Xuanzhu Biopharmaceutical Co., Ltd.
軒竹生物科技股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2575)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2026

The board (the "**Board**") of directors (the "**Directors**") of Xuanzhu Biopharmaceutical Co., Ltd. (the "**Company**"), together with its subsidiaries collectively referred to as the "**Group**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended June 30, 2026 (the "**Reporting Period**"), together with comparative figures for the six months ended June 30, 2025 as follows:

FINANCIAL HIGHLIGHTS

Revenue for the six months ended June 30, 2026 amounted to approximately RMB69.4 million, representing an increase of approximately 288.1% as compared with the six months ended June 30, 2025. Revenue growth is driven predominantly by volume expansion, fueled by new product launches and NRDL inclusion.

Operating expenses (including the selling and distribution expenses, research and development expenses and administrative expenses) for the six months ended June 30, 2026 amounted to approximately RMB93.4 million, representing a decrease of approximately 22.2% as compared with the six months ended June 30, 2025.

The operating performance of the Group continued to improve, with the loss for the six months ended June 30, 2026 narrowing by approximately 32.1%.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Notes	**2026 (Unaudited) *RMB'000***	2025 (Unaudited) *RMB'000*
Revenue	3	**69,441**	17,893
Cost of sales		**(54,108)**	(7,687)
Gross profit		**15,333**	10,206
Other income and gains		**15,005**	4,136
Selling and distribution expenses		**(41,549)**	(5,705)
Research and development expenses		**(27,504)**	(83,705)
Administrative expenses		**(24,327)**	(30,614)
Other expenses		**(11,454)**	(5,170)
Impairment of financial assets, net		**(827)**	(22)
Finance costs		**(11)**	(29)
LOSS BEFORE TAX		**(75,334)**	(110,903)
Income tax expense	4	**(6)**	(6)
LOSS FOR THE PERIOD AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(75,340)**	110,909
Attributable to:			
Owners of the parent		**(75,340)**	(110,909)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	6		
Basic and diluted *(RMB)*		**(0.15)**	(0.25)

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

30 June 2026

	Notes	**30 June 2026 (Unaudited) *RMB'000***	31 December 2025 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	7	**93,227**	100,271
Right-of-use assets		**14,767**	15,457
Intangible assets	8	**682,091**	657,916
Prepayments, other receivables and other assets – non-current		**6,551**	34,289
Total non-current assets		**796,636**	807,933
CURRENT ASSETS			
Inventories		**86,276**	86,520
Trade receivables	9	**46,547**	16,035
Prepayments, other receivables and other assets – current		**40,523**	42,639
Cash and cash equivalents		**508,469**	652,233
Pledged deposits		**69,937**	34,985
Total current assets		**751,752**	832,412
CURRENT LIABILITIES			
Trade and bills payables	10	**138,614**	113,571
Other payables and accruals		**64,791**	107,573
Lease liabilities		**218**	647
Total current liabilities		**203,623**	221,791
NET CURRENT ASSETS		**548,129**	610,621
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,344,765**	1,418,554
NON-CURRENT LIABILITIES			
Other payables and accruals		**49,851**	48,300
Total non-current liabilities		**49,851**	48,300
Net assets		**1,294,914**	1,370,254
EQUITY			
Equity attributable to owners of the parent			
Share capital		**517,948**	517,948
Reserves		**776,966**	852,306
Total equity		**1,294,914**	1,370,254

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2026 has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their services and only has one reportable operating segment, which is the sale of pharmaceutical products. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment. Since there is only one reportable operating segment of the Group, no further operating segment analysis thereof is presented.

3. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**69,441**	17,893

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Types of goods or services		
Sale of pharmaceutical products	**65,753**	17,727
Out-licensing revenue	**3,133**	–
Rendering of research and development services	**555**	166
Total	**69,441**	17,893
Geographical market		
Chinese mainland	**66,308**	17,893
Other countries/regions	**3,133**	–
Total	**69,441**	17,893
Timing of revenue recognition		
Goods transferred at a point in time	**69,441**	17,893

4. INCOME TAX

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
Charge for the period	**6**	6
Total tax charge for the period	**6**	6

5. DIVIDENDS

No dividend was paid or declared by the Company during the reporting period (2025: nil).

6. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the loss attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 517,948,000 (30 June 2025: 450,614,000) outstanding during the reporting period.

The calculation of the diluted loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the period, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

The Group had no potentially dilutive shares in issue during the periods ended 30 June 2026 and 2025.

The calculation of basic loss per share is based on:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	**(75,340)**	(110,909)

	Number of shares for the six months ended 30 June	
	2026	2025
Shares		
Weighted average number of ordinary shares outstanding during the period used in the basic earnings per share calculation	**517,948**	450,614

7. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group acquired assets at a cost of RMB233,000 (30 June 2025: RMB21,000).

Assets with a net book value of RMB12,000 were disposed of by the Group during the six months ended 30 June 2026 (30 June 2025: nil), resulting in a net gain on disposal of RMB3,000 (30 June 2025: nil).

8. INTANGIBLE ASSETS

During the six months ended 30 June 2026, the Group had an addition of capitalized deferred development costs at RMB24,621,000 (30 June 2025: RMB13,642,000).

9. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the transaction dates and net of loss allowance, is as follows:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**39,059**	15,468
3 to 6 months	**5,829**	567
6 to 12 months	**1,659**	–
Total	**46,547**	16,035

10. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 year	**138,095**	112,536
1 to 2 years	**112**	480
2 to 3 years	**41**	553
over 3 years	**366**	2
Total	**138,614**	113,571

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY OVERVIEW

The Company is a commercialization-stage, innovation-driven biopharmaceutical company rooted in China, dedicated to developing and delivering innovative therapies based on profound insights into the Chinese pharmaceutical market and unique clinical needs.

The Company has established integrated discovery and development capabilities covering both small molecules and biologics based on a forward-looking proprietary research and development (R&D) platform, which serves as the Company's core engine driving the long-term growth. Relying on this platform, the Company has efficiently advanced a diverse pipeline comprising more than ten drug candidates, covering areas such as digestive diseases, oncology, and metabolic diseases.

For the six months ended 30 June 2026, the Group made positive progress across its businesses: commercialization of the three marketed products advanced steadily, with channel coverage continuing to deepen. R&D milestones were delivered in an intensive manner, with the indication of Bireociclib in combination with aromatase inhibitors for the first-line treatment of hormone receptor-positive (HR+)/human epidermal growth factor receptor 2-negative (HER2-) advanced breast cancer approved for marketing, the new drug application (NDA) of Anaprazole Sodium for the treatment of adult reflux esophagitis formally accepted by the National Medical Products Administration of the PRC (NMPA), and the pivotal Phase III registration and study for the eradication of Helicobacter pylori indication formally commenced with the first patient enrolled and dosed. Out-licensing of core products achieved breakthroughs in overseas markets such as the Middle East and North Africa. Meanwhile, the Group continued to strengthen the construction of technology platforms such as artificial intelligence (AI)-driven drug design, next-generation T-cell engager (TCE) and small nucleic acids, and completed the initiation of multiple early-stage innovative projects, accumulating momentum for medium-to long-term sustainable development.

The Company's long-term goal is to build a globally competitive differentiated innovative drug pipeline, focusing on digestive diseases, oncology and metabolic areas, leveraging a matrix of core technology platforms, a diversified pipeline and a comprehensive intellectual property system to build core competitive advantages. In the short term, the Company focuses on advancing the R&D of core products and their commercialization. In the medium to long term, through the dual drivers of proprietary R&D and external collaboration, the Company aims to enrich the product portfolio, strengthen competitiveness in niche areas and achieve the release of innovative value.

BUSINESS OVERVIEW

During the Reporting Period, the Group advanced its business in a synergised manner across four main pillars, namely commercialization scale-up, clinical development, early-stage R&D and business development (BD). The overall business progress remained favorable. On the commercialization front, the channel networks and academic recognition of the three marketed products continued to improve. On the clinical front, multiple key studies of core products achieved important milestones. On the early-stage R&D front, the capabilities of technology platforms continued to expand with multiple new projects completed the initiation phase. On the BD front, the Group made substantial progress in both out-licensing and in-licensing activities, achieving significant breakthroughs in its globalisation layout. Details are set out below.

PRODUCTS AND PIPELINE

	Drug Candidate	Target	Drug Category	Internal/ External	Clinical Indication	Current Stage
Digestion	★ KBP-3571 Anaprazole Sodium	PPI	Innovative small molecule drug	In-house R&D	Duodenal ulcer	Phase III
					Adult reflux esophagitis	Phase III
					H. pylori eradication	Phase III
Oncology	★ XZP-3287 Bireociclib	CDK2/4/6	Innovative small molecule drug	In-house R&D	HR+/HER2- advanced breast cancer (combo: fulvestrant)	Phase III
					HR+/HER2- advanced breast cancer (combo: AI drugs)	Phase III
					HR+/HER2- locally advanced or metastatic breast cancer	Phase III
					HR+/HER2- early breast cancer adjuvant therapy (combo: endocrine)	Phase I
	★ XZP-3621 Dirozalkib	ALK	Innovative small molecule drug	In-house R&D	First-line treatment for patients with ALK-positive advanced non-small cell lung cancer	Phase III
					ALK-positive non-small cell lung cancer, post-operative adjuvant therapy	Phase III
	+ KM602	CD80 fusion protein	Innovative biological drug	Acquired	Solid tumors (melanoma, etc.)	Phase II (US)
	+ KM501	HER2/HER2	ADC	In-house R&D	HER2+/HER2- low expressing solid tumors (breast cancer, etc.)	Phase II
	+ XZP-7797	PARP1	Innovative small molecule drug	In-house R&D	Solid tumors (breast, ovarian, prostate, pancreatic cancer, etc.)	Phase II
	+ XZP-6924	USP1	Innovative small molecule drug	In-house R&D	Solid tumors (breast, ovarian, prostate, pancreatic cancer, etc.)	Phase I
	XZB-0004	AXL	Innovative small molecule drug	License-in	Solid tumors	Phase I
					Myelodysplastic syndromes/acute myeloid leukemia	Phase II
	XZP-6877	DNA-PK	Innovative small molecule drug	In-house R&D	Solid tumors	Phase I
	NG-350A	CD40	Innovative biological drug	License-in	Solid tumors (pancreatic cancer, colorectal cancer)	Phase I
	XZP-P607	ENPP3/CD3	Bispecific antibody	In-house R&D	Solid tumors (renal cancer, lung cancer, endometrial cancer, etc.)	IND Enabling
	XZP-P608	KLK5/7-IL4R	Bispecific antibody	In-house R&D	Atopic dermatitis	IND Enabling
Metabolism & Others	XZP-5610	FXR	Innovative small molecule drug	In-house R&D	Non-alcoholic steatohepatitis	Phase II
	XZP-6019	KHK	Innovative small molecule drug	In-house R&D	Non-alcoholic steatohepatitis	Phase I

★ Core product + Key product Exempted from the clinical trial phase R&D progress in China R&D progress in the US

Our Core Products

1. Anaprazole Sodium Enteric-coated Tablets (Chinese Trade Name: An Jiu Wei)

Anaprazole Sodium Enteric-coated Tablets is an innovative drug independently developed by the Group with global intellectual property rights, and is also the first and only proton pump inhibitor (PPI) independently developed by a domestic enterprise in China. Anaprazole Sodium features an innovative structural design with characteristics including non-enzymatic plus multi-enzymatic metabolism and balanced intestinal-renal dual-channel excretion, with only 3.5% metabolized through cytochrome P450 2C19 (CYP2C19), making it minimally affected by CYP2C19 gene polymorphism. Compared with previous generations of PPIs, Anaprazole Sodium has a lower risk of drug-drug interactions, making it a safer choice for patients on multiple medications and those with renal impairment, and is a PPI more suitable for the Chinese population. As a Class 1 innovative drug in China, Anaprazole Sodium fills the gap in domestically developed PPIs, bringing treatment options with both superior efficacy and safety to Chinese patients.

We obtained NMPA marketing approval for Anaprazole Sodium for the treatment of duodenal ulcer in June 2023.

During the Reporting Period, we completed the Phase III clinical trial of Anaprazole Sodium for the treatment of reflux esophagitis. The trial results showed that the cumulative endoscopic healing rate of reflux esophagitis after 8 weeks of treatment in the Anaprazole Sodium 60 mg group was 88.4% (95% CI: 84.3%–92.5%) compared with 84.6% (95% CI: 80.0%–89.2%) in the Rabeprazole Sodium 20 mg control group, with a rate difference of 3.8% (95% CI: -2.3%–10.0%) between the two groups. The cumulative endoscopic healing rate after 8 weeks of treatment in the Anaprazole Sodium 60 mg group was non-inferior to that in the Rabeprazole Sodium 20 mg group, thereby achieving the pre-defined primary study endpoint. Based on the results obtained from the Phase III clinical trial for the treatment of reflux esophagitis, we submitted a marketing application for this indication, which was officially accepted by the NMPA in June 2026.

During the Reporting Period, we obtained Center for Drug Evaluation of the National Medical Products Administration (CDE) approval to waive the Phase II clinical trial and initiated a Phase III clinical trial of bismuth-containing quadruple therapy comprising Anaprazole Sodium for the eradication of Helicobacter pylori. This pivotal registration clinical study has officially entered the substantive execution stage and, as of 30 June 2026, had completed the enrollment of 4 trial participants.

Warning Statement under Rule 18A.08(3) of the Listing Rules: Anaprazole Sodium Enteric-coated Tablets, which has not been approved for the treatment of other indications, may not ultimately be successfully developed and commercialized.

2. Bireociclib Tablets (Chinese Trade Name: Xuan Yue Ning)

Bireociclib Tablets is a novel cyclin-dependent kinase 2/4/6 (CDK2/4/6) inhibitor with complete intellectual property rights developed by the Group, used for HR+/HER2- advanced breast cancer. Bireociclib Tablets is a novel molecular entity designed by the Group based on the analysis of CDK4 and CDK6 protein crystal structures. It has higher selectivity for CDK4 and a moderate inhibitory effect on CDK6, which can reduce the risk of neutropenia associated with strong CDK6 inhibitors. Additionally, Bireociclib Tablets also demonstrates inhibitory effect on CDK2 enzyme, and because it can exert partial therapeutic effect through CDK2 inhibition, it demonstrates outstanding therapeutic effect as monotherapy, successfully filling the gap in later-line monotherapy for advanced HR+/HER2- breast cancer in China.

In May 2025, we obtained approval by the NMPA in combination with fulvestrant for adult patients with HR+/HER2- advanced or metastatic breast cancer who have experienced disease progression following prior endocrine therapy, and as monotherapy for adult patients with HR+/HER2- advanced or metastatic breast cancer who have experienced disease progression after receiving two or more endocrine therapies and one chemotherapy regimen during the metastatic stage.

During the Reporting Period, in March 2026, the third indication of Bireociclib Tablets, in combination with an aromatase inhibitor for the first-line treatment of HR+/HER2- advanced or metastatic breast cancer, was approved by the NMPA. With this, Bireociclib officially became the first and only drug of its kind in China covering the entire treatment course of first-line, second-line and later-line therapy for HR+/HER2- advanced breast cancer, highlighting its advantages of broad indication coverage and usable as monotherapy.

During the Reporting Period, the final analysis data of the BRIGHT-2 study of Bireociclib in combination with fulvestrant for the treatment of HR+/HER2- advanced breast cancer were published in JAMA Oncology on 19 March 2026: compared with the placebo group, Bireociclib in combination with fulvestrant significantly prolonged progression-free survival (median PFS: 14.7 months [95% CI, 11.1–20.2] versus 7.3 months [95% CI, 5.5–11.0]; hazard ratio (HR)=0.54; 95% CI, 0.40–0.74; P<0.001) and significantly improved the objective response rate (ORR) (45.6% [95% CI, 38.6–52.7] versus 14.9% [95% CI, 8.6–23.3]). The realization of such high-quality evidence-based medicine further consolidated the differentiated competitive advantages of Bireociclib in the treatment of HR+/HER2- advanced breast cancer.

Warning Statement under Rule 18A.08(3) of the Listing Rules: Bireociclib Tablets, which have not been approved for the treatment of other indications, may not ultimately be successfully developed and commercialized.

3. Dirozalkib Tablets (Chinese Trade Name: Xuan Fei Ning)

Dirozalkib Tablets is a next-generation oral anaplastic lymphoma kinase (ALK) inhibitor independently developed by the Group, specifically designed for the treatment of ALK-rearranged advanced non-small cell lung cancer (NSCLC). Dirozalkib Tablets has a novel molecular structure with stronger affinity to the ATP-binding site within the ALK kinase domain. It demonstrated potent inhibitory activity against common resistance mutations to first-generation and most second-generation ALK tyrosine kinase inhibitor (ALK-TKI), such as G1202R and I1171N, and can achieve significant intracranial anti-tumor effects through highly efficient blood-brain barrier penetration.

In August 2025, Dirozalkib Tablets was approved by the NMPA for the treatment of patients with ALK-positive advanced NSCLC.

During the Reporting Period, the results of the Phase III study comparing the efficacy and safety of Dirozalkib versus Crizotinib in the treatment of ALK-positive advanced NSCLC were presented as an oral presentation at the American Association for Cancer Research (AACR) Annual Meeting held from April 17 to 22, 2026: the median PFS in the Dirozalkib group and the Crizotinib group was 31.3 months and 12.9 months, respectively (HR of 0.47, P value <0.0001), representing a 53% reduction in the risk of disease progression or death, and the intracranial objective response rate in the Dirozalkib group reached 91.7% (versus only 11.1% in the control group) among patients with intracranial lesions at baseline, further consolidating its clinical value and academic evidence base.

Warning Statement under Rule 18A.08(3) of the Listing Rules: Dirozalkib Tablets, which has not been approved for the treatment of other indications, may not ultimately be successfully developed and commercialized.

Other Key Product Candidates

As of the date of this announcement, in oncology and non-alcoholic steatohepatitis (NASH), other than our core products, we have four key products and several product candidates in our pipeline.

1. XZP-7797

XZP-7797 is a potent, highly selective, brain-penetrant poly (ADP-ribose) polymerase (PARP) 1 inhibitor independently developed by the Group. The Group is developing XZP-7797 as a highly selective PARP1 inhibitor. PARP1 inhibitors are expected to reduce hematological adverse reactions associated with PARP2 inhibition while maintaining desired efficacy. Meanwhile, as approximately 20% of advanced cancer patients develop brain metastases, XZP-7797 also demonstrates advantages over most first-generation PARP inhibitors through its ability to reach brain lesions.

Clinical Progress

- In February 2025, XZP-7797 obtained an Investigational New Drug (IND) application in China.

- On December 24, 2025, XZP-7797 initiated a Phase I clinical study and completed the enrollment of the first subject at Peking University Cancer Hospital. The Phase I clinical trial of XZP-7797 plans to complete patient recruitment by the end of 2026, with a cumulative enrollment of approximately 56 subjects.

- As of June 30, 2026, the dose escalation stage of the study had entered exploratory research of the third dose cohort, with progress in line with expectations.

Warning Statement under Rule 18A.08(3) of the Listing Rules: The Group cannot guarantee that XZP-7797 will ultimately be successfully developed and marketed.

2. KM501

KM501 is a potential first-in-class HER2/HER2 biparatopic antibody-drug conjugate (ADC) in China independently developed by the Group, designed for the treatment of HER2 low expressing solid tumors, including breast cancer, gastric cancer and lung cancer. KM501 is a bispecific antibody ADC product targeting the HER2 extracellular domains II and IV. During the Reporting Period, the Group continued to advance the Phase I clinical trial of KM501 in China.

Warning Statement under Rule 18A.08(3) of the Listing Rules: The Group cannot guarantee that KM501 will ultimately be successfully developed and marketed.

3. KM602

KM602 is a next-generation tumor immunotherapy drug, a fusion protein consisting of an engineered human CD80 extracellular domain and a human IgG1 Fc domain, largely preserving the natural CD80 structure with low immunogenicity. In addition, KM602 has immune memory function, with sustained anti-tumor activity. As a novel immunomodulatory drug, KM602 utilizes the pleiotropic characteristics of the CD80-Fc fusion protein to participate in T lymphocyte activation through stimulating the CD28 co-stimulatory signaling pathway and inhibiting programmed death-ligand 1 (PD-L1)/programmed death receptor 1 (PD-1) and B7-cytotoxic T-lymphocyte-associated protein 4 (CTLA-4) mediated inhibitory signals. During the Reporting Period, the Group continued to advance the Phase I clinical trial of KM602 in China.

Warning Statement under Rule 18A.08(3) of the Listing Rules: The Group cannot guarantee that KM602 will ultimately be successfully developed and marketed.

4. XZP-6924

XZP-6924 is a potent and highly selective ubiquitin-specific protease 1 (USP1) inhibitor. Preclinical study data show that XZP-6924 significantly enhances the activity of PARP inhibitors in olaparib-resistant homologous recombination deficiency (HRD) tumor cells, with activity increases of more than 10-fold demonstrated in multiple cell lines. In multiple cell line-derived xenograft (CDX) and patient-derived xenograft (PDX) tumor models, XZP-6924 in combination with olaparib demonstrated sustained tumor regression, significantly delayed tumor recurrence and prolonged animal survival, indicating the potential for developing combination therapies using currently marketed PARP inhibitors or the next-generation PARP inhibitor XZP-7797.

Warning Statement under Rule 18A.08(3) of the Listing Rules: The Group cannot guarantee that XZP-6924 will ultimately be successfully developed and marketed.

Research Progress of Other Drug Candidates

During the Reporting Period, the Group continued to advance the R&D of multiple early-stage drug candidates, covering several cutting-edge therapeutic areas such as oncology and NASH. Among them:

- XZP-6877, as a selective DNA-dependent protein kinase inhibitor (DNA-PK), enhances anti-tumor efficacy through a dual mechanism of blocking DNA double-strand break repair pathways and disrupting telomere DNA stability.

- XZP-5610 is a novel non-steroidal farnesoid X receptor agonist. Preclinical studies have validated its potential in regulating downstream gene expression and improving the histopathological characteristics of NASH. During the Reporting Period, Phase I clinical trials have been completed.

- XZP-6019 is a potential first-in-class ketohexokinase inhibitor. Preclinical data show that it can significantly improve NASH-related indicators and possesses good pharmacokinetic and safety characteristics.

- XZP-P607 is a TCE targeting ectonucleotide pyrophosphatase/phosphodiesterase 3 (ENPP3). Through antibody engineering and molecular design, XZP-P607 enhances efficacy while reducing on-target off-tumor toxicity to normal tissues, thereby substantially broadening the therapeutic window. This project is currently at the preclinical stage, and the indications proposed for development mainly include renal cancer, liver cancer and colorectal cancer.

- XZP-P608 is a bispecific antibody simultaneously targeting interleukin-4 receptor alpha (IL-4Rα) and kallikrein 5/7 (KLK5/7). By synchronously blocking IL-4Rα and KLK, XZP-P608 inhibits the classical type 2 helper T cell (Th2) inflammatory pathway while alleviating skin lesions and pruritus to achieve better therapeutic effect. This project is currently at the preclinical stage, and the indications proposed for development mainly include atopic dermatitis and asthma.

Warning Statement under Rule 18A.08(3) of the Listing Rules: The Group cannot guarantee that XZP-6877, XZP-5610, XZP-6019, XZP-P607 and XZP-P608 will ultimately be successfully developed and marketed.

COMMERCIALIZATION

During the Reporting Period, the commercialization systems of the Group's three marketed products continued to improve, channel networks were further expanded, academic evidence and guideline recognition steadily accumulated, and commercialization scale-up and preparations for new indication access advanced simultaneously, laying a solid foundation for continuous product volume growth and long-term commercialization development.

1. Anaprazole Sodium Enteric-coated Tablets (Chinese Trade Name: An Jiu Wei)

During the Reporting Period, channel coverage of Anaprazole Sodium continued to expand with its penetration rate across medical institutions steadily increasing. As of the end of the Reporting Period, the total number of medical institutions nationwide with access to Anaprazole Sodium exceeded 2,419, establishing a preliminary multi-tiered and multi-dimensional channel network comprising tertiary hospitals, secondary hospitals and grassroot medical institutions. Specifically, in terms of tertiary hospitals, the Group continued to consolidate the high-end prescription base by securing coverage in leading general hospitals and gastroenterology specialized institutions across various provinces and municipalities, continuously enhancing clinical recognition of the product. For secondary and county-level central hospitals, the Group capitalised on the development of county medical communities to continuously strengthen regional intermediary distribution channels. For grassroot medical institutions, the Group adhered to the policy orientation of hierarchical diagnosis and treatment and accelerated the opening-up of the "last mile" for medication access in primary care settings.

In terms of academic development, the *Chinese Expert Consensus on the Rational Use of Acid Suppressants in the Elderly (2026 edition)* was officially updated and published during the Reporting Period. The consensus proposed that, on the premise of achieving the therapeutic effect of acid-suppression, acid suppressants with fewer interaction effect and superior safety profile should be preferentially adopted. Anaprazole Sodium, by virtue of its unique metabolic advantages, aligns with the above recommended direction, and has been positioned as a preferred medication for the elderly group, further enhancing the clinical recognition of the product. Meanwhile, the Group orderly advanced the preparations for the establishment of a pre-launch academic evidence chain and promotional coverage regarding the new indication of reflux esophagitis.

2. Bireociclib Tablets (Chinese Trade Name: Xuan Yue Ning)

During the Reporting Period, the commercialization of Bireociclib accelerated across the board and the numbers of hospitals with access to this drug reached 537. With the approval of a new first-line indication during the Reporting Period, the product's target patient population has expanded from second-line and later-line treatments to include first-line treatment, significantly broadening its commercial potential.

In terms of academic and guideline development, the final results of the BRIGHT-2 study of Bireociclib were published in *JAMA Oncology* (with an impact factor exceeding 20). The exploratory circulating tumour DNA (ctDNA) analysis results were also selected for poster presentation at the 2026 AACR Annual Meeting in the United States. In addition, Bireociclib has been included in the *China Anti-Cancer Association Guidelines and Specifications for Breast Cancer Diagnosis and Treatment (2026 Edition)* and the *Chinese Society of Clinical Oncology (CSCO) Breast Cancer Guidelines 2026*, among which the CSCO guidelines established a CDK2/4/6 inhibitor category for the first time and included Bireociclib therein.

As the world's first multi-targeted CDK2/4/6 inhibitor and the only drug of its kind in China with a monotherapy indication, Bireociclib has achieved full-course coverage of advanced breast cancer. With the approval of the first-line indication and the continued deepening of academic promotion, the foundation for its volume growth in core markets has been further consolidated.

3. Dirozalkib Tablets (Chinese Trade Name: Xuan Fei Ning)

During the Reporting Period, the Group coordinated and advanced preliminary work such as channel development during the initial stages of market launch, communication of academic value, and enhancement of clinical evidence. Meanwhile, the Group has conducted investigator-initiated trial (IIT) of real-world studies with more than 30 collaborating hospitals, continuously generating high-quality data of clinical real-world evidence.

In terms of academic and guideline development, there were multiple important advancements achieved in Dirozalkib during the Reporting Period: its Phase III study was successfully selected for oral presentation at the 2026 AACR Annual Meeting while a Phase II study was also selected for poster presentation at the same annual meeting. Moreover, Dirozalkib has been successively included in three authoritative clinical guidance documents, namely the *Guidelines for the Treatment of Stage IV Primary Lung Cancer in China (2026 Edition)* of the Chinese Medical Doctor Association, the *Clinical Practice Guideline for Brain Metastases of Lung Cancer in China (2026 Version)* and the *Chinese Society of Clinical Oncology (CSCO) Guidelines for the Diagnosis and Treatment of Non-Small Cell Lung Cancer 2026*. Leveraging the differentiated advantages such as clinical efficacy and favorable safety profile for patients with brain metastases, the above evidence and guideline achievements have built a solid foundation for the following rapid market expansion and penetration of Dirozalkib.

4. Production and Supply Assurance

To support the commercialization process, the Group officially implemented refined production management in 2026. Relying on a cost model, it exercised control across multiple dimensions, including product process optimization, supply prices of raw and auxiliary materials and packaging materials, contract manufacturing expenses and logistics and transportation expenses, continuously driving cost reduction.

During the Reporting Period, the Group completed the filing work to the provincial bureau in May 2026 regarding the new production site of Bireociclib Tablets, and the Active Pharmaceutical Ingredient (API) registration of the new production suppliers for the Anaprazole Sodium was officially accepted by the CDE on April 23, 2026 and entered technical review stage. This helps to further enhance the capability of commercialized supply, safeguard supply stability and reduce product manufacturing costs.

INNOVATIVE TECHNOLOGY PLATFORMS

As a company possessing dual capabilities in both small-molecule and biologic drug R&D, the Group has established two preclinical development technology platforms centered on small-molecule drugs and biologics. The small-molecule drug development platform of the Group encompasses comprehensive preclinical evaluation capabilities including drug design, pharmacology screening, drug absorption, distribution, metabolism and excretion (ADME) profiling, toxicity assessment, and drug optimization. The biologics R&D platform leverages innovative antibody expression systems to specifically design antibodies with superior developability.

During the Reporting Period, the Group deployed an external advanced computing platform and installed multiple new professional tools for affinity prediction, antibody humanisation, de novo antibody design and off-target risk prediction, further expanding the AI platform toolchain. At the application level, for small molecules, the AI platform facilitated the rapid completion of molecular evaluation model construction, structure-activity relationship analysis and molecular design for new initiated projects and achieved early prediction of molecular activity, ADME and other properties, significantly improving early-stage R&D efficiency. For biologics, the Group completed multiple projects concerning AI-based antibody optimization, de novo antibody design and humanization modification, among which AI design successfully yielded multiple antibody sequences in relevant ongoing research projects that met functional benchmarks, patentable, and demonstrated favorable stability. In addition, the Group established an AI-based pharmaceutical intelligence platform, achieving comprehensive and timely tracking of the latest industry developments and major progress.

During the Reporting Period, the Group continued to advance the CD3 antibody platform construction and obtained multiple CD3 antibodies in antigen-binding fragment (Fab) and single-chain variable fragment (scFv)-formats with distinctive affinities and favorable specificity through multiple rounds of AI modification. The related evaluation work has been completed ahead of schedule, providing robust support for the normal commencement of subsequent TCE development projects.

Focusing on "unmet clinical needs", the Group established a small nucleic acid core technology platform with proprietary intellectual property rights, covering key technological aspects including small nucleic acid molecular sequence design, chemical modification and delivery technologies. The Group also developed a series of differentiated candidate pipelines targeting chronic diseases in metabolism (weight loss, metabolic dysfunction-associated steatohepatitis (MASH), etc.), neurology and respiration.

BD PROJECTS

The Group believes that BD is a key engine to achieve strategic complementarity, accelerate pipeline layout and maximize asset value. With an open and win-win approach, the Group actively seeks multi-level cooperation with leading biotechnology companies, research institutions and pharmaceutical enterprises globally. During the Reporting Period, the Group was actively advancing research on in-licensed projects and assessing prospective license-in projects, while also actively promoting out-licensing of the pipeline and achieving phased results. Among which, significant breakthroughs have been achieved in out-licensing to the Middle East and North Africa markets, while the focus of in-licensing is to plan for next-generation innovative targets in tumor immunotherapy. The dual-engine global cooperation layout of "out-licensing and in-licensing" of the Company was further consolidated.

In-licensing Project Progress

1. NG-350A Progress

- NG-350A is a clinical-stage intravenously administered oncolytic immunotherapy developed based on Akamis' proprietary tumor-specific immunogene therapy platform (T-SIGn®), designed to drive expression of a monoclonal antibody with CD40 agonist activity within tumor tissue, thereby initiating antigen-presenting cells (APCs) in solid tumors and their draining lymph nodes, thus recruiting T cells and eliciting potent anti-tumor immune responses. In 2025, NG-350A received Fast Track designation from the U.S. Food and Drug Administration for the treatment of locally advanced rectal cancer (LARC) with proficient mismatch repair (pMMR). In December 2024, the Group entered into an agreement with Akamis Bio. Ltd., obtaining exclusive rights for the development, manufacturing and commercialization of the NG-350A product in Greater China.

- During the Reporting Period, the Group continued to advance the filing work for conducting clinical trials of NG-350A in China.

Warning Statement under Rule 18A.08(3) of the Listing Rules: The Group cannot guarantee that NG-350A will ultimately be successfully developed and marketed.

2. XZB-0004 Progress

- XZB-0004 is a potent selective oral small-molecule Anexelekto (AXL) inhibitor. In September 2021, the Group obtained a license from SignalChem Lifesciences Corporation, which granted the Group exclusive rights to develop, manufacture and commercialize XZB-0004 in Greater China.

- During the Reporting Period, the Group was conducting a Phase I clinical trial in China to evaluate the safety, PK/PD and efficacy of XZB-0004 in patients with advanced solid tumors, and has completed the dose-escalation phase study.

Warning Statement under Rule 18A.08(3) of the Listing Rules: The Group cannot guarantee that XZB-0004 will ultimately be successfully developed and marketed.

Out-licensing Project Progress

During the Reporting Period, the Company entered into a licensing and supply agreement with Boston Oncology CGT Holding Co. Limited in respect of Bireociclib and Dirozalkib, granting Boston Oncology CGT Holding Co. Limited the right to develop, register and commercialize Bireociclib and Dirozalkib in the licensed territory (21 countries and regions in the Middle East and North Africa region). Pursuant to the agreement, the Group will receive an upfront payment and subsequent regulatory and commercial milestone payments which may cumulatively exceed US$100 million, as well as royalties at a fixed percentage of total sales within the licensed territory.

In addition, during the Reporting Period, the Group entered into an exclusive agency cooperation with Macau Yongkang Pharmaceutical for the local registration, regulation and commercialization of three products in Macau, namely Bireociclib, Dirozalkib and Anaprazole Sodium, further improving the market layout in the Guangdong-Hong Kong-Macao Greater Bay Area.

PROSPECTS AND FUTURE GROWTH STRATEGY

In 2026, the Group will continue to be guided by clinical needs, deeply cultivate core tracks in oncology, digestive diseases, metabolism and other areas, focus on three core objectives of commercialization scale-up, deepening of innovative R&D and refined cost management, actively explore AI technology to empower drug R&D and functional support, strengthen the synergistic efficiency of R&D, manufacturing and sales, and steadily transform into a Biopharma with sustainable profitability.

1. Expanding Channel Coverage and Academic Outreach and Accelerating the Conversion of Innovative Advantages into Performance Value

The Group will leverage the differentiated innovative advantages of its products and focus on deepening its channel presence and academic outreach to efficiently advance the commercialization process, thereby benefiting more clinical patients. In the oncology field, the Group will accelerate the approval and implementation of Bireociclib in medical institutions at all levels, leverage a channel network that has widely covered Grade III Class A hospitals to drive rapid volume growth of the product in core markets, and further consolidate differentiated competitive advantages in the CDK2/4/6 inhibitor field by building a "first-line + second-line + later-line monotherapy" full-scenario treatment regimen. Meanwhile, the Group will leverage its advantage of providing full-course treatment coverage following the approval of its first-line indications to strengthen academic promotion and patient education, thereby further enhancing drug accessibility. As a next-generation ALK inhibitor approved in 2025, Dirozalkib will welcome its first full sales year in 2026. The Group will continue to deepen academic

promotion efforts at medical institutions; through clinical awareness education, the Group will actively cultivate market awareness and customer base, laying a solid foundation for sustained growth in product volume and rapid market penetration.

In the digestive field, leveraging the metabolic advantages and safety profile of Anaprazole Sodium, as well as the multi-tiered distribution network that has already taken shape, the Group will continue the strategy of strengthening evidence-based medicine and expanding sales channels to promote phased improvement in commercialization results. Specifically, in terms of strengthening evidence-based medicine support, the Group will leverage the recognition of Anaprazole Sodium's unique metabolic advantages in the *Chinese Expert Consensus on the Rational Use of Acid Suppressants for the Elderly (2026 edition)* to further consolidate the differentiated clinical value of the products, accelerate the publication of clinical evidence, including Phase III study data for reflux esophagitis and the study data on medication use in special populations such as patients with hepatic or renal impairment and the elderly. Meanwhile, with the successive acceptance and advancement of new indications such as reflux esophagitis, the Group will prospectively plan for constructing academic evidence chains and preparing pre-launch promotional works to accumulate momentum for future commercial scale-up. In terms of sales channel expansion, the Group will continuously optimise the performance evaluation mechanisms for its marketing team and distributors, strengthen workforce productivity management, and increase product penetration across medical institutions at all levels. By leveraging its preliminarily established multi-tier distribution network, the Group will progressively transition towards a refined distributor partnership model to further deepen the terminal sales network for Anaprazole Sodium.

2. Expanding Core Product Coverage and Optimizing Subsequent Pipeline Development

In 2026, the Group will continue to actively explore indication expansions for marketed products to open up room for subsequent product growth and further broaden the clinical and commercial value of the products. Among these, the indication for Bireociclib in combination with aromatase inhibitors for the first-line treatment of HR+/HER2- advanced breast cancer was approved for launch in March 2026. Following this approval, Bireociclib became the only CDK2/4/6 inhibitor in China currently covering first-line, second-line and multi-line monotherapy treatments for HR+/HER2- advanced breast cancer, further consolidating its leading position in the niche segment. As the NDA for the adult reflux esophagitis indication of Anaprazole Sodium has been officially accepted by the NMPA, the indication for Helicobacter pylori eradication has obtained clinical trial approval and the pivotal Phase III registration clinical study has been officially commenced, gradually expanding the application scenarios of the product in the digestive disease field.

In terms of early-stage R&D, the Group will adhere to an innovation-centered R&D orientation and focus on potential areas including oncology, digestive diseases and metabolism, rely on both small-molecule and large-molecule drug R&D platforms to develop innovative drug products with leading global development progress, combining first-in-class (FIC)/best-in-class (BIC) potential and ample BD value, optimize the candidate pipeline structure and accelerate the advancement of R&D projects; and continue to build and update small nucleic acid and AI technology platforms to lay a technical foundation for sustainable innovative R&D.

3. Advancing Commercialized Product Supply Assurance and Refined Cost Management in Parallel

In accordance with the product commercialization process, the Group will proactively ensure production capacity as well as manage product and sales costs to provide strong support for commercialized sales and performance realization of the product. In 2026, the Group will advance the compliance filing of new production sites for core products Anaprazole Sodium and Bireociclib and the registration of new API suppliers, building a multi-source capacity supply system. This will not only strengthen the stability and risk resistance of commercial supply but also optimize cost structure through economies of scale and competitive mechanisms. In terms of expense control, the Group will promote the refined production management model for preparation products, driving each entrusted production enterprise to improve product yield as planned to further reduce production costs. Meanwhile, the Company will continue the positive trend of steady decline in marketing and operation expenses, continuously optimize marketing input-output efficiency, and drive precise allocation of resources to high-potential markets to maximize resource allocation efficiency.

4. Deepening the Dual-Engine BD Drive and New Technology Platform Layout

In 2026, the Group will continue to expand overseas market BD cooperation for its products and further expand into emerging markets, including Europe, Hong Kong, Southeast Asia and South America, and promote successive implementation of overseas licensing cooperation. Meanwhile, by combining proprietary R&D with the BD collaborative development model, the Group will develop small nucleic acid platforms and innovative small and large molecules, promote the implementation of licensing/collaborative development projects and finalise the dual-engine development strategy of out-licensing and in-licensing to continuously maximize pipeline asset value while enriching the innovative pipeline reserve.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the revenue generated was primarily from the sales of the Group's commercialized drug product – An Jiu Wei (Anaprazole Sodium Enteric-coated Tablets) and Xuan Yue Ning (Bireociclib Tablets). For the six months ended June 30, 2026, the revenue of the Group was RMB69.4 million, representing an increase of 288.1% as compared to RMB17.9 million for the six months ended June 30, 2025. This growth was primarily attributable to the substantial revenue generated by Xuan Yue Ning during the Reporting Period following its inclusion to the medical insurance catalog, as well as the revenue growth contributed by the continuous enhancement of marketing efforts for An Jiu Wei and the expansion of distribution network. For details, please refer to the voluntary announcements of the Company both dated December 8, 2025 in respect of the inclusion of An Jiu Wei and Xuan Yue Ning in the Basic Medical Insurance, Maternity Insurance and Work-Related Injury Insurance (2025) ("**NRDL**").

Both Xuan Yue Ning and Xuan Fei Ning are still in the early stage of commercialization. The Group is currently intensifying the market development initiatives and broadening the sales channels to establish a solid foundation for future sales growth. As for An Jiu Wei, we have submitted the marketing application for the second indication, reflux esophagitis. The Phase III clinical trial for the third indication of bismuth quadruple therapy for the eradication of Helicobacter pylori is advancing, further driving the continuous growth of An Jiu Wei sales in the future.

Cost of Sales

The cost of sales primarily consists of payments to contract development and manufacturing organizations ("**CDMOs**") for the manufacturing of An Jiu Wei and Xuan Yue Ning and amortization of intangible assets. For the six months ended June 30, 2026, the cost of sales of the Group was RMB54.1 million, representing an increase of 603.9% as compared to RMB7.7 million for the six months ended June 30, 2025, primarily due to the increased costs resulting from sales growth of An Jiu Wei and the launch and sales of its new oncology product Xuan Yue Ning, and the amortization upon commercialization of substantial pre-capitalized Phase III clinical trial expenses.

Gross Profit and Gross Profit Margin

For the six months ended June 30, 2025 and 2026, the gross profit of the Group was RMB10.2 million and RMB15.3 million, respectively. For the six months ended June 30, 2025 and 2026, the gross profit margin was 57.0% and 22.1%, respectively. The increase in gross profit was primarily attributable to the increase in the sales of An Jiu Wei, while the decline in gross profit margin was primarily attributable to the reduced unit price of Xuan Yue Ning following implementation of the NRDL price in 2026.

Other Income and Gains

The other income primarily includes (i) bank interest income, (ii) government grants, and (iii) other miscellaneous income. The gains primarily include (i) investment income on wealth management products, (ii) gain on fair value changes of financial assets at fair value through profit or loss ("**FVTPL**"), representing the increase in the market value of the financial assets at FVTPL, and (iii) gain on disposal of items of intangible assets. The other income and gains of the Group for the six months ended June 30, 2025 and the six months ended June 30, 2026 were RMB4.1 million and RMB15.0 million respectively. The growth was primarily attributable to the increase of bank interest income.

Selling and Distribution Expenses

The selling and distribution expenses primarily consist of (i) employee compensation and benefits for sales and marketing staff, (ii) labour costs for non-employee personnel, (iii) travel expenses, (iv) consulting service fees, and (v) others. The selling and distribution expenses of the Group for the six months ended June 30,2025 and the six months ended June 30, 2026 were RMB5.7 million and RMB41.5 million respectively. The growth was primarily attributable to the increased investment in market access and sales channel expansion following the marketing of Xuan Yue Ning and Xuan Fei Ning.

Research and Development Expenses

The research and development expenses primarily consist of (i) technology transfer consideration, representing the payments made to license in R&D and commercialization rights of drug candidates, (ii) expenses for clinical trial services, representing costs associated with conducting clinical trials to test the safety, efficacy and overall performance of the Group's drug assets, (iii) employee compensation and benefits for R&D personnel, including salaries, social security, housing provident fund and benefits, (iv) raw materials and processing fees, representing costs associated with acquiring and processing necessary components to develop and test Group's drug candidates, (v) depreciation and amortization expenses, representing such expenses for right-of-use assets, property and equipment used for R&D purposes, (vi) daily operating expenses, representing expenses used to support Group's daily R&D activities, and (vii) others, representing various expenses related to R&D activities, such as rent, database usage and retrieval fees, consulting service fees, registration and patent fees, testing and analysis fees, and travel expenses.

The research and development expenses of the Group decreased by 67.1% from RMB83.7 million for the six months ended June 30, 2025 to RMB27.5 million for the six months ended June 30, 2026, primarily due to a significant decrease in related research and development expenses for the first half of 2026 following the approval of the listing applications for our core products, Xuan Yue Ning and Xuan Fei Ning in the second half of 2025, as well as the substantial payment of technology licensing fee paid to counterparties in the first half of 2025 in connection with the license-in of NG-350A.

For the six months ended June 30, 2026, the Group's research and development expenses incurred for its core products amounted to RMB8.2 million, representing 29.6% of the total R&D expenses for the period (six months ended June 30, 2025: 19.6%). The following table sets forth a breakdown of the research and development expenses for the periods indicated:

	For the six months ended June 30,	
	2026	2025
	RMB'000	*RMB'000*
Technology transfer consideration	**275**	54,978[(1)]
Employee compensation and benefits	**11,350**	12,435
Depreciation and amortization expenses	**6,063**	6,868
Expenses for clinical trial services	**5,103**	5,623
Daily operating expenses	**753**	1,268
Raw materials and processing fees	**2,589**	810
Others	**1,371**	1,723
Total	**27,504**	83,705

Note:

(1) In the six months ended June 30, 2025, our technology transfer consideration primarily includes the upfront fees we paid to the counterparties for the in-license of NG-350A as well as technology authorization fees.

Administrative Expenses

The administrative expenses primarily consist of (i) employee compensation and benefits, (ii) depreciation and amortization expenses, (iii) taxes and surcharges, (iv) professional service fees, representing payments made to external professionals, such as legal professionals, finance experts and financing consultants, (v) office expenses. The administrative expenses of the Group decreased from RMB30.6 million for the six months ended June 30, 2025 to RMB24.3 million for the six months ended June 30, 2026. The decrease was primarily due to the decrease of listing expenses during the current period.

Other Expenses

Other expenses primarily include (i) asset impairment losses, representing inventory write-downs, (ii) foreign exchange losses, net, and (iii) loss on obsolescence of inventories. The other expenses of the Group increased from RMB5.2 million for the six months ended June 30, 2025 to RMB11.5 million for the six months ended June 30, 2026, primarily due to the fluctuation in USD exchange rates.

Financial Costs

Finance costs are mainly interest on lease liabilities, The interest on lease liabilities refers to interests charged to profit or loss over the lease period for the lease of offices for which the Group made fixed or minimum rental payments. The difference between the actual amount of fixed rental payments made and amount of principal portion of fixed rental payments is recorded as interest on lease liabilities under finance costs. The finance costs of the Group decreased by 62.1% from RMB0.029 million for the six months ended June 30, 2025 to RMB0.011 million for the six months ended June 30, 2026. Such change was primarily due to the change in the interest on lease liabilities arising from the adjustments to the remaining life of the leases.

Income Tax

The income tax expense remains steady at RMB0.006 million for the six months ended June 30, 2025 and 2026.

Loss and Total Comprehensive Loss for the Reporting Period

For the reasons discussed above, the loss and total comprehensive loss decreased by 32.1% from RMB110.9 million for the six months ended June 30, 2025 to RMB75.3 million for the six months ended June 30, 2026.

Property, Plant and Equipment

The property, plant and equipment primarily consist of leasehold improvements, buildings, laboratory equipment, office equipment, and electronic equipment. The property, plant and equipment of the Group decreased by 7.0% from RMB100.3 million as of December 31, 2025 to RMB93.2 million as of June 30, 2026, primarily due to the depreciation of property, plant and equipment.

Right-of-Use-Assets

The right-of-use assets represent the land use right obtained from the PRC local government authorities with limited terms and offices leased from third parties. The right-of-use assets of the Group decreased by 4.5% from RMB15.5 million as of December 31, 2025 to RMB14.8 million as of June 30, 2026, primarily due to the amortisation of right-of-use assets.

Intangible Assets

The intangible assets primarily consist of deferred development costs, patents and licenses, and software. The research and development expenditure can only capitalized when the Group demonstrates (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale, (ii) the intention to complete and the ability to use or sell the asset, (iii) how the asset will generate future economic benefits, (iv) the availability of resources to complete the project, and (v) the ability to measure reliably the expenditure during the development. The intangible assets of the Group increased by 3.7% from RMB657.9 million as of December 31, 2025 to RMB682.1 million as of June 30, 2026, primarily driven by the increase in research and development expenses during the Reporting Period due to the continuous investment in R&D activities to optimize the diversified and balanced drug asset pipeline of the Group. This primarily represents R&D costs incurred for pipelines under development such as An Jiu Wei, Xuan Yue Ning and Xuan Fei Ning, for new indications (excluding those already completely commercialization) that have entered the Phase III clinical trial stage and are incurred prior to obtaining marketing approval.

The following table sets forth the details of the intangible assets as of the dates indicated:

	As of June 30, 2026	As of December 31, 2025
	RMB'000	*RMB'000*
Deferred development costs	**183,140**	320,648
Patents and licenses	**498,364**	336,521
Software	**587**	747
Total	**682,091**	657,916

Prepayments, Other Receivables and Other Assets

The non-current portion of prepayments, other receivables and other assets primarily consists of (i) deductible VAT, representing the input VAT, (ii) rental deposits, representing the deposits placed for the leases. The non-current portion of prepayments, other receivables and other assets of the Group decreased by 80.9% from RMB34.3 million as of December 31, 2025 to RMB6.6 million as of June 30, 2026, primarily due to the non-current portion of deductible VAT decreasing as a result of the reclassification of excess input VAT credits based on working capital adjustments according to sales forecasts.

The current portion of prepayments, other receivables and other assets primarily consists of (i) other receivables, representing the receivables under out-licensing arrangements with business partners, (ii) prepayments, representing advance payments for clinical trial and technical service fees, processing fees associated with drugs used for R&D purposes, and equipment purchase fees, (iii) deferred listing expenses and (iv) deductible VAT. The current portion of prepayments, other receivables and other assets of the Group decreased by 5.0% from RMB42.6 million as of December 31, 2025 to RMB40.5 million as of June 30, 2026. The change was primarily due to the reduction in deductible VAT arising from the VAT credits refund in the first half of 2026.

Inventories

The inventories primarily consist of (i) raw materials, (ii) work in progress, and (iii) finished goods. The inventories of the Group decreased by 0.3% from RMB86.5 million as of December 31, 2025 to RMB86.3 million as of June 30, 2026, maintaining a steady level.

Trade Receivables

The trade receivables represent amounts owed to the Group by customers for the purchase of the Group's commercialized products. The trade receivables of the Group increased by 190.3% from RMB16.0 million as of December 31, 2025 to RMB46.5 million as of June 30, 2026, primarily due to continuous rise in the sales amount of Xuan Yue Ning after its launch.

Trade and Bills Payable

The trade and bills payables primarily consist of the payments for clinical trial and technical services and payments for the purchase of raw materials and other materials. The trade and bills payables of the Group increased by 22.1% from RMB113.6 million as of December 31, 2025 to RMB138.6 million as of June 30, 2026, primarily due to the procurement of raw materials to meet the increased market supply demand following the launch of the Company's new commercialized products.

Other Payables and Accruals

The non-current portion of other payables and accruals represents advances the Group received for sales of pharmaceutical products and consideration the Group received in advance from distributors for granting them exclusive distribution rights. The non-current portion of other payables and accruals of the Group increased by 3.2% from RMB48.3 million as of December 31, 2025 to RMB49.9 million as of June 30, 2026, indicating minimal changes.

The current portion of other payables and accruals primarily consists of (i) employee compensation and benefits payable, representing amounts related to wages, bonuses, social security, and union funds, (ii) other payables, mainly including deposits received from pharmaceutical distributors, (iii) contract liabilities, mainly including advances received for sales of pharmaceutical products and consideration the Group received in advance from distributors for granting them exclusive distribution rights, (iv) accrued litigation compensation, (v) consultation service fee, (vi) tax payables, and (vii) other payables. The current portion of other payables and accruals of the Group decreased by 39.8% from RMB107.6 million as of December 31, 2025 to RMB64.8 million as of June 30, 2026, primarily due to (i) the decrease in consultation service fee related to listing; (ii) the consideration received in advance from distributors at the end of the previous year being normally transferred to revenue of the current period; and (iii) the differences between the actual outcomes of litigation compensation and the provision for estimated liabilities made at the end of the previous year.

Lease Liabilities

The lease liabilities represent the present value of the lease payments that the Group is contractually obligated to make over the remaining lease term. The lease liabilities of the Group decreased by 66.3% from RMB0.6 million as of December 31, 2025 to RMB0.2 million as of June 30, 2026, primarily due to lease payments.

Capital Structure

The total assets of the Group decreased from RMB1,640.3 million as of December 31, 2025 to RMB1,548.4 million as of June 30, 2026. The total liabilities of the Group decreased from RMB270.1 million as of December 31, 2025 to RMB253.5 million as of June 30, 2026. Liabilities-to-assets ratio decreased from approximately 16.5% as of December 31, 2025 to approximately 16.4% as of June 30, 2026.

Liquidity and Capital Resources

As of June 30, 2026, the total amount of cash and cash equivalents of the Group was RMB508.5 million, while the amount of cash and cash equivalents was RMB652.2 million as of December 31, 2025. As of June 30, 2026, the Group's cash and bank balances were mainly denominated in USD and RMB.

During the Reporting Period, the primary uses of cash were to fund the preclinical and clinical development of the drug candidates, sales and distribution expenses, commercial manufacturing, administrative expenses and other operating expenses. During the Reporting Period and up to the date of this announcement, the Group primarily funded its working capital requirements through proceeds from equity financing.

The management will continue to monitor uses of cash and cash balances and strive to maintain healthy liquidity for the operations of the Group to ensure the liquidity requirements will be satisfied by a combination of existing cash and cash equivalents, sales from commercialized drug products, and net proceeds from the Global Offering. With the continuing expansion of the Group's business, further funding may be required through equity offerings, debt financing, license and collaboration arrangements, and other sources.

During the Reporting Period, the Group did not use any financial instrument for hedging purposes, did not have any outstanding hedging instruments and did not consider necessary to hedge in order to manage the liquidity and capital resources.

Indebtedness

The indebtedness of the Group mainly consists of lease liabilities. The following table sets forth a breakdown of the indebtedness as of the dates indicated:

	As of June 30, 2026	As of December 31, 2025
	RMB'000	*RMB'000*
Current lease liabilities	**218**	647
Total	**218**	647

Save as disclosed above, the Group did not have, as of June 30, 2026, any bank loans or any loan capital issued and outstanding or agreed to be issued, bank overdraft, borrowing or similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases, or finance lease commitments or guarantees.

Capital Expenditure

The capital expenditures relate to the purchases of property, plant, and equipment and the purchases are primarily for the R&D and business operations. The capital expenditures increased from RMB0.02 million for the six months ended June 30, 2025 to RMB0.2 million for the six months ended June 30, 2026, primarily for R&D and business operations.

The Group funded the capital expenditure requirements during the Reporting Period mainly from existing cash as well as net proceeds from the Global Offering. The Group may reallocate the funds to be utilized on capital expenditures based on ongoing business needs.

Off-Balance Sheet Commitments and Arrangements

As at 30 June 2026, the Group had neither entered into any off-balance sheet arrangements nor commitments to provide guarantees for any payment obligations of any third party. The Group did not have any variable interests in any unconsolidated entities which receive financing or liquidity funding, or generate market risk or provide credit support, or engage in the provision of leasing or hedging or R&D services to the Group.

Credit Risk

Credit risk arises from cash and cash equivalents, trade receivables, notes receivable, wealth management products and other receivables. All the cash equivalents and bank deposits are placed in certain reputable financial institutions in The People's Republic of China ("**PRC**") and high-quality international financial institutions outside Mainland China. All those irrevocable bank bills, classified as notes receivable, are issued by banks in the PRC with high credit rating. There was no recent history of default of cash equivalents and bank deposits in relation to these financial institutions.

In relation to trade receivables, the Group has no significant concentrations of credit risk and has policies in place to ensure that certain cash advance has been received upon the agreement of the related sales orders with customers. For those with credit periods granted, the credit quality of the counterparties is assessed by taking into account their financial position, credit history and other factors. It also undertakes certain monitoring procedures to ensure that proper follow-up action is taken to recover overdue debts. The Group regularly performs aging analysis, assesses credit risks and estimates the recoverability regarding such receivables based on historical data and cash collection history of groups of trade receivables bearing similar credit risk.

Wealth management products are the bank financial products issued by certain PRC reputable banking institutions. There was no recent history of default and the executive directors of the Board of the Company are of the opinion that the credit risk related to the investments is low.

In relation to other receivables, the credit quality of the debtors is assessed by taking into account their financial position, relationship with the Group, credit history and other factors. Management also regularly reviews the recoverability of these other receivables and follow up on the disputes or amounts overdue, if any. The executive Directors are of the opinion that the default by counterparties is likely to be low.

No other financial assets bear a significant exposure to credit risk.

Pledge of Assets

As of June 30, 2026, the Group did not pledge any Group assets.

Future plans for material investments or capital asset

Save for the expansion plan as disclosed in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated March 19, 2021 (the "**Prospectus**"), the Group did not have detailed future plans for material investments or capital assets as at 30 June, 2026.

Gearing Ratio

Gearing ratio is calculated by dividing total liabilities by total equity and multiplying the product by 100%. The gearing ratio of the Group decreased from approximately 19.7% as of December 31, 2025 to approximately 19.6% as of June 30, 2026, indicating minimal changes.

Foreign Exchange Risk and Hedging

As the Group's operations are conducted by the subsidiaries of the Group in Chinese mainland, the Group's presentation and functional currency is RMB. The proceeds from the Global Offering were received in HKD. As a result, the Group faces risk resulting from currency exchange rate fluctuations, particularly, the RMB against HKD.

During the Reporting Period, the Group has not hedged its foreign currency exchange risks but has closely managed its foreign currency risk by performing regular reviews of its net foreign currency exposures and may enter into currency forward contracts, when necessary, to manage its foreign exchange exposure.

Significant Investment, acquisition and disposal

As at June 30, 2026, the Group had no significant acquisitions and disposals of subsidiaries, associates or joint ventures. As of June 30, 2026, the Group did not hold any significant investments. The Directors confirmed that the financial asset transactions of the Group during the Reporting Period, calculated on standalone basis and aggregated basis, did not constitute notifiable transactions under Chapter 14 of the Listing Rules.

Use of Proceeds from the Global Offering

The H Shares of the Company were listed on the Main Board of the Stock Exchange on October 15, 2025. The net proceeds from the Global Offering (after deducting the underwriting commission and other expenses payable by the Company) amounted to approximately HKD679.9 million. The issue price per H share and the net price per H Share offered under the Global Offering were HK$11.60 and approximately HK$10.10, respectively. The Company intends to use the net proceeds in the same matter and proportion as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus and there has been no change in the intended use of the net proceeds. The following table sets forth the status of the use of the net proceeds from the Global Offering as of June 30, 2026:

Intended use of net proceeds	**Percentage of intended use of net proceeds** *(%)*	**Net proceeds from the Global Offering** *(In HKD millions)*	**Amount utilized as of June 30, 2026** *(In HKD millions)*	**Amount unutilized as of June 30, 2026** *(In HKD millions)*	**Expected timeline of full utilization of the net proceeds**
Research and development of core products, namely, An Jiu Wei, Xuan Yue Ning and Xuan Fei Ning	45.0	305.9	37.2	268.7	By the end of 2028
Research and development of key products, namely, KM602, KM501, XZP-7797 and XZP-6924	14.0	95.2	0.7	94.5	By the end of 2029
Research and development of other drug candidates, including XZB-0004, XZP-5610, XZP6019 and XZP-6877	11.0	74.8	0.1	74.7	By the end of 2029
Strengthening commercialization and marketing capabilities	20.0	136.0	89.2	46.8	By the end of 2026

Intended use of net proceeds	Percentage of intended use of net proceeds	Net proceeds from the Global Offering	Amount utilized as of June 30, 2026	Amount unutilized as of June 30, 2026	Expected timeline of full utilization of the net proceeds
	(%)	*(In HKD millions)*	*(In HKD millions)*	*(In HKD millions)*	
Working capital and other general corporate purposes	10.0	68.0	68.0	0	By the end of 2026
Total	**100.0**	**679.9**	**195.2**	**484.7**	

The current expected timeframe for utilizing the remaining unused net proceeds in full are based on the best estimation by the Directors barring any unforeseen circumstances and may be subject to change based on the Group's operating conditions and prevailing and future development of market conditions. The Directors will assess the plans for the use of the unutilized net proceeds on an ongoing basis and may revise or modify such plans where necessary to respond to the changing market conditions with a view to promoting a better growth and development of the Group. The Group will continue to evaluate the use of the unutilized net proceeds cautiously and monitor the market conditions closely to adjust the use of the unutilized net proceeds from the fund raising activities by the Group where necessary for the long-term development of the Group. Majority of the unutilised net proceeds were deposited with reputable banks in Hong Kong or the PRC for the six months ended June 30, 2026. The Company will make appropriate announcement(s) in due course in accordance with and if required under the Listing Rules should there be any material change in the intended use of the unutilized net proceeds.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended June 30, 2026 (for the six months ended June 30, 2025: nil).

Rounding

Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities (including sales of treasury shares) of the Company in the Hong Kong Stock Exchange. As of June 30, 2026 and up to the date of this announcement, the Company did not hold any H shares of the Company as treasury shares (as defined in the Listing Rules).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its affairs are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all Shareholders. The Company has applied the principles as set out in the Corporate Governance Code set out in Part 2 of Appendix C1 to the Listing Rules (the "**CG Code**") and has also adopted certain recommended best practices as set out in the CG Code.

The Board is of the view that during the Reporting Period and up to the date of this announcement, the Company has complied with all applicable code provisions as set out in the CG code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Hong Kong Listing Rules as the Group's code of conduct regarding the Directors' securities transactions. Having made specific enquiry with all the Directors and former supervisors of the Company, all the Directors and former supervisors of the Company confirmed that they have strictly complied with the Model Code throughout the Reporting Period.

The Board has also established written guidelines on terms no less exacting than the Model Code (the "**Guidelines**") for securities transactions by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision C.1.3 of the CG Code. No incident of non-compliance with the Guidelines by the Company's relevant employees has been noted during the Reporting Period after making reasonable enquiry.

H SHARES FULL CIRCULATION

The Company has received an official notification letter dated March 26, 2026 issued by the China Securities Regulatory Commission regarding the conversion of 357,245,794 Unlisted Shares into H Shares (the "**Converted H Shares**"), and on April 16, 2026, received approval from the Stock Exchange for such Converted H Shares to be listed and traded on the Stock Exchange (the "**H Shares Full Circulation**"). On May 12, 2026, 357,245,794 Unlisted Shares were converted into H Shares. Such Converted H Shares commenced trading on the Hong Kong Stock Exchange at 9:00 a.m. on May 13, 2026. The share capital structure of the Company before and after the completion of the H Share Full Circulation is set out below:

Class of Shares	**Before the completion of the H Shares Full Circulation**		**After the completion of the H Shares Full Circulation**	
	Number of Shares	*Percentage (approximately)*	*Number of Shares*	*Percentage (approximately)*
Unlisted Shares	357,245,794	68.97%	0	0%
H Shares	160,701,996	31.03%	517,947,790	100%
Total	**517,947,790**	**100%**	**517,947,790**	**100%**

Note: The percentages have been rounded up to two decimal places.

For further details regarding the H Share Full Circulation, please refer to the Company's announcements dated November 14, 2025, November 17, 2025, April 12, 2026, April 17, 2026 and May 12, 2026.

ABOLISHMENT OF THE SUPERVISORY COMMITTEE AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION

At the annual general meeting held on June 18, 2026, the Shareholders approved the abolishment of the supervisory committee of the Company and the corresponding amendments to the articles of association and the relevant rules of procedures. The abolishment and the amendments took effect on June 18, 2026. Following the abolishment, the functions and powers of the supervisory committee are exercised by the audit committee of the Board (the "**Audit Committee**") in accordance with the amended articles of association.

For further details, please refer to the Company's announcements dated May 26, 2026 and June 18, 2026, and the circular of the Company dated May 27, 2026.

SUBSEQUENT EVENTS

The Group has no material events subsequent to June 30, 2026 which could have a material impact on the operating and financial performance of the Group as of the date of this announcement.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

As of the date of this announcement, the Audit Committee comprises one non-executive Director, Ms. Chen Yanling and two independent non-executive Directors, Mr. Fan Chi Chiu and Ms. Wang Yu. Mr. Fan Chi Chiu is the chairperson of the Audit Committee who possesses appropriate professional qualifications as required by Rules 3.10(2) and 3.21 of the Listing Rules. The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended June 30, 2026. The Audit Committee and the Company's management have also reviewed, with no disagreement, the accounting principles and practices adopted by the Group; and discussed matters in relation to risk management, internal control and financial reporting.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.xuanzhubio.com). The interim report of the Company for the six months ended June 30, 2026 containing all the information required by the Listing Rules will be sent to the Shareholders and made available for review on the same websites in due course.

By order of the Board
Xuanzhu Biopharmaceutical Co., Ltd.
Ms. Xu Yanjun
Chairperson of the Board and executive Director

Hong Kong, August 26, 2026

As of the date of this announcement, the Board comprises (i) Ms. Xu Yanjun and Dr. Shih Cheng-Kon as executive Directors; (ii) Ms. Li Huiying, Mr. Yu Lifeng and Ms. Chen Yanling as non-executive Directors; (iii) Ms. Yue Xin as an employee representative Director; and (iv) Mr. Liu Shuo, Ms. Wang Yu and Mr. Fan Chi Chiu as independent non-executive Directors.