SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all of the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this document. You should read the entire document before you decide to invest in the **[REDACTED]**.

There are risks associated with any **[REDACTED]**. *Some of the particular risks associated with an* **[REDACTED]** *in the* **[REDACTED]** *are set out in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to invest in the* **[REDACTED]**. ***In particular, we are a biotechnology company seeking to* [REDACTED] *on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules on the basis that we are unable to meet the requirements under Rule 8.05(1), (2) or (3) of the Listing Rules.*** *There are unique challenges, risks and uncertainties associated with* **[REDACTED]** *in companies such as ours. Our Core Products, Dexmedetomidine Hydrochloride Microneedle Patch and XJN010, are the products for the purpose of satisfying the eligibility requirements under Chapter 18A of the Listing Rule and Chapter 2.3 of the Guide for New Listing Applicants, and are in the early stages of clinical development. We may continue to incur substantial costs and expenses in relation to research and development activities for the Core Products, and the Core Products may not be successfully developed or marketed. Your* **[REDACTED]** *decision should be made in light of these considerations.*

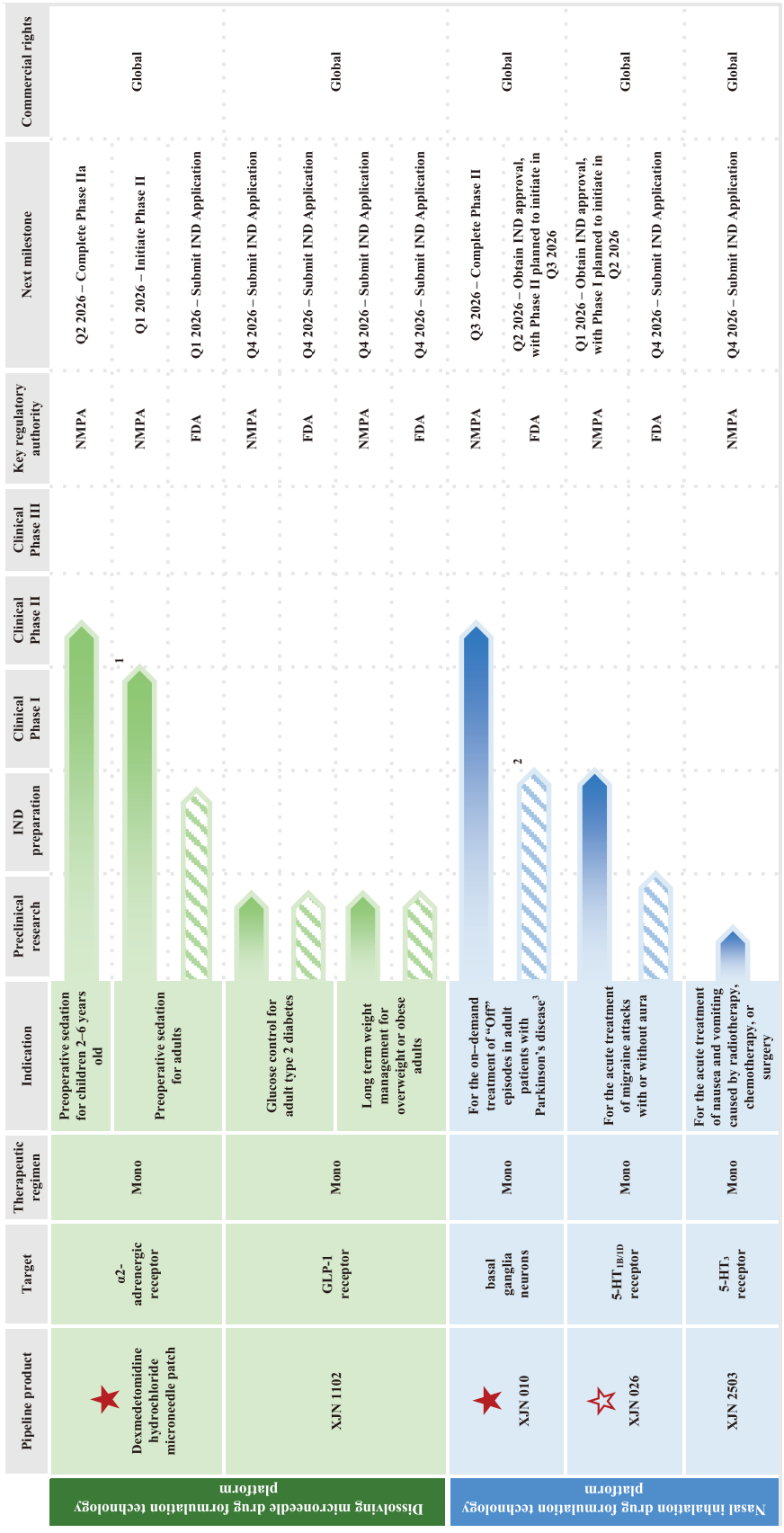
Various expressions used in this section are defined in the sections headed "Definitions" and "Glossary of Technical Terms" in this document.

BUSINESS OVERVIEW

Founded in 2007, we are a clinical-stage, innovation-driven pharmaceutical technology company headquartered in Guangzhou, China. We are committed to the development and commercialization of new drugs with advanced formulations designed to address the limitations of traditional routes of administration. We have internally established two core technology platforms: (i) a dissolving microneedle drug formulation technology platform and (ii) a nasal inhalation drug formulation technology platform. Leveraging these two platforms, we have developed two Core Products and three other pipeline products. Our first Core Product, Dexmedetomidine Hydrochloride Microneedle Patch, is being developed for preoperative sedation in pediatric patients and adult patients. As of the Latest Practicable Date, Dexmedetomidine Hydrochloride Microneedle Patch has entered Phase IIa clinical trial for use in pediatric patients in China. Approval to commence Phase II clinical trial for use in adult patients has been granted by the NMPA, and the relevant clinical trial is expected to commence in the first quarter of 2026. Our second Core Product, XJN010, is a nasal inhalation drug formulation being developed for the on-demand treatment of "Off" episodes in patients with Parkinson's disease. As of the Latest Practicable Date, XJN010 has entered Phase II clinical trial in China.

WE MAY NOT BE ABLE TO SUCCESSFULLY DEVELOP AND/OR MARKET OUR PIPELINE PRODUCTS, INCLUDING CORE PRODUCTS DEXMEDETOMIDINE HYDROCHLORIDE MICRONEEDLE PATCH AND XJN010

The pipeline chart below summarizes the development status of our product candidates, including both clinical-stage and preclinical-stage programs, as of the Latest Practicable Date, together with their anticipated development milestones. All product candidates included in the pipeline chart were internally developed by us.



Notes:

1. In September 2025, we received the Notification of Approval for Drug Clinical Trial from the NMPA to conduct phase II clinical trial in adult patients.

2. We have received written response from the FDA following our pre-IND communication, indicating that there was no objection to our proposal to enter Phase II clinical trial directly, upon satisfying certain conditions. Accordingly, we have submitted a formal IND application in October 2025 for Phase II clinical trial.

3. For the on-demand treatment of "Off" episodes in adult patients with Parkinson's disease who are receiving dopa decarboxylase inhibitor/levodopa therapy.

OUR PIPELINE

Our pipeline strategy focuses on selecting indications where traditional formulations present limitations such as invasiveness, poor patient compliance or suboptimal pharmacokinetic profiles, and applying our advanced drug formulation technologies to address these challenges.

Our Core Products

Dexmedetomidine Hydrochloride Microneedle Patch

Our Dexmedetomidine Hydrochloride Microneedle Patch is an internally developed product and the first dissolving microneedle transdermal drug patch approved for clinical trials in China. It is being developed for preoperative sedation in both pediatric and adult patients and delivers dexmedetomidine hydrochloride via a dissolving microneedle system.

The product is designed to address limitations of intravenous sedation, including pain, anxiety and operational burden, through an easy-to-apply transdermal format intended to improve patient comfort and clinical efficiency. Incorporating our proprietary "Three Efficiencies" and "Two Precisions" technologies, the patch delivers the drug into the superficial dermis for rapid systemic absorption with pharmacokinetic characteristics comparable to subcutaneous injection, while avoiding needle-based procedures.

From a regulatory perspective, a Phase I clinical trial completed in March 2025 demonstrated favorable safety, tolerability and pharmacokinetics. A Phase IIa clinical trial for the pediatric indication is ongoing in China, and approval to initiate a Phase II clinical trial for the adult indication was granted by the NMPA in September 2025. As of the Latest Practicable Date, no questions or objections have been received from the NMPA regarding the clinical development plan for the pediatric indication. In the United States, a pre-IND application has been submitted under the 505(b)(2) pathway, and IND preparation is ongoing.

From a market perspective, sedation use is expanding beyond operating rooms into outpatient, diagnostic and minimally invasive procedures, with particularly strong growth in pediatric and outpatient settings. According to Frost & Sullivan, both the global and China preoperative sedation markets are growing steadily, with faster expansion in pediatrics than in adults. Meanwhile, injectable sedatives in China are increasingly commoditized due to centralized procurement, putting pressure on pricing and margins. Against this backdrop, the Dexmedetomidine Hydrochloride Microneedle Patch is positioned as a differentiated, value-based product competing on clinical utility and operational efficiency rather than price. Subject to further clinical

development and regulatory approval, its painless, easy-to-administer format and broad applicability may support adoption across pediatric, outpatient and diagnostic settings, with potential expansion into additional procedural and perioperative indications.

XJN010

XJN010 is our internally developed, clinical-stage nasal inhalation drug formulation designed for the on-demand treatment of "Off" episodes in patients with Parkinson's disease receiving levodopa-based therapy. "Off" episodes are characterized by the sudden re-emergence of motor symptoms and represent a significant unmet clinical need in China, where no approved therapy is specifically indicated for this condition.

XJN010 is developed based on our proprietary nasal inhalation formulation platform and is designed to deliver the active pharmaceutical ingredient via the nose-to-brain pathway, bypassing the gastrointestinal tract and the bloodbrain barrier. This approach is intended to enable rapid onset of action without reliance on swallowing or pulmonary inhalation, making it suitable for patients experiencing unpredictable "Off" episodes or difficulties with conventional routes of administration. The product is formulated as a liquid suspension nasal spray incorporating penetration enhancers and targeted olfactory-region delivery technology, designed to support efficient and consistent drug delivery to the brain.

From the regulatory perspective, preclinical studies and a completed Phase I clinical trial demonstrated rapid absorption and a favorable safety and tolerability profile. A Phase II clinical trial commenced in China in August 2025 and is ongoing. As of the Latest Practicable Date, we have not received any questions or objections from the NMPA regarding our clinical development plans for Phases I and II for XJN010. In the United States, a pre-IND application was submitted in June 2025, followed by a formal IND submission in October 2025, with Phase II clinical initiation expected upon IND approval.

From the market perspective, Parkinson's disease represents a large and growing global health burden driven by aging populations. According to Frost & Sullivan, the global population of patients experiencing "Off" episodes increased from approximately 2.74 million in 2020 to 3.66 million in 2024 and is expected to continue growing through 2032. China is projected to account for a substantial share of this growth, with Parkinson's disease patients expected to reach approximately 8.31 million by 2030 and the China "Off" episodes market forecast to grow at a double-digit CAGR through 2032. The U.S. market is also expected to expand steadily over the next decade. Against this backdrop, XJN010 is positioned as a differentiated, value-based therapeutic option competing on speed of onset, delivery efficiency and patient convenience. According to Frost & Sullivan, as of the Latest Practicable Date, XJN010 is the only investigational product for Parkinson's disease "Off" episodes approved for clinical trials in China.

Our Key Product

XJN026

XJN026 is our internally developed, preclinical-stage vasoconstrictor nasal inhalation formulation intended for the acute treatment of migraine attacks with or without aura in adults and pediatric patients aged 6 to 17 years. It is designed as a non-oral, on-demand therapy administered intranasally to enable rapid drug absorption and address limitations associated with oral migraine treatments.

XJN026 contains an active ingredient with a well-established mechanism of action and clinical safety profile and is developed using our proprietary nasal inhalation formulation platform. By bypassing the gastrointestinal tract, the product is intended to reduce variability and delays associated with oral administration. In preclinical studies, XJN026 demonstrated rapid systemic absorption, with a time to peak plasma concentration of approximately 2 to 5 minutes, and absorption was not affected by food intake.

Preclinical pharmacokinetic and toxicology studies demonstrated favorable tissue distribution and a good safety profile, with no significant local irritation or systemic toxicity observed at doses exceeding the proposed clinical dose. Based on these results, an IND application was submitted to the NMPA in October 2025, and preparation for IND submission to the FDA is ongoing.

From the market perspective, migraine is a highly prevalent neurological disorder with a large and growing global patient population. According to Frost & Sullivan, both the global and China migraine treatment markets are expected to expand, driven by increasing disease awareness and demand for rapid, non-invasive acute therapies. Subject to further development and regulatory approval, XJN026 has the potential to offer a fast-acting intranasal option for acute migraine treatment, addressing unmet needs for reliable and convenient alternatives to oral therapies.

Our Other Products

XJN1102

XJN1102 is our internally developed, preclinical-stage dissolving microneedle drug patch for the treatment of type 2 diabetes and long-term weight management in adults. It incorporates a once-weekly GLP-1 receptor agonist with a well-established safety and efficacy profile and is designed as a minimally invasive alternative to injectable therapies. We plan to submit IND applications to the NMPA and the FDA in the fourth quarter of 2026.

XJN2503

XJN2503 is our internally developed, preclinical-stage 5-HT_3 receptor antagonist nasal inhalation formulation intended for the rapid relief and prevention of nausea and vomiting associated with chemotherapy, radiotherapy and postoperative recovery in adults and pediatric patients aged four years and above. The product is designed as a non-oral, non-injectable therapy with rapid onset, and we plan to submit an IND application to the NMPA in the fourth quarter of 2026.

OUR BUSINESS MODEL

We focus on the in-house research and development, clinical advancement and future commercialization of new drugs with advanced formulations based on our proprietary formulation platform technologies. We adopt an evaluation process under which product candidates are identified, assessed and prioritized based on technological feasibility, competitive dynamics and disease prevalence before being advanced into development. Leveraging our proprietary platform technologies, we develop differentiated formulations intended to address limitations of traditional routes of administration and improve therapeutic performance, patient compliance and clinical practicality.

In parallel, we undertake regulatory planning and conduct clinical development in accordance with the requirements of relevant regulatory authorities. Our commercialization strategy is supported by a scalable manufacturing and supply framework, comprising a pilot production facility for clinical-stage supply, the progressive establishment of GMP-compliant commercial manufacturing facilities, and the selective use of qualified CMOs. Looking ahead, we intend to commercialize our products through a combination of in-house market development in China and selective out-licensing or co-development arrangements for products with international potential.

OUR TECHNOLOGY PLATFORMS

Our pipeline is built on two proprietary formulation technology platforms: a dissolving microneedle drug formulation platform and a nasal inhalation drug formulation platform, both designed to address limitations of traditional routes of administration and enable the development of advanced drug formulations.

Our dissolving microneedle platform incorporates a proprietary core technology system with independent intellectual property rights, characterized by "Three Efficiencies" (high-efficiency skin penetration, high-efficiency targeted delivery and high-efficiency transdermal absorption) and

"Two Precisions" (precise and controllable drug loading and precise continuous infusion).Together, these technologies enable effective microneedle penetration, accurate dose delivery and stable, continuous drug administration.

Our nasal inhalation platform is based on a proprietary "dual-driving" technology system combining precise olfactory-region administration with high-efficiency mucosal absorption and intracerebral transport. The system enhances nose-to-brain delivery for central nervous system indications and supports a broad range of drug types.

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths have differentiated us from our competitors: (i) highly versatile and expandable technology platforms that support the continuous development of pipeline products; (ii) according to Frost & Sullivan, our Core Product, the Dexmedetomidine Hydrochloride Microneedle Patch, is the first dissolving microneedle drug patch approved for clinical trials in China, and the only one in China to have advanced to Phase II clinical trial; (iii) according to Frost & Sullivan, our Core Product XJN010, is the first and only investigational product addressing the "Off" episodes in Parkinson's disease approved for clinical trials in China, filling a domestic market gap; (iv) a diversified and high-value pipeline aligned with clinical needs and addresses the pain points of traditional formulations; and (v) a visionary management team with extensive industry expertise and strategic foresight. For details, see "Business — Our Competitive Strengths".

OUR DEVELOPMENT STRATEGIES

We intend to capitalize on our competitive strengths by pursuing the following development strategies: (i) strategically accelerate the global clinical development and regulatory approval of our Core Products, enhance delivery capabilities, and expedite global commercialization; (ii) advance continuous innovation to unlock the full potential of our core technology platforms, engage strategic partners, and expand our product pipeline; (iii) enhance brand recognition and industry influence for our core technology platforms; and (iv) build and sustain a globally diverse talent base by consistently attracting, retaining, and motivating top talent. For details, see "Business — Our Development Strategies."

RESEARCH AND DEVELOPMENT

We conduct research and development primarily through our in-house R&D team, which comprised 126 professionals as of June 30, 2025 and covers the full development cycle from formulation design and preclinical research to clinical development, regulatory affairs and quality control. Our R&D activities are centered on our dissolving microneedle and nasal inhalation

formulation platforms and are supported by a structured internal evaluation process and cross-functional project teams. Clinical development is conducted in cooperation with qualified hospitals in China, with ongoing engagement with the NMPA to align development strategies with regulatory expectations.

During the Track Record Period, we incurred R&D expenses of approximately RMB18.4 million, RMB16.4 million and RMB11.6 million for the years ended December 31, 2023 and 2024 and the six months ended June 30, 2025, respectively. A substantial portion of these expenditures was directed toward advancing our two Core Products, reflecting our strategic focus on their development.

MANUFACTURING

We operate a pilot production facility in Guangzhou to support preclinical and clinical-stage manufacturing. We commenced preparation for construction of one of our production lines in May 2025, respectively. We supplement in-house capabilities with qualified contract manufacturing organizations selected and managed in accordance with quality and regulatory standards, while retaining ownership of all related intellectual property.

COMMERCIALIZATION

As of the Latest Practicable Date, none of our Core Products or key products has been approved for commercialization. Our Core Products, including the Dexmedetomidine Hydrochloride Microneedle Patch and XJN010, are currently in clinical development. We plan to establish an in-house team to oversee commercialization strategy, academic promotion and business development, while collaborating with experienced contract sales organizations with established distribution networks in China and the United States. This approach is intended to support efficient market access and commercialization while managing execution costs and risks through strategic partnerships.

CUSTOMERS

During the Track Record Period, we provided CRO Services related to drug development and preclinical R&D to our customers. As part of our MAH Business, we also carried Esomeprazole Magnesium Delayed-Release Capsules and Propofol Injectable Emulsion, for which we engaged third parties to manufacture. We ceased the sales of Propofol Injectable Emulsion in the PRC in January 2024. To the best of our knowledge, all of our five largest customers during the Track Record Period are Independent Third Parties.

For the years ended December 31, 2023 and 2024 and for the six months ended June 30, 2025, the aggregate sales to our five largest customers amounted to approximately RMB26.3 million, RMB18.6 million and RMB16.3 million, respectively, representing approximately 48.6%, 37.9% and 58.1%, respectively, of our total revenue during the relevant period. To the best of our knowledge, all of our five largest customers during the Track Record Period are Independent Third Parties.

SUPPLIERS

During the Track Record Period, our suppliers primarily included (i) raw materials and consumables suppliers, (ii) suppliers of utilities, and (iii) CROs. To the best of our knowledge, all of our five largest suppliers during the Track Record Period are Independent Third Parties.

In aggregate in each of the years ended December 31, 2023 and 2024 and the six months ended June 30, 2025, our purchases from our five largest suppliers amounted to approximately RMB11.3 million, RMB14.2 million and RMB15.4 million, respectively, accounting for approximately 33.0%, 42.6% and 55.7%, respectively, of our total purchases during the relevant period.

INTELLECTUAL PROPERTY

Intellectual property protection is critical to our business. As of the Latest Practicable Date, we held a portfolio of granted patents and pending patent applications in China, the United States and under the PCT, a portion of which materially covers the technical features of our pipeline products. All material patents and patent applications are owned exclusively by us. We have conducted freedom-to-operate analyses in China and the United States for our Core Products and have not identified issued patents that would raise material FTO concerns, although no assurance can be given that third-party rights will not arise in the future.

OUR SHAREHOLDING STRUCTURE

Our Controlling Shareholders

As at the Latest Practicable Date, our founder Dr. Wu, held approximately 23.15% of the Shares and is deemed to hold approximately 22.43% of the Shares by virtue of Dr. Wu's role as general partner in various entities. Dr. Wu and his spouse also held approximately 5.43% of the shares through a company owned by them. Dr. Wu, his spouse and the entities in which Dr. Wu is a general partner or which he controls are presumed to be holding approximately 51.01% in aggregate of the Shares and they constitute our Controlling Shareholder Group.

Pre-[REDACTED] Investments

We have received five rounds of Pre-**[REDACTED]** investments (amounting to a total of RMB273,778,000) since our establishment. Our Pre-**[REDACTED]** Investors include one Sophisticated Investor, namely, Guangzhou Redhill Equity Investment Management Co., Ltd. (investing through Guangzhou Yuexiu Redhill Venture Capital Fund Partnership) which will hold approximately **[REDACTED]**% of the total issued Shares of the Company upon the completion of the **[REDACTED]**, Share Subdivision, and conversion of Unlisted Shares into H Shares (assuming the **[REDACTED]** is not exercised). After our last round of financing, our implied post-money valuation is RMB1.53 billion. As of Latest Practicable Date, we have utilised 69% of the proceeds the proceeds from the Pre-**[REDACTED]** Investments to finance our principal business, including but not limited to research and development of our products, the growth and expansion of our business and general working capital purposes.

SUMMARY OF KEY FINANCIAL INFORMATION

The summary of key financial information below have been derived from, and should be read in conjunction with, our historical financial information, including the accompanying notes, set forth in the Accountants' Report as set out in Appendix I to this Document, as well as the information set forth in the section headed "Financial Information" of this Document. Our historical financial information was prepared in accordance with IFRSs.

Summary of Consolidated Statements of Profit or Loss

The table below sets forth the components of our consolidated statements of profit or loss and other comprehensive income for the years indicated:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(Unaudited)	
REVENUE	54,088	49,026	22,725	28,139
Cost of sales	(35,120)	(32,511)	(15,083)	(20,350)
Gross profit	18,968	16,515	7,642	7,789
Other income and gains	4,177	3,700	1,810	2,171
Selling and distribution expenses	(5,914)	(7,164)	(2,961)	(2,917)
Administrative expenses	(17,507)	(15,199)	(7,318)	(11,353)
Research and development expenses	(18,428)	(16,413)	(11,120)	(11,624)
Impairment losses on financial and contract assets, net	(181)	(449)	(352)	(239)
Other expenses	(7,262)	(4,237)	(950)	(2,519)
Finance costs	(1,206)	(3,388)	(654)	(862)
Loss before change in fair value of financial liabilities on series shares	(27,353)	(26,635)	(13,963)	(19,554)
Change in fair value of financial liabilities on series shares	(36,311)	(120,449)	(28,251)	(1,258)
LOSS BEFORE TAX	(63,664)	(147,084)	(42,154)	(20,812)
Income tax expense	—	—	—	—
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD	(63,664)	(147,084)	(42,154)	(20,812)
Attributable to:				
Owners of the parent	(60,710)	(145,037)	(41,347)	(19,256)
Non-controlling interests	(2,954)	(2,047)	(807)	(1,556)
	(63,664)	(147,084)	(42,154)	(20,812)

During the Track Record Period, we generated revenue from the provision of CRO Services and our MAH Business. However, we currently have no self-developed products approved for commercial sale and have not generated any revenue from sales of our product candidates. For the

year ended December 31, 2023 and 2024 and the six months ended June 30, 2024 and 2025, we recorded revenue of approximately RMB54.1 million, RMB49.0 million, RMB22.7 million and RMB28.1 million, respectively.

We recorded net losses during the Track Record Period as we incurred significant operating expenses to finance our research and development activities and operations. For the year ended December 31, 2023 and 2024 and the six months ended June 30, 2024 and 2025, we recorded research and development expenses of approximately RMB18.4 million, RMB16.4 million, RMB11.1 million and RMB11.6 million, respectively. Our research and development expenses incurred for our two Core Products were approximately RMB9.6 million, RMB11.9 million, RMB8.7 million and RMB7.0 million for the years ended December 31, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, respectively, accounting for 52.1%, 72.5%, 78.2% and 59.9% of our total research and development expenses during the same periods, respectively.

Summary of Consolidated Statements of Financial Position

The table below sets forth the components of our consolidated statements of financial position as of the dates indicated:

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Total non-current assets	43,817	49,716	50,710
Total current assets	34,932	90,901	82,223
Total current liabilities	189,144	399,469	414,520
Net current liabilities	(154,212)	(308,568)	(332,297)
Total assets less current liabilities	(110,395)	(258,852)	(281,587)
Total non-current liabilities	25,687	24,314	22,391
Net liabilities	(136,082)	(283,166)	(303,978)

We had net liabilities of approximately RMB136.1 million, RMB283.2 million and RMB304.0 million as of December 31, 2023, 2024 and June 30, 2025, respectively, primarily due to the financial liabilities on series shares of approximately RMB134.9 million, RMB335.3 million and RMB336.6 million representing certain special rights granted to certain Pre-**[REDACTED]** Investors as at the same dates.

We had net current liabilities of approximately RMB154.2 million, RMB308.6 million and RMB332.3 million as at December 31, 2023 and 2024 and June 30, 2025, respectively, primarily due to the financial liabilities on series shares of approximately RMB134.9 million, RMB335.3 million and RMB336.6 million representing certain special rights granted to certain Pre-**[REDACTED]** Investors as at the same dates.

The increase in our net current liabilities and net liabilities were primarily due to the special rights granted to Pre-**[REDACTED]** Investors who invested in our Company during the Track Record Period.

Summary of Consolidated Statements of Cash Flows

The table below sets forth information regarding our cash flows for the periods indicated:

	Year ended 31 December		Six months ended 30 June
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Net cash flows used in operating activities	(21,213)	(15,290)	(18,738)
Net cash flows (used in)/generated from investing activities	(14,750)	7,240	(8,411)
Net cash flows generated from/(used in) financing activities	7,087	69,210	8,545
Net increase/(decrease) in cash and cash equivalents	(28,876)	61,160	(18,604)
Cash and cash equivalents at beginning of year/period	36,077	7,201	68,361
Effect of foreign exchange rate changes, net	—	—	(12)
Cash and cash equivalents at end of year/period	7,201	68,361	49,745

For the years ended December 31, 2023 and 2024 and the six months ended June 30, 2025, we had net cash flows used in operating activities of approximately RMB21.2 million, RMB15.3 million and RMB18.7 million, respectively. The net cash flows used in operating activities during the Track Record Period were primarily resulted from our expenditures for our research and development activities and our operations. For details, see the section headed "Financial Information — Liquidity and Capital Resources — Cash Flows of Our Group — Net Cash Flows Used in Operating Activities".

Our Directors are of the opinion that, taking into account the financial resources available, including cash and cash equivalents and the estimated net **[REDACTED]** from the **[REDACTED]**, as well as our cash burn rate, we have sufficient working capital to cover at least 125% of our costs, including research and development costs, general and administrative expenses and other expenses for at least the next 12 months from the date of this document.

Our cash burn rate refers to the average monthly amount of net cash used in operating activities, capital expenditures and lease payments. We estimate that we will receive net **[REDACTED]** of approximately HK$**[REDACTED]** million in the **[REDACTED]**, assuming no **[REDACTED]** is exercised and at an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**. Assuming an average cash burn rate going forward of 3.2 times of the cash burn rate level for the six months ended June 30, 2025, we estimate that our cash and cash equivalent as of June 30, 2025, taking into consideration the proceeds from the Series B Financing completed in August 2025 and Series C Financing completed in November 2025, will be able to maintain our financial viability for **[REDACTED]** months taking into account the estimated net **[REDACTED]** from the **[REDACTED]** and 14 months without taking into account the estimated net **[REDACTED]** from the **[REDACTED]**. We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing, if needed, with a minimum buffer of 12 months.

Key financial ratios

The table below sets forth our key financial ratio as of the dates indicated:

	As at 31 December		As at 30 June
	2023	2024	2025
Current ratio[(1)]	0.2	0.2	0.2
Quick ratio[(2)]	0.2	0.2	0.2

Notes:

(1) Current ratio equals current assets divided by current liabilities as of the end of the year/period.

(2) Quick ratio equals current assets excluding inventories, divided by current liabilities.

LITIGATION AND CLAIMS

During the Track Record Period and up to the Latest Practicable Date, we were not a party to any legal, arbitral or administrative proceeding, which, in our opinion, is likely to have a material and adverse effect on our business, financial conditions or results of operation.

[REDACTED]

[REDACTED] EXPENSES

Our **[REDACTED]** expenses mainly include **[REDACTED]** fees and commissions and professional fees paid to legal advisers and the Reporting Accountants for their services rendered in relation to the **[REDACTED]** and the **[REDACTED]**. Assuming full payment of the discretionary incentive fee, the estimated total **[REDACTED]** expenses (based on the **[REDACTED]** of HK$**[REDACTED]** and assuming that the **[REDACTED]** is not exercised) for the **[REDACTED]** are approximately RMB**[REDACTED]** million and are expected to represent approximately **[REDACTED]**% of the gross **[REDACTED]** of the **[REDACTED]**, comprising of (i) **[REDACTED]** expenses, including **[REDACTED]** commission and other expenses, of approximately RMB**[REDACTED]** million; and (ii) **[REDACTED]** expenses of approximately RMB**[REDACTED]** million, including (a) fees paid and payable to our legal advisers and Reporting Accountants of approximately RMB**[REDACTED]** million; and (b) other fees and expenses, including sponsor fees, of approximately RMB**[REDACTED]** million.

During the Track Record Period, we did not incur any **[REDACTED]** expenses. We expect to incur **[REDACTED]** expenses of approximately RMB**[REDACTED]** million after the Track Record Period, of which an estimated amount of approximately RMB**[REDACTED]** million is expected to be charged to profit and loss and the remaining amount of approximately RMB**[REDACTED]** million is expected to be recognized directly as a deduction from equity upon the **[REDACTED]**.

DIVIDEND

No dividend has been paid or declared by our Company 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 have any dividend policy to declare or pay any dividends in the near future. Any declaration and payment as well as the amount of dividends will be subject to our Articles of Association and the PRC Company Law. The declaration and payment of any dividends in the future will be determined by our Board, in its discretion, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions. Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. In light of our accumulated losses as disclosed in this document, it is unlikely that we will be eligible to pay dividends out of our profits in the foreseeable future.

FUTURE PLANS AND [REDACTED]

We estimate that the aggregate net **[REDACTED]** to our Company from the **[REDACTED]** will be approximately HK$**[REDACTED]**, after deducting **[REDACTED]** fees and estimated expenses in connection with the **[REDACTED]** payable by us and based on an **[REDACTED]** of HK$**[REDACTED]** per H Share. We currently intend to apply such net **[REDACTED]** from the **[REDACTED]** for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

(i) approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**% of the net **[REDACTED]**) to fund the further promotion of clinical research relating to our existing pipeline products;

(ii) approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**% of the net **[REDACTED]**) primarily to fund the expansion of our production capacity and secondarily to support the commercialization of pipeline products;

(iii) approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**% of the net **[REDACTED]**) will be used for our working capital and other general corporate purposes.

RISK FACTORS

We believe that there are certain risks involved in our operations, many of which are beyond our control. These risks are set out in the section headed "Risk Factors" in this document. Some of the major risks we face include:

- Any negative results from our clinical trials, or failure to obtain regulatory approvals on time or failure in commercialising our pipeline products could impact our overall business outlook.

- The market size of our pipeline products might be small and our pipeline products may face competition from competing product candidates. We may also face unfavourable pricing environment.

- We had net current liabilities and net operating cash outflows during the Track Record Period and we may continue to incur net losses in the future.

- We may fail to obtain and maintain our patent protection and our intellectual property rights may not be sufficient to protect our market position and competitiveness.

- We may not be able to retain our scientific personnel or develop manufacturing capability.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Business Development

Since the end of the Track Record Period, we have continued to develop our business and advance our pipeline. Our cosmetics business ceased operations on September 1, 2025.

For our Core Product Dexmedetomidine Hydrochloride Microneedle Patch, in August 2025, we commenced a Phase IIa clinical trial in China for preoperative sedation in pediatric patients of 2 to 6 years old; in July 2025, we submitted an IND application to the NMPA for a Phase II clinical trial for the indication of preoperative sedation in adults, and received IND approval in September 2025.

For our Core Product XJN010, in August 2025, we commenced a Phase II clinical trial in China.

No Material Adverse Change

After performing due diligence work which our Directors consider appropriate and sufficient and after due and careful consideration, our Directors confirm that there has been no material adverse change in our business, financial condition and results of operations since June 30, 2025, being the latest balance sheet date of our consolidated financial statements in the Accountants' Report set out in Appendix I to this document, and up to the date of this document.