2024. In addition, the continuous expansion of our distribution network contributed to the increased sales of ZEGFROVY® and golidocitinib, growing from 25 in 2023 to 30 distributors in 2024.

Cost of Sales

Our cost of sales increased significantly from RMB3.2 million in 2023 to RMB9.3 million in 2024, primarily due to (i) an increase of RMB4.4 million in manufacturing overheads associated with higher production volume of ZEGFROVY® and the commencement of commercial production of golidocitinib; and (ii) an increase of RMB1.4 million in raw material costs, associated with the ramp-up of commercial sales of ZEGFROVY® and golidocitinib.

Gross Profit and Gross Profit Margin

As a result of the changes in our revenue and cost of sales described above, our gross profit significantly increased from RMB88.1 million in 2023 to RMB350.6 million in 2024.

Our gross profit margin increased slightly from 96.5% in 2023 to 97.4% in 2024, primarily attributable to (i) the improved gross profit margin of ZEGFROVY® arising from economies of scale achieved through higher sales volumes; and (ii) a shift in revenue mix toward higher-margin products, specifically our golidocitinib.

Other Income

Our other income increased by 22.9% from RMB35.3 million in 2023 to RMB43.3 million in 2024, primarily due to an increase of RMB9.5 million in government grants, in line with advancements in our research and development activities, primarily related to DZD9008 and DZD8586.

Other Gains/(Losses), Net

Our other gains or losses, net decreased by 33.3% from RMB20.7 million in 2023 to RMB13.8 million in 2024, primarily because of a decrease of RMB8.1 million in fair value gains on financial assets at FVPL as we purchased less structure deposits.

Selling and Distribution Expenses

Our selling and distribution expenses increased significantly from RMB210.1 million in 2023 to RMB445.3 million in 2024, primarily attributable to (i) an increase of RMB118.2 million in staff costs arising from the rapid expansion of our sales and marketing team for the commercialization of ZEGFROVY® and golidocitinib. In particular, our sales and marketing personnel increased from 247 in 2023 to 488 in 2024; (ii) an increase of RMB15.5 million in share-based payments granted to our sales and marketing personnel, and (iii) an increase of RMB96.2 million in marketing expenses, which is in line with our enhanced market development activities primarily for ZEGFROVY® and golidocitinib.

Research and Development Expenses

Our research and development expenses decreased by 10.2% from RMB805.6 million in 2023 to RMB723.7 million in 2024, primarily attributable to a decrease of RMB122.8 million in R&D service fees as we completed phase registrational Phase 1/2 trial for ZEGFROVY® in October 2024, and completed registrational Phase 1/2 trial for golidocitinib in August 2024.

Administrative and Other Operating Expenses

Our administrative and other operating expenses decreased by 31.9% from RMB228.4 million in 2023 to RMB155.6 million in 2024, primarily attributable to a decrease of RMB92.9 million in share-based payments, reflecting the scheduled progression of our ESOP plan.

Finance Costs

Our finance costs increased significantly from RMB7.6 million in 2023 to RMB22.8 million in 2024, primarily due to an increase of RMB16.0 million in interest expenses on bank borrowings less amount capitalized in constructions in progress, mainly reflecting higher bank loan balances to support R&D activities.

Income Tax Expense

Our income tax expense amounted to RMB101.0 thousand in 2023 and RMB4.0 thousand in 2024.

Loss for the Year

As a result of the foregoing, we recorded a loss of RMB1,107.7 million and RMB939.7 million in 2023 and 2024, respectively.

DISCUSSION OF SELECTED ITEMS FROM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Non-current assets				
Property, plant and equipment	156,891	292,903	426,246	410,770
Intangible assets	423,520	389,150	354,885	338,295
Prepayments, deposits and other receivables	5,606	37,712	38,721	41,498
Total non-current assets	586,017	719,765	819,852	790,563
Current assets				
Inventories	23,471	44,115	36,949	42,899
Trade receivables	48,040	27,495	143,441	210,666
Prepayments, deposits and other receivables	90,651	87,368	66,026	67,707
Financial assets at fair value through profit or loss ("FVPL")	673,998	589,830	1,644,840	1,556,889
Restricted cash	275	275	275	275
Cash and cash equivalents	73,927	249,890	291,147	178,864
Total current assets	910,362	998,973	2,182,678	2,057,300
Current liabilities				
Trade payables	14,601	17,514	20,051	24,654
Other payables and accruals	210,620	328,935	433,221	327,386
Interest-bearing borrowings	200,217	415,102	509,427	407,749
Lease liabilities	22,946	23,534	21,197	22,750
Taxation payable	52	–	1,339	654
Total current liabilities	448,436	785,085	985,235	783,193
Net current assets	**461,926**	**213,888**	**1,197,443**	**1,274,107**
Total assets less current liabilities	**1,047,943**	**933,653**	**2,017,295**	**2,064,670**
Non-current liabilities				
Interest-bearing borrowings	138,313	683,762	688,147	913,173
Lease liabilities	48,895	34,991	21,981	11,438
Deferred income	12,108	14,843	11,476	10,938
Total non-current liabilities	199,316	733,596	721,604	935,549
Net assets	**848,627**	**200,057**	**1,295,691**	**1,129,121**

Property, Plant and Equipment

Our property, plant and equipment consist of right-of-use assets, electronic equipment, computer equipment, furniture and fixtures, motor vehicles and construction in progress. Our property, plant and equipment increased from RMB156.9 million as of December 31, 2023 to RMB292.9 million as of December 31, 2024, and further increased to RMB426.2 million as of December 31, 2025, primarily attributable to the construction of our manufacturing facilities in Wuxi and the increase of machinery and other equipment in line with our business expansion. Our property, plant and equipment decreased from RMB426.2 million as of December 31, 2025 to RMB410.8 million as of June 30, 2026, primarily due to the commencement of operations at our Wuxi manufacturing facility at the end of 2025, as well as the depreciation of certain of our right-of-use assets.

Intangible Assets

Our intangible assets primarily include intellectual property and software use rights. Our intangible assets decreased from RMB423.5 million as of December 31, 2023 to RMB389.2 million as of December 31, 2024, further decreased to RMB354.9 million as of December 31, 2025, and then decreased to RMB338.3 million as of June 30, 2026, primarily in line with the amortization of our intellectual property rights.

Prepayments, Deposits and Other Receivables

Our current prepayments, deposits and other receivables primarily consist of (i) value added tax recoverable, (ii) prepayments for research and development service, (iii) deferred [**REDACTED**], (iv) prepayments for property, plant and equipment, (v) prepayments, and (vi) other deposits and 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,
	2023	2024	2025	2026
	(RMB in thousands)			
Value added tax recoverable	34,964	35,716	38,094	40,546
Prepayments for research and development service	44,123	49,612	32,968	28,380
Deferred [**REDACTED**]	–	–	15,423	25,613
Prepayments for property, plant and equipment	2,569	22,413	–	285
Prepayments	9,020	11,732	14,324	9,887
Other deposits and receivables	5,581	5,607	3,938	4,494
Total	**96,257**	**125,080**	**104,747**	**109,205**
Current	90,651	87,368	66,026	67,707
Non-current	5,606	37,712	38,721	41,498

Our prepayments, deposits and other receivables increased from RMB96.3 million as of December 31, 2023 to RMB125.1 million as of December 31, 2024, primarily due to (i) an increase of RMB19.8 million in prepayments for property, plant and equipment, mainly related to the construction of our manufacturing facility in Wuxi and the purchase of relevant equipment and machinery, and (ii) an increase of RMB5.5 million in prepayments for research and development service, mainly associated with the FDA application for ZEGFROVY®.

Our prepayments, deposits and other receivables decreased from RMB125.1 million as of December 31, 2024 to RMB104.7 million as of December 31, 2025, primarily due to (i) a decrease of RMB22.4 million in prepayments for property, plant and equipment along with the construction progress of our manufacturing facility in Wuxi, which was subsequently completed in October 2025, and (ii) a decrease of RMB16.6 million in prepayments for research and development service, as these fees were recognized in line with the progress of the FDA application for ZEGFROVY®. This was partially offset by deferred [**REDACTED**] of RMB15.4 million as of December 31, 2025, mainly associated with our proposed [**REDACTED**].

Our prepayments, deposits and other receivables then increased from RMB104.7 million as of December 31, 2025 to RMB109.2 million as of June 30, 2026, primarily due to an increase of RMB10.2 million in deferred [**REDACTED**], mainly in connection with our proposed [**REDACTED**], partially offset by a decrease of RMB4.4 million in prepayments, in line with the continued utilization of such prepayments as our clinical trails progressed.

As of July 31, 2026, we had settled RMB2.8 million, or 2.6%, of our prepayments, deposits and other receivables as of June 30, 2026.

Inventories

Our inventories consist of (i) raw materials, (ii) work in progress, and (iii) finished goods. The following table sets forth the breakdown of our inventories as of the date indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Raw materials	1,840	3,748	3,520	362
Work in progress	17,273	28,370	24,027	32,526
Finished goods	4,358	11,997	9,402	10,011
Total	**23,471**	**44,115**	**36,949**	**42,899**

Our inventories increased from RMB23.5 million as of December 31, 2023 to RMB44.1 million as of December 31, 2024, primarily attributable to the stock preparation for sale of ZEGFROVY® and golidocitinib. Our inventories then decreased to RMB36.9 million as of December 31, 2025, primarily in line with the production progress and sales schedule of ZEGFROVY® and golidocitinib. Our inventories further increased from RMB36.9 million as of December 31, 2025 to RMB42.9 million as of June 30, 2026, primarily attributable to the stock preparation for sale of ZEGFROVY® and golidocitinib.

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

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Within 6 months	12,521	24,869	21,972	25,312
Between 6 months and 1 year	10,563	15,194	8,212	15,192
Over 1 year	387	4,052	6,765	2,395
Total	**23,471**	**44,115**	**36,949**	**42,899**

According to our inventory provision policy, we make provisions for write-down of inventories to net realizable value for obsolete inventories and inventories that expired or would expire in six months. We do not believe further provision for impairment is necessary. In particular, we have taken stringent internal measures to enhance the inventory management. For example, we conduct regular physical inventory counts and closely monitor the condition and shelf-life of our inventories, and once any inventory becomes obsolete or expires, necessary provision will be provided; we estimate the net realizable value at the each reporting period end to identify write-down provisions, if any; we strictly monitor aging conditions and utilization of our inventories to identify slow-moving inventories, if any, so that we can promptly take appropriate measures and adjust our procurement plan accordingly.

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,
	2023	2024	2025	2026
	(RMB in thousands)			
Inventory turnover days[(1)]	1,620	1,324	432	344

Note:

(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 365/180 days.

Our inventory turnover days decreased from 1,620 days in 2023 to 1,324 days in 2024, 432 days in 2025 and 344 days in the six months ended June 30, 2026, primarily due to continued increases in product sales and enhanced inventory management.

Currently, golidocitinib has a three-year shelf life, and we believe the current inventory turnover days will not impact their efficacy. Our inventory turnover days were relatively higher during the Track Record Period, primarily due to (i) the fact that ZEGFROVY® was approved in August 2023 and golidocitinib was approved in June 2024, during which revenue generated from sales of ZEGFROVY® and golidocitinib remained in the ramp-up stage with correspondingly lower cost of sales recognized; and (ii) we have strategically stocked up sufficient amount of raw materials, APIs, and finished products to allow us to meet production and operation needs flexibly, leading to relatively large balance of inventory amount compared to our cost of sales. During the Track Record Period, as we outsourced the manufacturing of the products to CDMOs, we were required to schedule production in advance due to longer production lead times, and therefore maintained relatively higher inventory levels to ensure supply stability and support the continued growth of sales. In addition, we strategically implement batch production planning for golidocitinib to improve cost efficiency and reduce unit production costs, which also contributed to our higher inventory levels.

As of July 31, 2026, RMB5.0 million, or 11.6%, of our inventories as of June 30, 2026 had been utilized or sold.

Trade Receivables

Our trade receivables primarily represent the balances due from our customers for ZEGFROVY® and golidocitinib. The following table sets forth the breakdown of our trade receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Trade receivables	48,436	27,773	144,890	212,794
Less: loss allowance	(396)	(278)	(1,449)	(2,128)
Total	**48,040**	**27,495**	**143,441**	**210,666**

Our trade receivables are typically due within 60 days from the invoice date. During the Track Record Period, all of our trade receivables were due within three months. 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.

Our trade receivables decreased from RMB48.0 million as of December 31, 2023 to RMB27.5 million as of December 31, 2024, primarily due to the one-off price difference compensation to our distributors for unsold inventory following the inclusion of ZEGFROVY® and golidocitinib in the NRDL in 2024 (effective since January 1, 2025). Our trade receivables increased to RMB143.4 million as of December 31, 2025, and further to RMB210.7 million as of June 30, 2026, in line with our business expansion and the increase in product sales. Notably, our distributors increased from 30 in 2024 to 40 in 2025 and further to 41 for the six months ended June 30, 2026, exemplifying our strengthened sales network.

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,
	2023	2024	2025	2026
	(RMB in thousands)			
Trade receivables turnover days[(1)]	96	38	39	61

Note:

(1) Calculated using the average of the opening and closing balances of trade receivables for the relevant period, divided by revenue and multiplied by 365/180 days.

Our trade receivables turnover days decreased from 96 days in 2023 to 38 days in 2024. We experienced relatively longer trade receivables turnover days primarily because ZEGFROVY® was first commercially launched in the second half of 2023. Our trade receivables turnover days remained relatively stable at 38 and 39 days in 2024 and in 2025, respectively. Our trade receivables turnover days increased to 61 days for the six months ended June 30, 2026, which was generally in line with our credit term. The relatively lower turnover days in 2024 and 2025 were primarily due to price compensation granted to distributors in connection with the initial inclusion of ZEGFROVY® and golidocitinib in the NRDL, which resulted in temporarily lower period-end trade receivables balances during those periods.

As of July 31, 2026, RMB108.8 million, or 51.1%, of our trade receivables as of June 30, 2026 had been subsequently settled.

Cash Conversion Cycle

Our cash conversion cycle, calculated as the sum of inventory turnover days and trade receivables turnover days less trade payables turnover days, was 887 days, 733 days, 271 days and 212 days in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. Our cash conversion cycle was relatively prolonged during the Track Record Period, primarily driven by our higher inventory turnover days, which was in turn mainly attributable to the fact that ZEGFROVY® and golidocitinib were recently commercialized, with revenue remaining in the ramp-up stage with correspondingly lower cost of sales. For further details of the analysis of our inventory turnover days, see "— Inventories." For risks related to our cash conversion cycle, see "Risk Factors — Risks Relating to Our Financial Position and Need for Additional Capital — We may be exposed to liquidity risks as a result of a long cash conversion cycle." Our cash conversion cycle has demonstrated a consistent downward trend throughout the Track Record Period, decreasing significantly from 887 days in 2023 to 212 days in the six months ended June 30, 2026, primarily as our inventory turnover days have been progressively normalizing in line with the significant growth in product sales and enhanced inventory management, and we expect this trend to continue as our commercialization further matures. We have adopted the following measures to manage and further improve our cash conversion cycle: (i) with respect to inventory management, as we transition from CDMO outsourcing to in-house manufacturing, we expect the stock-up period for drug products to be significantly shortened, and as production volumes increase, the unit production cost of APIs is expected to decline and the corresponding inventory cycle to shorten, which we expect will reduce our inventory turnover days over time; (ii) with respect to trade receivables, we actively engage with our customers to negotiate accelerated payment collection within existing credit terms; and (iii) with respect to trade payables, we seek to optimize our payment arrangements with suppliers, including streamlining milestone-based payments, reducing prepayment proportions and consolidating smaller procurement orders under unified credit terms, with a view to maintaining or extending our trade payables turnover days.

Financial Assets at FVPL

Our financial assets at FVPL primarily represented wealth management products issued by banks, with expected return rates from 1.45% to 2.93% per annum. Our financial assets at FVPL decreased from RMB674.0 million as of December 31, 2023 to RMB589.8 million as of the same date in 2024, primarily due to the redemption of our matured structure deposits. It then increased to RMB1,644.8 million as of December 31, 2025 as we purchased more structured deposits to better utilize our cash on hand. Our financial assets at FVPL further decreased to RMB1,556.9 million as of June 30, 2026, primarily due to we redeemed certain matured structured deposits to fund our business operations.

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 operates based on available funds, future capital needs, and liquidity safety, guided by the principle of maximizing returns; and (iii) purchases require CFO approval via formal application. We adopt a prudent approach, selecting products exclusively from reputable PRC banks.

To manage our risk exposure, we have historically pursued, and may continue to pursue, principal-guaranteed and other low-risk wealth management products offering superior 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.

Trade Payables

Our trade payables primarily represent outstanding amounts due to our CDMOs and material suppliers. Our trade payables are normally settled on terms of three months after receiving the invoice.

Our trade payables increased from RMB14.6 million as of December 31, 2023 to RMB17.5 million as of December 31, 2024, to RMB20.1 million as of December 31, 2025, and further to RMB24.7 million as of June 30, 2026, primarily related to payables to a certain of CDMOs and material suppliers, consistent with the commercialization of ZEGFROVY® and golidocitinib.

The following table sets forth an aging analysis of our trade payables based on the invoice date as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Within 3 months	13,481	15,021	11,741	23,316
3 to 12 months	1,120	2,493	8,310	1,338
Total	**14,601**	**17,514**	**20,051**	**24,654**

The following table sets for our trade payables turnover days for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,
	2023	2024	2025	2026
Trade payables turnover days[(1)]	829	629	200	193

Note:

(1) Calculated using the average of the opening and closing balances of trade payables for the relevant period divided by cost of sales and multiplied by 365/180 days.

Our trade payables turnover days decreased from 829 days in 2023 to 629 days in 2024, as ZEGFROVY® was first launched in the second half of 2023, while we proactive build-up inventories in anticipation of golidocitinib's commercialization in 2024. Our trade payables turnover days subsequently decreased to a normalized level of 200 days in 2025, consistent with the ongoing commercialization and sales of ZEGFROVY® and golidocitinib. Our trade payables turnover days further decreased to 193 days for the six months ended June 30, 2026, in line with the continued growth of our product sales during the period, which drove a corresponding increase in cost of sales at a faster rate than the growth of average trade payables.

We experienced relatively higher trade payables turnover days during the Track Record Period primarily because (i) ZEGFROVY® was approved in August 2023 and golidocitinib was approved in June 2024, during which revenue generated from sales of ZEGFROVY® and golidocitinib remained in the ramp-up stage with correspondingly lower cost of sales recognized; and (ii) we

proactively purchased sufficient raw materials, APIs, and finished products ahead of expected sales increases for ZEGFROVY® and golidocitinib, particularly following their inclusion in the NRDL, resulting in a temporary timing difference between cost of sales and trade payables. During the Track Record Period and up to the Latest Practicable Date, we have not delayed any settlement with our suppliers.

As of July 31, 2026, RMB1.2 million, or 4.7%, of our trade and bills 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 consist of (i) payables for research and development, (ii) payables for staff costs, (iii) payables for property, plant and equipment, (iv) accrued expenses and other payables, (v) other tax payables, (vi) [**REDACTED**] payables, (vii) contract liabilities, and (viii) amounts due to related companies.

The following table sets forth our other payables and accruals for the periods indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Payables for research and development	94,331	121,573	191,789	174,918
Payables for staff costs	55,957	69,830	98,549	75,214
Payables for property, plant and equipment	17,512	76,515	51,859	15,793
Accrued expenses and other payables	27,799	46,293	52,920	31,500
Other tax payables	12,384	10,233	17,176	15,303
[**REDACTED**] payable	–	–	15,423	4,374
Contract liabilities	982	2,930	5,505	8,850
Amounts due to related companies	1,655	1,561	–	1,434
Total	**210,620**	**328,935**	**433,221**	**327,386**

Our other payables and accruals increased from RMB210.6 million as of December 31, 2023 to RMB328.9 million as of December 31, 2024, primarily due to (i) an increase of RMB59.0 million in payables for property, plant and equipment associated with our Wuxi manufacturing facility and related machinery, and (ii) an increase of RMB27.2 million in payables for research and development, particularly for our DZD8586 and DZD9008.

Our other payables and accruals increased from RMB328.9 million as of December 31, 2024 to RMB433.2 million as of December 31, 2025, mainly because (i) an increase of RMB70.2 million in payables for research and development, particularly for our DZD9008, DZD8586 and DZD6008, and (ii) an increase of RMB28.7 million in payables for staff costs, resulting from the increased employee headcount to support our business growth, primarily attributable to the expansion of our workforce, with our headcount increasing by over 46% in 2025 as compared to 2024, and (iii) we recorded RMB15.4 million of [**REDACTED**] payables, associated with our proposed [**REDACTED**]. Such increases were partially offset by a decrease of RMB24.7 million in payables for property, plant and equipment, mainly as a result of the completion of construction of our Wuxi manufacturing facility in October 2025.

Our other payables and accruals decreased from RMB433.2 million as of December 31, 2025 to RMB327.4 million as of June 30, 2026, primarily due to (i) a decrease of RMB36.1 million in payables for property, plant and equipment, mainly related to the progressive settlement of outstanding construction payments following the completion of our Wuxi manufacturing facility, (ii) a decrease of RMB23.3 million in payables for staff costs, following the completion of bonus payments to our employees in early 2026, and (iii) a decrease of RMB21.4 million in accrued expenses and other payables in relation to the settlement of certain due payments.

As of July 31, 2026, RMB66.5 million, or 20.3%, of our other payables and accruals as of June 30, 2026 had been subsequently settled.

As of July 31, 2026, none of our contract liabilities as of June 30, 2026 had been subsequently realized.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash during the Track Record Period were to fund the R&D of ZEGFROVY® and golidocitinib and other pipeline products, as well as the establishment of our commercialization team and the execution of sales and marketing activities. Historically, we have financed our operations and other capital requirements primarily through cash generated from equity financing, sales of ZEGFROVY® and golidocitinib and bank borrowings. We expect to fund our future working capital and other cash requirements with cash generated from license fee income under the AstraZeneca Agreement, anticipated sales of golidocitinib and future products upon their approval, the [**REDACTED**] from the [**REDACTED**], and bank borrowings and other financing activities.

As of June 30, 2026, the latest practicable date for determining our indebtedness, our cash and cash equivalents were RMB178.9 million. As of the same date, we had committed unutilized banking facilities of RMB680.0 million.

Net Current Assets

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

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Current assets				
Inventories	23,471	44,115	36,949	42,899
Trade receivables	48,040	27,495	143,441	210,666
Prepayments, deposits and other receivables	90,651	87,368	66,026	67,707
Financial assets at fair value through profit or loss ("FVPL")	673,998	589,830	1,644,840	1,556,889
Restricted cash	275	275	275	275
Cash and cash equivalents	73,927	249,890	291,147	178,864
Total current assets	**910,362**	**998,973**	**2,182,678**	**2,057,300**
Current liabilities				
Trade payables	14,601	17,514	20,051	24,654
Other payables and accruals	210,620	328,935	433,221	327,386
Interest-bearing borrowings	200,217	415,102	509,427	407,749
Lease liabilities	22,946	23,534	21,197	22,750
Taxation payable	52	–	1,339	654
Total current liabilities	**448,436**	**785,085**	**985,235**	**783,193**
Net current assets	**461,926**	**213,888**	**1,197,443**	**1,274,107**

Our net current assets decreased from RMB461.9 million as of December 31, 2023 to RMB213.9 million as of December 31, 2024, primarily due to an increase in our current liabilities, including (i) an increase of RMB214.9 million in interest-bearing borrowings as we obtained additional bank loans to support our continued business development, and (ii) an increase of RMB118.3 million in other payables and accruals in line with our business expansion. The decrease was partially offset by an increase in our current assets, including an increase of RMB176.0 million in cash and cash equivalents, primarily attributable to the redemption of wealth management products upon maturity.

Our net current assets significantly increased from RMB213.9 million as of December 31, 2024 to RMB1,197.4 million as of December 31, 2025, primarily due to an increase of RMB1,183.7 million in our current assets, including (i) an increase of RMB1,055.0 million in financial assets at FVPL, as we purchased more structured deposits to better utilize our cash on hand, (ii) an increase of RMB115.9 million in trade receivables, in line with the expansion of our distributor network and the increase in product sales, and (iii) an increase of RMB41.3 million in cash and cash equivalents as we received proceeds from the private placement of our A Shares in April 2025. The increase was partially offset by an increase in our current liabilities, including (i) an increase of RMB104.3 million in other payables and accruals, primarily due to an increase in payables to research and development and payables for staff costs, and (ii) an increase of RMB94.3 million in interest-bearing borrowings due to the reclassification of certain non-current borrowings maturing within one year to current portion.

Our net current assets increased from RMB1,197.4 million as of December 31, 2025 to RMB1,274.1 million as of June 30, 2026, primarily due to a decrease of RMB202.0 million in our current liabilities, including (i) a decrease of RMB105.8 million in other payables and accruals following the completion of bonus payments to our employees in early 2026, as well as the settlement of certain due payments, and (ii) a decrease of RMB101.7 million in interest-bearing borrowings, primarily due to the repayment of certain short-term borrowings upon maturity. The increase was partially offset by a decrease of RMB125.4 million in our current assets, including (i) a decrease of RMB112.3 million in cash and cash equivalents as we used the cash to support our daily business operations, and (ii) a decrease of RMB88.0 million in financial assets at FVPL, primarily due to we redeemed certain matured structured deposits to fund our business operations.

Working Capital Sufficiency

Our Directors are of the opinion that, taking into account the financial resources available to us, including cash and cash equivalents, financial assets at fair value through profit or loss and the estimated [**REDACTED**] from the [**REDACTED**], we have sufficient working capital to cover 125% of our costs, including net cash used in operating activities, payment for the acquisition of property, plant and equipment and intangible assets, and capital element of lease rental paid, for at least the next 12 months from the proposed date of publication of the [**REDACTED**] document.

Our cash burn rate refers to the average monthly amount of (i) net cash used in operating activities, (ii) payment for the acquisition of property, plant and equipment and intangible assets, and (iii) capital element of lease rental paid. We had cash and cash equivalents of RMB178.9 million, and financial assets at FVPL of RMB1,556.9 million as of June 30, 2026. We estimate that we will receive [**REDACTED**] of approximately RMB[**REDACTED**], assuming no [**REDACTED**] are exercised and assuming a minimum [**REDACTED**] of HK$[**REDACTED**] per share, being the low-end of the indicative [**REDACTED**] range in the document. If we take into account the estimated [**REDACTED**] from the [**REDACTED**], assuming an average monthly cash burn rate going forward of approximately [**REDACTED**] times the level observed for the six months ended June 30, 2026, we estimate that we will be able to maintain our financial viability for [**REDACTED**] months; or if we do not take into account the estimated [**REDACTED**] from the [**REDACTED**], we estimate that we will be able to maintain our financial viability for [**REDACTED**] months.

Cash Flows

The following table sets forth a summary of our cash flows information for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	(RMB in thousands)				
				(Unaudited)	
Net cash used in operating activities	(973,048)	(654,215)	(589,210)	(263,021)	(275,924)
Net cash generated from/ (used in) investing activities	614,820	(36,715)	(1,198,007)	(516,458)	54,961
Net cash generated from financing activities	309,784	869,343	1,828,868	1,773,958	108,944

	For the year ended December 31,			For the six months ended June 30,	
	2023	2024	2025	2025	2026
	(RMB in thousands)			*(Unaudited)*	
Net (decrease)/increase in cash and cash equivalents	(48,444)	178,413	41,651	994,479	(112,019)
Cash and cash equivalents at the beginning of the year/period	121,400	73,927	249,890	249,890	291,147
Effect of foreign exchange rate changes on cash and cash equivalents	971	(2,450)	(394)	(78)	(264)
Cash and cash equivalents at the end of the year/period	**73,927**	**249,890**	**291,147**	**1,244,291**	**178,864**

Net Cash Used in Operating Activities

Our net cash used in operating activities in 2023 was RMB973.0 million, primarily attributable to our loss before income tax of RMB1,107.6 million, as adjusted for non-cash and non-operating items, which primarily include (i) equity settled share-based payment expenses of RMB196.6 million, (ii) amortization of intangible assets of RMB36.9 million, (iii) depreciation of property, plant and equipment of RMB35.5 million, and (iv) fair value gains on financial assets at FVPL of RMB22.5 million. The amount was further adjusted by changes in certain working capital accounts, primarily including (i) an increase of RMB48.4 million in trade receivables, (ii) an increase of RMB39.5 million in prepayments, deposits and other receivables, and (iii) a decrease of RMB21.9 million in other payables and accruals.

Our net cash used in operating activities in 2024 was RMB654.2 million, primarily attributable to our loss before income tax of RMB939.7 million, as adjusted for non-cash and non-operating items, which primarily include (i) equity settled share-based payment expenses of RMB132.8 million, (ii) amortization of intangible assets of RMB37.7 million, (iii) depreciation of property, plant and equipment of RMB37.9 million, and (iv) fair value gains on financial assets at FVPL of RMB14.5 million. The amount was further adjusted by changes in certain working capital accounts, primarily including (i) an increase of RMB20.6 million in inventories, and (ii) an increase of RMB28.8 million in prepayments, deposits and other receivables.

Our net cash used in operating activities in 2025 was RMB589.2 million, primarily attributable to our loss before income tax of RMB767.1 million, as adjusted for non-cash and non-operating items, which primarily include (i) equity settled share-based payment expenses of RMB73.6 million, (ii) depreciation of property, plant and equipment of RMB38.9 million, (iii) amortization of intangible assets of RMB36.9 million, and (iv) fair value gains on financial assets at FVPL of RMB25.3 million. The amount was further adjusted by changes in certain working capital accounts, primarily including (i) an increase of RMB117.1 million in trade receivables, (ii) an increase of RMB113.1 million in other payables and accruals, and (iii) a decrease of RMB20.3 million in prepayments, deposits and other receivables.

Our net cash used in operating activities in the six months ended June 30, 2026 was RMB275.9 million, primarily attributable to our loss before income tax of RMB212.5 million, as adjusted for non-cash and non-operating items, which primarily include (i) depreciation for property, plant and equipment of RMB28.4 million, (ii) amortization of intangible assets of RMB16.8 million, (iii) finance costs of RMB16.5 million, and (iv) fair value gains on financial assets at FVPL of RMB13.7 million. The amount was further adjusted by changes in certain working capital accounts, primarily including (i) an increase of RMB67.9 million in trade receivables, and (ii) a decrease of RMB44.2 million in other payables and accruals.

Net Cash Generated from/(Used in) Investing Activities

Our net cash generated from investing activities in 2023 were RMB614.8 million, primarily attributable to proceeds from disposal of financial assets at fair value through profit or loss of RMB4,380.1 million, partially offset by (i) payment for the acquisition of property, plant and equipment and intangible assets of RMB32.1 million, and (ii) payment for acquisition of financial assets at fair value through profit or loss of RMB3,736.8 million.

Our net cash used in investing activities in 2024 were RMB36.7 million, primarily attributable to (i) payment for acquisition of financial assets at fair value through profit or loss of RMB3,569.4 million, and (ii) payment for the acquisition of property, plant and equipment and intangible assets of RMB137.6 million, partially offset by proceeds from disposal of financial assets at fair value through profit or loss of RMB3,668.0 million.

Our net cash used in investing activities in 2025 were RMB1,198.0 million, primarily attributable to (i) payment for acquisition of financial assets at fair value through profit or loss of RMB10,997.0 million, and (ii) payment for the acquisition of property, plant and equipment and intangible assets of RMB170.5 million, partially offset by proceeds from disposal of financial assets at fair value through profit or loss of RMB9,967.3 million.

Our net cash generated from investing activities in the six months ended June 30, 2026 was RMB55.0 million, primarily attributable to proceeds from disposal of financial assets at fair value through profit or loss of RMB3,642.6 million, partially offset by payment for acquisition of financial assets at fair value through profit or loss of RMB3,541.0 million.

Net Cash Generated from Financing Activities

Our net cash generated from financing activities in 2023 were RMB309.8 million, primarily attributable to proceeds from new borrowings raised of RMB338.2 million, partially offset by (i) capital element of lease rental paid of RMB22.4 million, and (ii) interest element of lease rental paid of RMB3.9 million.

Our net cash generated from financing activities in 2024 were RMB869.3 million, primarily attributable to (i) proceeds from new borrowings raised of RMB963.4 million, (ii) capital injection from non-controlling interests of RMB100.0 million, and (iii) cash received under share option scheme of RMB58.3 million, partially offset by (i) repayment of borrowings of RMB203.7 million, (ii) capital element of lease rental paid of RMB24.9 million, and (iii) interest element of lease rental paid of RMB3.1 million.

Our net cash generated from financing activities in 2025 were RMB1,828.9 million, primarily attributable to (i) proceeds from private shares placement of RMB1,795.9 million, and (ii) proceeds from new borrowings raised of RMB810.7 million, partially offset by (i) repayment of borrowings of RMB711.9 million, (ii) interest paid of RMB32.9 million, (iii) capital element of lease rental paid of RMB25.2 million and (iv) payment for issuance costs related to shares placement of RMB22.4 million.

Our net cash generated from financing activities in the six months ended June 30, 2026 was RMB108.9 million, primarily attributable to (i) proceeds from new borrowings raised of RMB434.3 million, and (ii) cash received under share option scheme of RMB38.2 million, partially offset by (i) repayment of borrowings of RMB310.9 million, (ii) payment for [**REDACTED**] of RMB21.2 million, (iii) interest paid of RMB16.3 million, and (iv) capital element of lease rental paid of RMB14.2 million.

Operational Cash Position and Working Capital Sufficiency

We had a net operating cash outflow during the Track Record Period primarily due to our losses for the period, as we incurred significant research and development expenses in relation to the development of ZEGFROVY®, golidocitinib and other drug candidates. Along with the commercialization and NRDL inclusion of ZEGFROVY® and golidocitinib, our revenue achieved notable growth during the Track Record Period. Consequently, along with notable revenue growth, our net operating cash outflow position has improved during the Track Record Period.

Furthermore, we are committed to implementing our business strategies, in particular, (i) maximizing clinical and commercial value of golidocitinib and our pipeline products through indication expansion and combination therapies, (ii) accelerating the clinical development of golidocitinib and our pipeline products, (iii) pursuing a flexible collaboration and licensing strategy to realize the global commercial potential of our pipeline products, and (iv) establishing production facilities in China to improve cost efficiency, all of which are expected to improve our operational performance and drive our operating cash inflow.

In addition, we have adopted specific operational measures to improve our net operating cash outflow position, including (i) actively negotiating with our CDMOs and major suppliers to optimize settlement terms, such as extending credit periods and reducing advance payment proportions, to smooth the pace of concentrated cash disbursements; and (ii) adopting a demand-driven production planning approach with monthly rolling inventory reviews to calibrate stock-up levels based on sales forecasts and CDMO delivery cycles, thereby reducing inventory-related cash occupation while safeguarding supply continuity. Commencing in 2027, we expect to begin in-house manufacturing of drug products at our Wuxi facility, which is expected to further shorten inventory cycles and improve our operating cash flow position.

We believe that we have sufficient working capital for the next 12 months from the date of this document after considering (i) our cash and cash equivalents balance of RMB178.9 million as of June 30, 2026, (ii) our good track record in being able to raise money from renowned investors to finance our business, as evidenced by several rounds of Pre-[**REDACTED**] Investments, (iii) committed unutilized banking facilities of RMB680.0 million from independent third party commercial banks for working capital purposes as of June 30, 2026, (iv) [**REDACTED**] of approximately HK$[**REDACTED**] from the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], (v) the expected receipt of the one-time, non-refundable and non-creditable upfront payment of US$600.0 million under the AstraZeneca Agreement (see "Business — License Agreement with AstraZeneca" for further details), (vi) revenue generated from sales of golidocitinib and future products and (vii) our operating requirements including, among others, selling and distribution expenses, administrative expenses, research and development expenses, and capital expenditures, among others. However, the above forward-looking working capital forecast are prepared based on information currently available to us. Our future financial position and results of operations may be affected by complicated factors and may be subject to risks and uncertainties, many of which may beyond our control. Please see "Risk Factors."

Our working capital management is focused on maintaining sufficient liquidity to support sales of golidocitinib and future products while also advancing our drug candidates and sustaining broader business operations. As sales of golidocitinib and future products continue to increase, we carefully manage the associated working capital demands, including inventory build-up, accounts receivable, manufacturing, distribution and commercial expansion, while also funding research and development, regulatory activities and general corporate purposes. We actively monitor our cash position, anticipated inflows from sales of golidocitinib and future products, potential license fee income under the AstraZeneca Agreement, receivables collection, inventory levels, payment obligations, and short-term liquidity needs, aligning spending and operational plans with product adoption rates, business growth and the timing of license fee payments. We also endeavor to optimize payment terms with customers and suppliers, maintain disciplined control over launch-related and operating expenditures, and preserve financial flexibility through prudent treasury management. Through these measures, we aim to ensure that we have sufficient working capital to meet our present requirements and support the execution of our business strategy.

Based on the review of financial documents and other due diligence documents, discussion with the Directors and the Directors' view disclosed above, the Joint Sponsors concur with the Directors' view that the Group has sufficient working capital for the next 12 months from the date of this document.

After due consideration of the foregoing factors, and due diligence steps conducted by the Joint Sponsors, including but not limited to (i) the review of the profit forecast memorandum and the working capital forecast memorandum prepared by the Directors, (ii) discussion with the management of the Company about, among others, expected drug pipeline, projected sales and revenue of drugs, expected data readouts and clinical trials, (iii) the discussions with the management of the Company and the Reporting Accountants about, among other things, working capital sufficiency and the assumptions and basis in the profit forecast and working capital forecast memorandum, (iv) the review of the Group's historical financial information as well as relevant financing agreements and the facility agreements, (v) the review of the Accountants' Report to understand the Company's cash and cash equivalents on hand as at June 30, 2026, (vi) the relevant financial due diligence works with the management of the Company, the Joint Sponsors have no reason to believe that the Directors' foregoing views are unreasonable.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital Expenditure

Our capital expenditure during the Track Record Period primarily related to purchases of items of property, plant and equipment, and additions to other intangible assets. The following table sets forth a breakdown of our capital expenditures for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Property, plant and equipment	39,218	177,259	173,037	13,026
Other intangible assets	11,418	3,321	2,624	253
Total	**50,636**	**180,580**	**175,661**	**13,279**

Capital Commitments

As of December 31, 2023, 2024, 2025 and June 30, 2026, we had capital commitments contracted for but not yet provided of RMB5.5 million, RMB109.5 million, RMB0.9 million and RMB1.0 million primarily in connection with (i) contracts entered into with suppliers for the purchase of equipment and machineries, and (ii) contracts entered into with contractors for the construction of our new manufacturing facility in Wuxi. The following table sets forth our capital commitments as of dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Contracted for:				
Acquisition of machinery and equipment	5,476	73,245	892	1,023
Construction of plants and buildings	–	36,304	–	–
Total	**5,476**	**109,549**	**892**	**1,023**

INDEBTEDNESS

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

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Current				
Interest-bearing borrowings	200,217	415,102	509,427	407,749
Lease liabilities	22,946	23,534	21,197	22,750
	223,163	438,636	530,624	430,499
Non-current				
Interest-bearing borrowings	138,313	683,762	688,147	913,173
Lease liabilities	48,895	34,991	21,981	11,438
Total	**410,371**	**1,157,389**	**1,240,752**	**1,355,110**

Interest-bearing Borrowings

Our interest-bearing bank borrowings comprised both secured and unsecured bank loans, with effective interest rates ranging from 2.1% to 3.4% per annum. Certain of our interest-bearing borrowings are secured by right-of-use assets included in our property, plant and equipment as of December 31, 2024 and 2025 and June 30, 2026. For details, see Note 13 to the Accountants' Report in Appendix I to this document.

The changes in our interest-bearing borrowings were primarily in line with the needs of our working capital management in the ordinary course of our business. Specifically, our current portion of interest-bearing borrowings increased from RMB200.2 million as of December 31, 2023 to RMB415.1 million as of the same date in 2024, mainly because we obtained more bank borrowings in line with our business operation needs, particularly for the R&D activities of DZD9008 and DZD8586. It increased to RMB509.4 million as of December 31, 2025, primarily due to the repayment of existing current bank borrowings in the ordinary course of our business, as well as the reclassification of certain non-current borrowings maturing within one year to current portion. Our current portion of interest-bearing borrowings decreased from RMB509.4 million as of December 31, 2025 to RMB407.7 million as of June 30, 2026, primarily due to the repayment of certain unsecured short-term bank borrowings upon maturity. As of December 31, 2023, 2024, 2025 and June 30, 2026, our non-current portion of interest-bearing borrowings were RMB138.3 million, RMB683.8 million, RMB688.1 million and RMB913.2 million, respectively. Our non-current portion of interest-bearing borrowings increased from RMB138.3 million as of December 31, 2023 to RMB683.8 million as the same date in 2024, primarily for our business expansion and the construction of our new manufacturing facility in Wuxi. It increased to RMB688.1 million as of December 31, 2025 and further to RMB913.2 million as of June 30, 2026, mainly associated with our long-term borrowings to support our business expansion.

Our bank borrowings agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. As of the Latest Practicable Date, the agreements relating to our borrowings did not contain any covenant that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. During the Track Record Period and up to the Latest Practicable Date, we did not have any material defaults or breaches of covenants in repayment of indebtedness.

Lease Liabilities

Our lease liabilities primarily comprise leases of properties and office premises. As of December 31, 2023, 2024, 2025 and June 30, 2026, our current lease liabilities amounted to RMB22.9 million, RMB23.5 million, RMB21.2 million and RMB22.8 million, and our non-current lease liabilities amounted to RMB48.9 million, RMB35.0 million, RMB22.0 million and RMB11.4 million, respectively.

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

MATERIAL RELATED PARTY TRANSACTIONS

We did not have any material related party transactions during the Track Record Period. See Note 31 in the Accountants' Report set out in Appendix I to this document for details on our transactions with related parties during the Track Record Period, which were conducted in the ordinary course of business on an arm's length basis and on normal commercial terms between the relevant parties, including whether the related party balances were trade or non-trade in nature. Our Directors are of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

KEY FINANCIAL RATIOS

The table below sets forth our key financial ratios as of the dates/for the periods indicated:

	As of/for the year ended December 31,			As of/ for the six months ended June 30,
	2023	2024	2025	2026
Gross profit margin[(1)]	96.5%	97.4%	95.7%	96.0%
Current ratio[(2)]	2.0	1.3	2.2	2.6
Quick ratio[(3)]	1.8	1.1	2.2	2.6
Gearing Ratio[(4)]	43.3%	88.4%	56.8%	60.4%

Notes:

(1) Gross profit margin is calculated based on gross profit divided by revenue and multiplied by 100%.

(2) Current ratio is calculated based on total current assets divided by total current liabilities

(3) Quick ratio is calculated as current assets less inventories divided by current liabilities.

(4) Gearing ratio is calculated using total liabilities divided by total assets and multiplied by 100.0%.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

We have not entered into any off-balance sheet transactions. Neither have we entered into any financial guarantees or other relevant commitments. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging with us.

RISK DISCLOSURES

We are exposed to a variety of market risks, including credit risk, liquidity risk, interest rate risk, currency risks and equity price risk arise in the normal course of our business. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. For more details, see Note 32 to the Accountants' Report 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 receivables, deposits and other receivables. Our exposure to credit risk arising from cash and cash equivalents and restricted cash is limited because the counterparties are reputable financial institutions with high credit standing, for which we consider having low credit risk.

Liquidity Risk – Individual operating entities within us are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by our company's board when the borrowings exceed certain predetermined levels of authority.

Currency Risk – The currencies giving rise to this risk are primarily U.S. dollars. We seek to limit our exposures to foreign currency risk by minimizing our net foreign currency position.

DIVIDEND POLICY

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 the operation and expansion of our business and do not anticipate paying cash dividends in the foreseeable future. Any declaration and payment of any dividends in the future will be determined by our Board of Directors and subject to our Articles of Association and the PRC Company Law, and will depend on a number of factors, including the successful commercialization of our products as well as our earnings, capital requirements, overall financial condition and contractual restrictions. Subject to applicable laws and regulations and our Articles of Association, we may distribute dividends in cash, stocks or a combination of both, and give priority to profit distribution in cash, where eligible. Provided that we have distributable profits, we intend to distribute cash dividends to our Shareholders at least on an annual basis based on our financial condition and cash flow adequacy. Under our dividend policy, the cumulative cash dividends distributed in the most recent three years shall not be less than 30% of our average annual distributable profits realized over the same three-year period. We currently do not have any pre-determined dividend payout ratio. The Board should assess the stage

of development that we are in and the arrangements for significant capital expenditure and, in accordance with the procedures stipulated in the Articles of Association of our Company, put forward a differentiated cash dividend policy. PRC laws and regulations permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in China. As a result, we may not have sufficient or any distributable profits, being the after-tax profits, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make, to make dividend distributions to our Shareholders, even if we become profitable. Any distributable profits not distributed in a given year are retained and available for distribution in subsequent years. Our dividend distribution may also be restricted if we incur debt or losses or in accordance with any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries may enter into in the future. See "Risk Factors — Risks Relating to the [**REDACTED**] — Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance whether and when we will declare and pay dividends in the future." In the future, we may rely to some extent on dividends and other distributions on equity from our principal operating subsidiaries to fund offshore cash and financing requirements.

DISTRIBUTABLE RESERVES

As of June 30, 2026, we did not have any distributable reserves.

[**REDACTED**]

Our [**REDACTED**] mainly include [**REDACTED**], professional fees paid to legal advisors, the Reporting Accountants and other professional advisors for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**]. Assuming full payment of the discretionary incentive fee, the estimated total [**REDACTED**] (based on the mid-point of the [**REDACTED**] range stated in this document and assuming that the [**REDACTED**] is not exercised) for the [**REDACTED**] are approximately HK$[**REDACTED**], representing [**REDACTED**]% of the [**REDACTED**] of the [**REDACTED**]. The estimated total [**REDACTED**] consist of: (i) [**REDACTED**]-related expenses of HK$[**REDACTED**], and (ii) non-[**REDACTED**]-related expenses of HK$[**REDACTED**], comprising (a) fees and expenses of legal advisors and Reporting Accountants of HK$[**REDACTED**] and (b) other fees and expenses of HK$[**REDACTED**]. We do not believe that any of these fees or expenses are material to our Group, taken as a whole, or are unusually high. During the Track Record Period, we incurred [**REDACTED**] of HK$[**REDACTED**], HK$[**REDACTED**], of which was charged to our consolidated statements of profit or loss and HK$[**REDACTED**] attributable to the issuance of H Shares will be deducted from equity upon [**REDACTED**]. We expect to incur [**REDACTED**] of HK$[**REDACTED**] after the Track Record Period, of which HK$[**REDACTED**] is expected to be charged to our consolidated statements of profit or loss and HK$[**REDACTED**] attributable to the issuance of H Shares will be deducted from equity upon [**REDACTED**]. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED 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 assets of our Group attributable to the owners 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 consolidated net tangible assets of our Group as of June 30, 2026, or at any future dates following the [**REDACTED**]. For details, see Appendix II to this document.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there had been no material adverse change in our financial, operational or prospects since June 30, 2026, being the latest balance sheet date of our combined financial statements in the Accountants' Report in Appendix I to this document.

DISCLOSURE UNDER THE LISTING RULES

Our Directors confirm that as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules.