OVERVIEW

We are a clinical-stage, innovation-driven pharmaceutical technology company headquartered in Guangzhou, China. At the forefront of formulation innovation, we are committed to the development and commercialization of new drugs with advanced formulations featuring dissolving microneedle drug delivery and nasal inhalation drug delivery, designed to address the limitations of traditional routes of administration. Committed to breakthrough formulation technologies, we aim to reduce the need for conventional injections, enhance drug administration convenience, and provide innovative therapeutic options to address unmet clinical needs.

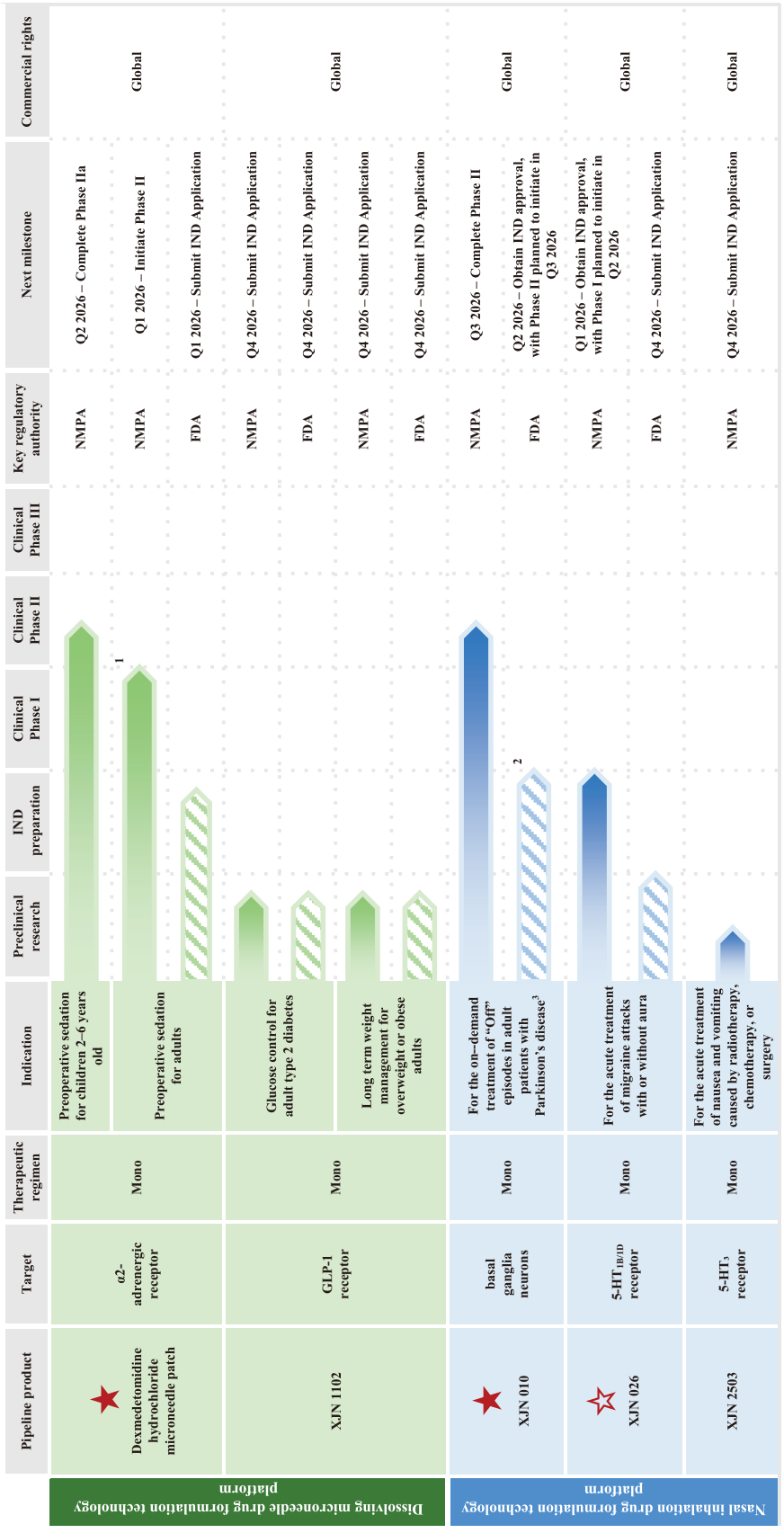
Our dissolving microneedle drug formulations are designed to provide a potentially painless, minimally invasive transdermal delivery approach, aiming to alleviate patients' fear and discomfort associated with injections. Our nasal inhalation drug formulations are developed based on the intended nose-to-brain delivery pathway to enable drugs to bypass the blood-brain barrier (BBB) and reach the central nervous system (CNS). This approach is designed to provide timely relief for patients symptom.

Drawing on our extensive expertise in innovative drug formulation technologies and robust in-house research and development (R&D) capabilities, we have established two core platforms with proprietary technologies: dissolving microneedle drug formulation technology platform and nasal inhalation drug formulation technology platform. These platforms serve as the foundation for us to continuously develop a differentiated and competitive pipeline of product candidates aimed at addressing limitations of traditional routes of administration and supporting patient compliance.

Our new drugs with advanced formulation technology platforms are designed to provide minimally invasive and more patient-friendly treatment options by improving the delivery, release, and absorption pathways of active pharmaceutical ingredients (APIs). This is intended to reduce pain, simplify administration, and support improved patient adherence. These advantages also strengthen the commercial potential and differentiation of our product pipeline.

One of our Core Products, the Dexmedetomidine Hydrochloride Microneedle Patch, is the first dissolving microneedle drug patch approved for clinical trials in China. As of the Latest Practicable Date, the Dexmedetomidine Hydrochloride Microneedle Patch has advanced to Phase II clinical trial, representing an important step forward in platform validation. Our other Core Product, XJN010, is intended for the on-demand treatment of "Off" episodes in Parkinson's disease. It is the first nasal inhalation formulation approved to enter clinical trials in China in this therapeutic area, as confirmed by Frost & Sullivan. As of the Latest Practicable Date, XJN010 has also entered Phase II clinical trial.

Our pipeline follows a framework that aligns patient need, formulation feasibility, and commercial attractiveness. The following chart illustrates our pipeline and summarizes the development status of our product candidates, including both clinical- and preclinical-stage programs, as of the Latest Practicable Date, together with their anticipated milestones.



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 product pipeline covers therapeutic areas including preoperative sedation, diabetes, weight management, and central nervous system disorders. Using our dissolving microneedle drug formulation and nasal inhalation drug formulation technology platforms, we will continue to develop and introduce new drugs with advanced formulations to the market.

Our management team brings multidisciplinary experience across the life cycle of new drugs with advanced formulations, including candidate selection, pharmaceutical research and development, product manufacturing, and regulatory affairs. The team brings together diverse senior professionals, covering project initiation, innovative formulation R&D, GMP facility construction and operation, and communication with regulatories in China, the U.S., and other regions. This enables us to build full process capabilities from project selection and efficient execution to large scale operation.

Our R&D team covers key functions including formulation research and development, quality control and analytical research, manufacturing control, and regulatory affairs. To accelerate the translation of new drugs with advanced formulations from research to market, we have established the dissolving microneedle drug formulation and nasal inhalation drug formulation technical platforms, aiming to shorten the time from conception to clinical application. Supported by systematic and standardized R&D and quality management frameworks, we have built efficient and compliant R&D and manufacturing processes to ensure the quality, compliance, and controllability of clinical samples and future commercial products. In addition, through systematic patent protection, we build solid technological barriers.

OUR COMPETITIVE STRENGTHS

Highly versatile and expandable technology platforms that support the continuous development of pipeline products

Dissolving microneedle drug formulation technology platform

Globally, transdermal drug delivery products based on microneedle drug formulation technology remain at the clinical trial stage, with no products approved for commercial use yet according to Frost & Sullivanas at the Latest Practicable Date. During this critical window of opportunity, our drug formulations developed based on the dissolving microneedle drug formulation technology platform are at the forefront of global research and development and possess strong potential for first-to-market breakthrough, as confirmed by Frost & Sullivan.

Our Dexmedetomidine Hydrochloride Microneedle Patch for preoperative sedation in pediatric patients completed Phase I and entered Phase IIa clinical trial in China in August 2025. It is currently the first and only dissolving microneedle drug patch under clinical development in China, as confirmed by Frost & Sullivan. In addition, we are advancing product candidates and have established a clear pipeline in other therapeutic areas, such as endocrinology.

Both of our major microneedle product pipelines are developed based on the same dissolving microneedle drug formulation technology platform, demonstrating the maturity, reliability, and broad applicability of our platform technology. Collectively, these advancements signify that we have established an integrated system encompassing technology R&D, product translation, and industrial-scale manufacturing that meets international standards.

Within our dissolving microneedle drug formulation technology platform, we have integrated our proprietary "Three Efficiencies" and "Two Precisions" core technologies, establishing a high technological barrier in the field of microneedle transdermal drug delivery.

Our high-efficiency skin penetration technology precisely control the mechanical rigidity and toughness of microneedles through formulation component optimization, ensuring effective penetration of the skin's stratum corneum and providing a critical foundation for subsequent transdermal drug delivery.

Our high-efficiency targeted delivery technology and high-efficiency transdermal absorption technology form a synergistic system. The former achieves effective drug enrichment in the microneedles' active loading region, enabling targeted deposition at the intended skin site, while the latter employs permeation-enhancing excipient compositions to substantially improve transdermal absorption efficiency. This technology is applicable to a wide range of drug types, including small-molecule chemical drugs, peptides, and biological macromolecules such as proteins, demonstrating exceptional technological versatility and platform scalability.

In addition, the "Two Precisions" technologies provide quality assurance for the platform. The precise and controllable drug loading technology enables accurate dosage customization through formulation optimization and process innovation, meeting the needs of personalized drug administration. The precise continuous infusion technology has enabled successful pilot scale sample production across multiple batches, laying a solid foundation for the design of our commercial production line.

At the same time, we have developed a formulation-device integrated solution, combining our dissolving microneedle drug formulation technology with specialized delivery devices to achieve full-process integration, from skin penetration and drug delivery to absorption. This approach substantially enhances the overall efficiency and stability of microneedle transdermal drug delivery.

Nasal inhalation drug formulation technology platform

Our nasal inhalation drug formulation technology platform positions us in a uniquely differentiated and underexplored therapeutic space. While traditional nasal drug products primarily target local effects or systemic absorption, our platform is specifically engineered to bypass the BBB and deliver drugs via the olfactory and trigeminal pathways. This approach is intended to addresses the therapeutic needs of CNS drugs by enabling rapid onset of action, enhancing drug exposure in brain, and reducing gastrointestinal side effects, avoiding the limitations associated with traditional routes of administration. By providing a non-invasive approach to CNS drug delivery, our platform provides a clinically meaningful alternative to oral, injectable, or pulmonary inhalation formulations.

Currently, the use of nasal drug delivery formulations for the treatment of CNS diseases is developing rapidly in China and has become a key area of R&D. However, only a limited number of such products have been launched, and no marketed nasal drug delivery formulations are available for specific indications such as the treatment of "Off" episodes in Parkinson's disease. As a result, there remains a significant unmet clinical need.

Our nasal inhalation drug formulation for the treatment of "Off" episodes in Parkinson's disease has completed Phase I clinical trial in China in June 2025 and commenced Phase II clinical trial in China in August 2025, making it the first product in China to have entered Phase II clinical development in this therapeutic area. In addition, we have established well-defined pipeline layouts for indications that require rapid symptom relief, such as migraine, and nausea and vomiting caused by chemotherapy, radiotherapy or surgery. These two product pipelines are currently in the Investigational New Drug (IND) application stage and preclinical research stage, both progressing ahead of the industry.

All three of our major nasal inhalation product pipelines are developed based on the same nasal inhalation drug formulation technology platform, demonstrating its reliability, reproducibility, and scalability in research and industrial application. Our product pipelines are currently the only ones of their kind in China according to Frost & Sullivan and remain at the forefront of global development, reflecting the technological leadership and innovation strength of our platform, as confirmed by Frost & Sullivan.

Within our nasal inhalation drug formulation technology platform, we have integrated a number of proprietary core technologies, establishing a high technological barrier.

Our precision olfactory-region drug delivery technology is designed to facilitate drug deposition in the olfactory region through integrated formulation and device control, providing a foundation for nose-to-brain drug delivery approaches. We are currently developing an olfactory-targeted spray device to work synergistically with the formulation to support delivery precision and consistent performance.

Our high-efficiency mucosal absorption and intracerebral transport technology utilizes novel permeation-enhancing excipient compositions designed to significantly increase drug absorption efficiency across the olfactory mucosa and accelerate transport towards the brain. This technology is intended to be applicable to a wide range of drug types, including small-molecule chemical drugs, peptides, and biological macromolecules such as proteins, demonstrating strong technical versatility and platform scalability.

The therapeutic potential of this technology platform spans multiple CNS indications where factors such as speed of onset, ease of administration, and improved drug exposure in brain are important considerations for treatment. Key areas of application include:

— Neurodegenerative diseases — such as Parkinson's disease, where bypassing gastrointestinal metabolism and achieving targeted CNS delivery can significantly enhance drug efficacy. Nasal inhalation drug delivery also provides a needle-free, swallow-free alternative, particularly beneficial for patients who experience dysphagia or difficulty swallowing, which is common in advanced stages of neurodegenerative conditions.

— CNS related acute diseases and symptoms — such as migraines, nausea and vomiting, where rapid onset of action is essential and non-injectable formulations improve patient convenience.

By combining formulation expertise and biological insight, our technology platform lays the foundation for a new generation of CNS drug formulations. These formulations not only act more rapidly, but also avoid the impact of food on drug absorption. As we continue to expand our pipeline, we believe this technology will unlock significant opportunities across both high-value specialty indications and broader public health needs.

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, as confirmed by Frost & Sullivan

With years of accumulated expertise, we have gained unique insights into microneedle drug formulations and built strong execution capabilities. Our Core Product, the Dexmedetomidine Hydrochloride Microneedle Patch, capitalizes on the advantages of microneedle transdermal drug delivery, including convenience of administration and avoidance of issues associated with traditional injections such as needle phobia and needle injuries. Built upon our proprietary "Three Efficiencies" technology system, comprising high-efficiency skin penetration technology, high-efficiency targeted delivery technology, and high-efficiency transdermal absorption technology, the product possesses distinct competitive advantages in the following aspects:

Technological leadership

The Dexmedetomidine Hydrochloride Microneedle Patch demonstrates rapid drug absorption following application, achieving a time to reach peak plasma concentration (T_{max}) of approximately 15 minutes. This enables the product to effectively meet clinical needs for rapid sedation, while its microneedle based drug delivery with provides patients with a comfortable therapeutic experience.

Proven safety profile based on Phase I clinical trial

In the Phase I clinical study, healthy subjects administered with low-, medium-, and high-dose Dexmedetomidine Hydrochloride Microneedle Patches demonstrated good safety and tolerability. No drug-related serious adverse events were reported. Local skin irritation assessments indicated that no significant irritation reactions occurred across any of the dose groups.

Promising Market Prospects

The preoperative sedation market is advancing from traditional adjunctive medications toward more sophisticated perioperative management solutions. With increasing emphasis on precision, safety, and convenience, new drugs with advanced formulations are gaining broader clinical acceptance. Their potential for rapid action and ease of administration positions them to drive meaningful penetration into the sedation market.

A major growth opportunity lies in expanding clinical usage beyond traditional surgery settings. Preoperative sedation is now widely adopted in dental procedures, orthopedic day surgeries, imaging examinations (MRI/CT), endoscopy, and interventional diagnostics, reflecting

strong demand across high-frequency medical scenarios. Outpatient and minimally invasive procedures continue to rise, creating fertile ground for new drugs with advanced formulations that support convenient and efficient clinical workflows.

The pediatric sector is emerging as a strategic entry point for market expansion. Children commonly experience preoperative anxiety and poor acceptance to injections, highlighting the value of pain-free, rapid-acting, and user-friendly formulations. Policy initiatives promoting child-friendly healthcare environments and pediatric-focused drug development are expected to further accelerate the adoption of new drugs with advanced formulations that improve compliance and perioperative comfort.

In summary, growing comfort-focused care demand, broadening application scenarios, and policy support for pediatric innovation collectively create promising market prospects. New drugs with advanced formulations are poised to penetrate mainstream clinical practice and unlock new usage settings, supporting the evolution of a more standardized, compliance-driven, and patient-centered preoperative sedation ecosystem.

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, as confirmed by Frost & Sullivan

Another Core Product, XJN010, capitalizes on the advantages of nose-to-brain drug delivery, including the absence of first-pass metabolism, rapid onset of action, and the ability to bypass the BBB, and ability to achieve higher drug exposure in brain. Combined with our proprietary precise olfactory-region delivery technology and high-efficiency intracerebral transport technology, the product possesses distinct competitive advantages in the following aspects:

Technological Leadership

Following nasal administration, XJN010 demonstrates rapid drug absorption, achieving a time to reach peak plasma concentration (T_{max}) of less than 1 hour. This rapid pharmacokinetic profile enables the product to alleviate "Off" episodes in patients with Parkinson's disease in a timely manner, addressing the clinical need for fast-acting symptom relief.

Proven safety profile based on Phase I clinical trials

In the Phase I clinical study, healthy subjects who received a single administration of the XJN010 nasal spray demonstrated good overall safety and tolerability. No serious adverse reactions (SARs) or serious adverse events (SAEs) were observed, and there were no deaths or withdrawals related to adverse events (AEs). All reported adverse events were mild (CTCAE Grade 1) and had fully recovered or resolved during the trial period.

Promising market prospects

With the accelerating ageing of the population, the number of Parkinson's disease patients experiencing "Off" episodes in China is expected to increase from 1.28 million in 2020 to 2.51 million by 2032, while the corresponding market size is projected to expand significantly from RMB1.7 billion in 2020 to approximately RMB7.03 billion by 2032.

Globally, the Parkinson's disease "Off" episode market is also undergoing rapid expansion, having grown from US$5.03 billion in 2020 to US$7.22 billion in 2024, and is expected to exceed US$10.62 billion by 2028 and reach US$15.03 billion by 2032, according to Frost & Sullivan. With increasing clinical demand for treatment options that offer faster onset of action, greater ease of administration, and improved safety, XJN010 is well positioned to meet these needs and demonstrates significant market potential.

A diversified and high-value pipeline aligned with clinical needs and addresses the pain points of traditional formulations

Our pipelines are strategically diversified across therapeutic areas, with each product candidate selected through rigorous clinical, scientific, and commercial evaluation. This targeted approach maximizes development success rates and ensures strong alignment with unmet medical needs and market demand. Rather than a collection of technologies, our pipelines reflect a high-certainty model that apply advanced engineering to address real clinical challenges.

We prioritize indications where traditional formulations present significant clinical limitations, such as invasive administration, poor patient compliance, or suboptimal drug exposure. Our drug formulation technologies are specifically designed to overcome these challenges, enabling more effective, safer, and more patient-friendly therapeutic options.

Our indication selection strategy is highly consistent and aligned as follows:

— Clearly defined clinical scenarios: Focused on specific clinical conditions where existing routes of administration present evident deficiencies, such as preoperative sedation, "Off" episodes in Parkinson's disease, and acute migraine attacks.

— Critical pain points: Our focus goes beyond improving therapeutic efficacy. We also aim to address the underlying challenge of comfort and ease in drug administration, reducing patient discomfort and enhancing treatment adherence to improve the overall medication experience. Our approach is designed to meet unmet clinical needs.

— Significant commercial value: Each of our product candidates is designed to deliver transformative clinical benefits and patient value within its respective application scenario, thereby demonstrating strong potential for market pricing power and adoption by both healthcare professionals and patients.

— High level of certainty: We select well-established APIs whose safety and efficacy have been previously validated through large-scale clinical use, and enhance them through our advanced formulation technologies to create novel therapeutic products. This approach provides three key advantages: significantly reducing R&D risks and enhancing the probability of success, accelerating the regulatory approval process and shortening time-to-market, and strengthening commercial value to ensure market acceptance.

Overall, the breadth and depth of our pipeline reflect our ability to translate cutting-edge drug delivery technologies into differentiated therapeutic solutions that respond to real-world clinical challenges. Our products offer meaningful benefits to patients and healthcare providers.

A visionary management team with extensive industry expertise and strategic foresight

Our company is led by an experienced management team with extensive expertise in drug formulation R&D, manufacturing, and commercialization, enabling the solid execution of our strategic initiatives.

Dr. Wu Chuanbin (吳傳斌), Founder, Chairman of the Board, Executive Director, and Chief Executive Officer (CEO)

Dr. Wu is the founder of our Company and serves as the Chairman of the Board, an executive Director and our chief executive officer. Dr. Wu has over 30 years of experience in the biopharmaceutical industry. Dr. Wu received his PhD in pharmaceutics from The University of Texas at Austin in December 1999, a master's degree in pharmaceutics from Beijing Medical

University (北京醫科大學) (currently known as Peking University Health Science Center) in June 1992, and a bachelor of science degree in pharmacy from China Pharmaceutical University (中國藥科大學) (formerly known as Nanjing Pharmaceutical University (南京藥學院)).

He worked as a product development manager, senior scientist, head of R&D, and associate director of drug delivery science R&D, respectively, in Watson Foods Co., Inc., Johnson & Johnson (an American multinational pharmaceutical biotechnology and medical technologies corporation listed on the New York Stock Exchange (stock ticker: JNJ.NY)), Geneva Pharmaceuticals, Inc. (affiliated in Novartis Pharmaceuticals), Teva Pharmaceuticals Industries Limited (formerly known as Abrika Pharmaceuticals Inc.), respectively, responsible for research and supporting the R&D process of drug products. Dr. Wu later served as a professor of pharmaceutics at Sun Yat-sen University (中山大學) from 2005 to 2020. Further, Dr. Wu has been working as a professor of pharmaceutics at Jinan University (暨南大學) since 2021. His profound understanding of international R&D standards, technological trends, and commercialization pathways has been instrumental to our success to date and will continue to drive our long-term growth in the future.

For further biographical details of Dr. Wu, please refer to the paragraph headed "Directors and Senior Management — Board of Directors — Executive Directors — Dr. Wu Chuanbin" in this document.

Dr. Tang Yu (湯宇), Chief Technology Officer (CTO)

Dr. Tang is specialized in the field of innovative pharmaceutical formulation development, with over 10 years of experience in managing R&D teams, and has successfully established multiple drug delivery technology platforms.

Dr. Tang has extensive experience in the development and industrialization of innovative and complex drug delivery systems, including microneedle, inhalation, in-situ gel, microparticle, and oral film formulations. He served as a senior researcher at the research institute of Tasly Pharmaceutical Group Co., Ltd. (天士力醫藥集團股份有限公司), a company listed on the main board of the Shanghai Stock Exchange (stock code: 600535.SH). He was the deputy director of the Tianjin Polymer Research Institute at Boai NKY Pharmaceuticals (博愛新開源製藥股份有限公司), a company listed on the ChiNext of Shenzhen Stock Exchange (stock code: 300109.SZ), He later worked for Tasly Group where he served as the deputy director of the Formulation Research Laboratory at Jiangsu Tasly Diyi Pharmaceutical Co., Ltd. (江蘇天士力帝益藥業有限公司), the director of complex formulation R&D platform, etc. Under his leadership, our company has built integrated R&D platforms covering formulation design, material innovation, process optimization,

and equipment adaptation. His strategic direction and technical insight have led to multiple proprietary technology breakthroughs, driving our company's growth and strengthening its competitiveness in next-generation drug delivery and formulation innovation.

For further biographical details of Dr. Tang, please refer to the paragraph headed "Directors and Senior Management — Senior Management — Dr. Tang Yu" in this document.

Ms. Yang Beibei (楊蓓蓓), Executive Director and Director of The Microneedle Formulation R&D Center

Ms. Yang is the director of the microneedle formulation R&D Center of our Company and a key R&D expert in our team who oversees the entire development cycle of microneedle products of our Group, including formulation design, design optimisation, quality research, etc. Ms. Yang is the project leader of Dexmedetomidine Hydrochloride Microneedle Patch.

Ms. Yang has authored more than 10 research papers in international journals such as Bioactive Materials, Journal of Controlled Release, Pharmaceutics, and Advanced Healthcare Materials. She is also the inventor of 18 patent applications, with 13 patents already granted. Ms. Yang's technical knowledge and hands-on development experience play a vital role in our Company's research governance and product innovation oversight.

For further biographical details of Ms. Yang, please refer to the paragraph headed "Directors and Senior Management — Board of Directors — Ms. Yang Beibei" in this document.

OUR STRATEGIES

We are a clinical stage pharmaceutical technology company dedicated to developing new drugs with advanced formulations. Guided by our goal to become a global technology leader in new drugs with advanced formulations, and under the leadership of our CEO, Dr. Wu Chuanbin, together with our experienced R&D team, we have established a growing global footprint. To advance our long-term vision and strengthen our value proposition to patients, healthcare providers, and shareholders, we will pursue the following core strategies based on our competitive advantages:

Strategically accelerate the global clinical development and regulatory approval of our Core Products, enhance delivery capabilities, and expedite global commercialization

Accelerate the clinical development of Core Products

We intend to continue adhering to our global clinical development strategy and multi-indication development approach. By leveraging efficient regulatory pathways in different countries and regions and capitalizing on the advantages of global patient populations, we aim to further enhance the efficiency of our clinical trials while fully realizing the global value of our Core Products.

To accelerate the clinical development and regulatory approval of our Core Products and advance their global commercialization, we are executing a global clinical development strategy with parallel clinical trials in China and overseas. We seek to utilize the comparative strengths and resources of different countries and regions to optimize clinical trial protocols and operations, thereby expediting global regulatory approval processes. We plan to maintain close communication and cooperation with leading clinical institutions and principal investigators both in China and abroad, while leveraging China's large patient population to ensure efficient patient enrollment and compliance with the regulatory requirements of different jurisdictions. Our objective is to bring our differentiated Core Products to market as quickly as possible to address high value unmet clinical needs.

Clinical development and registration of Core Product Dexmedetomidine Hydrochloride Microneedle Patch

We are currently conducting a multi-center, randomized, double-blind, placebo-controlled Phase IIa clinical trial in China for preoperative sedation for children of 2–6 years old, and plan to initiate a Phase III clinical trial in the second half of 2026. After the completion of Phase III clinical trial, we will submit a New Drug Application (NDA) to the National Medical Products Administration (NMPA) for marketing approval.

For preoperative sedation in adults, we have received the Notification of Approval for Drug Clinical Trial in September 2025 for Phase II trial.

At the same time, we have engaged in pre-IND communication with the U.S. Food and Drug Administration (FDA) and received positive feedback. We are currently preparing our submission materials and expect to obtain clinical trial approval in the third quarter of 2026, after which we plan to commence a Phase I clinical trial in the U.S.

Clinical development and registration of Core Product XJN010

We are currently conducting a multi-center, randomized, double-blind, placebo-controlled Phase II clinical trial in China for the treatment of "Off" episodes in patients with Parkinson's disease, and plan to initiate a Phase III clinical trial in 2027. After the completion of Phase III clinical trial, we will submit NDA to the NMPA.

In addition, we have submitted an IND application to the FDA in October 2025. Upon receiving clinical trial clearance from the FDA, we plan to initiate clinical studies in the third quarter of 2026.

Enhance the delivery capabilities of our Core Products

We have commenced the establishment of two industrial bases for our core technology platforms: the Microneedle Formulation Industrial Base and the Nasal Inhalation Formulation Industrial Base. Both sites are being constructed in strict compliance with regulatory standards of major jurisdictions, including China and the U.S., with the aim of building a stable and compliant global supply chain to ensure the continuous and reliable supply of high-quality pharmaceutical products to patients worldwide. The dual-site configuration enhances supply security, technology transfer efficiency, and business continuity for worldwide commercialization.

The Microneedle Formulation Industrial Base

The Microneedle Formulation Industrial Base is designed to support future clinical sample supply and commercialization needs for our Core Products and other products. Our first microneedle drug formulation production line is expected to be completed in the third quarter of 2026 and will be used for the manufacture of Phase III clinical trial samples and future commercial products of the Dexmedetomidine Hydrochloride Microneedle Patch. The designed annual production capacity of this line is approximately 3 million patches.

To meet clinical and commercial needs for our other product XJN1102, we plan to establish a second microneedle drug formulation production line that complies with both China and U.S. GMP requirements, which is expected to be completed in the fourth quarter of 2026. The designed annual production capacity of this line is approximately 3 million patches.

The base has been designed with sufficient space and supporting infrastructure to meet long-term research and production needs. Adequate workshop areas have been reserved to support the R&D, pilot-scale, and commercial-scale manufacturing of new microneedle drug formulation products. Located within a well-equipped industrial park, the facility can accommodate the

production of microneedle drug formulations for both chemical and biological drug types. All environmental protection and emission standards fully comply with national and local regulatory requirements, ensuring sustainable and compliant long-term development.

The Nasal Inhalation Formulation Industrial Base

We plan to establish a core production line covering multiple products for both clinical and commercial purposes. The nasal inhalation formulation production line, designed to meet the GMP standards of China and the U.S., is expected to be completed in the third quarter of 2027. The production line will feature a "multi-capability, single-line" configuration and will serve as the dedicated base for commercial production of our nasal inhalation drug formulations. The designed annual production capacity of this production line is approximately 5 million bottles.

Accelerate the global commercialization of our Core Products

Our Core Products and key products are currently at clinical development stages and have not been commercialized yet. The Core Products include the world's first dissolving drug microneedle patch for preoperative sedation to enter Phase II clinical trial, and the first nasal inhalation drug formulation for the on-demand "Off" treatment of Parkinson's disease patients already receiving dopa decarboxylase inhibitor/levodopa therapy to enter Phase II clinical trial. For the conduction of clinical trials, we adhere to rigorous standards in selecting principal investigators (PIs), comprehensively considering their professional qualifications, academic achievements, industry recognition, and past research experience in the relevant field. We believe that the academic influence and industry reputation of the PIs not only ensure the smooth execution and high-quality management of clinical trials but also help enhance the products' acceptance by regulators and the academic community, laying the foundation for future market access.

On the commercialization path, we plan to establish an internal marketing team responsible for developing commercialization strategies, conducting academic promotion, and identifying potential partners. Considering the significant costs of building our own sales team, we have determined not to do so. Instead, we plan to partner with pharmaceutical companies in key markets such as China and the U.S. that possess strong commercialization capabilities and established distribution networks in our focused therapeutic areas. Through this strategic cooperation, we can leverage our partners' comprehensive sales networks and market resources to more efficiently penetrate pharmacies, clinics, and hospitals, thereby capturing market potential, maximizing the commercial value of our Core Products, and achieving mutual benefit.

Advance continuous innovation to unlock the full potential of our core technology platforms, engage strategic partners, and expand our product pipeline

To drive continuous advancement of our core technology platforms, unlock their full potential, strengthen our strategic collaboration ecosystem, and expand our product pipeline, we plan to establish a dual-engine growth model that combines internal innovation and external collaboration. Through in-house R&D, we will continue to build core technological capabilities, while open partnerships will enable us to integrate high-quality global resources. These two tracks will reinforce each other to strengthen our long-term competitiveness and support sustainable growth.

We plan to make full use of the hardware infrastructure and regulatory advantages of our Microneedle Formulation Industrial Base to gradually establish a large-molecule drug microneedle formulation manufacturing platform that meets GMP standards applicable to major global markets, including China and the U.S. The platform will feature multi-category adaptability, covering microneedle formulations for peptide drugs, protein drugs, and vaccines, thereby providing core manufacturing capacity to support pipeline expansion.

Centering on this manufacturing platform, we aim to continuously expand our internally developed pipeline, deepen our technological and product reserves in large-molecule drug microneedle applications, and build an open and collaborative global ecosystem. Through these efforts, we aspire to establish a world-class microneedle drug formulation manufacturing hub representing China's innovation in biopharmaceuticals.

Enhance brand recognition and industry influence for our core technology platforms

To strengthen the market recognition and industry influence of our core technology platforms, we plan to systematically enhance our brand awareness and industry presence through a comprehensive and multi-dimensional strategy, as outlined below.

We plan to strengthen our technological capabilities and intellectual property (IP) protection framework by focusing on the differentiated advantages of our core technologies. Through continuous technological iteration and optimization, we aim to establish unique competitiveness while building a comprehensive IP protection system. By strategically securing patents, we aim to establish robust technological barriers that reinforce the uniqueness and defensibility of our platforms.

We plan to enhance academic and professional endorsement by actively publishing research findings related to our core technologies in leading domestic and international academic journals. By consistently producing high-quality scientific publications, we aim to demonstrate our R&D strength. In addition, we will regularly participate in top-tier industry conferences in China and overseas to share technological progress and strengthen professional recognition of our platforms.

We plan to broaden our strategic collaborations within the industry and further integrate high-quality resources by establishing strategic partnerships with leading domestic and international pharmaceutical companies to jointly advance technology translation and product co-development. Through these collaborations, we aim to validate the value of our technology platforms via the endorsement of leading enterprises while also attracting strategic investments from global industry leaders to expand our network and extend the reach of our technology platforms.

We also intend to take an active role in shaping industry standards in specialized areas such as microneedle drug formulations and nasal inhalation drug formulations. By contributing our technological expertise and practical experience to the formulation of such standards, we aim to solidify the position of our core technology platforms as industry benchmarks.

Build and sustain a globally diverse talent base by consistently attracting, retaining, and motivating top talent

Our talent strategy is built on "technological vision, growth opportunities, shared success, and cultural alignment", with the goal of establishing a global and interdisciplinary team that is creative, high caliber, cohesive, positive, and capable of driving continuous innovation and supporting our global commercialization efforts. We also aim to deepen our institutional knowledge by attracting and retaining top tier scientific, engineering, clinical, regulatory, and commercial talent who can contribute to the evolution and optimization of our platform technologies.

We recognize that organizational efficiency and human capital are critical to our long-term success. Accordingly, we are committed to aligning the long-term interests of our people with those of the company through incentive and talent programs, while fostering a dynamic and mission driven work environment that supports professional growth and innovation. In parallel, we will continue to refine our internal systems, ranging from operational workflows and standard operating procedures to project management frameworks, to enhance R&D efficiency and cross functional collaboration, thereby ensuring the successful execution of our talent strategy.

OUR TECHNOLOGY PLATFORMS

Our Core Products and major pipeline assets are built upon our two core platforms with proprietary technologies: dissolving microneedle drug formulation technology platform and nasal inhalation drug formulation technology platform, each addressing significant unmet medical needs with broad therapeutic applications. Using these two technology platforms, we have established a well-balanced R&D pipeline. Our product candidates were selected through a rigorous and systematic evaluation process that considers clinical pain points, application prospects, market potential, and technical feasibility. This selection process integrates our longstanding expertise and accumulated experience in drug formulation technologies, maximizing the potential for successful development and commercialization of our product candidates.

Dissolving microneedle drug formulation technology platform

Building on more than a decade of dedicated research and technical development, we have independently established a microneedle drug formulation technology platform based on dissolving microneedle technology. This technology platform provides a solid foundation for our innovative dissolving microneedle drug formulations and forms a key part of our proprietary formulation capabilities.

Guided by the scientific principles of precise transdermal delivery and supported by our proprietary innovations, we have developed a core technology system with independent intellectual property rights, known as the "Three Efficiencies" and "Two Precisions", comprising high-efficiency skin penetration, high-efficiency targeted delivery, and high-efficiency transdermal absorption technologies (the "**Three Efficiencies**"), together with precise and controllable drug loading and precise continuous infusion technologies (the "**Two Precisions**"). The "Three Efficiencies" technologies significantly improve microneedle penetration performance, targeting accuracy, and transdermal drug absorption, while the "Two Precisions" technologies enable accurate dose control and stable, continuous drug loading. Together, these innovations provide essential technical support for the research, development, and industrialization of dissolving microneedle drug formulations for small molecules, peptides, and biological macromolecules.

We hold full intellectual property rights to all the technologies we have developed within this technology platform and have secured comprehensive protection through a portfolio of core patents both domestically and internationally, making it difficult for competitors to replicate, thereby safeguarding our technological leadership and competitive advantage. This technology platform provides us with the following technological advantages and capabilities:

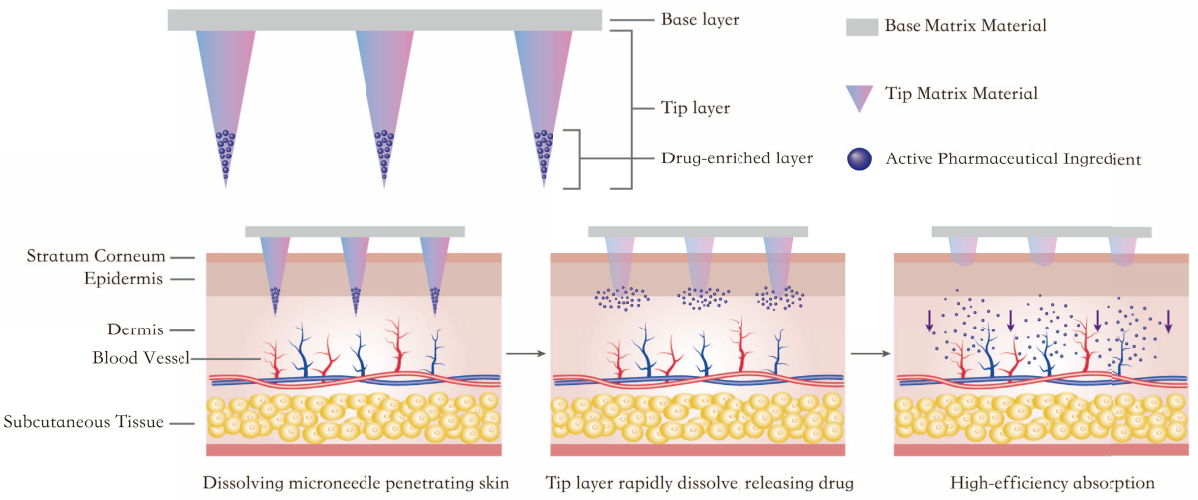


Illustration of dissolving microneedles drug delivery process

High-efficiency skin penetration technology

Successful penetration of the skin's stratum corneum is a fundamental prerequisite for effective transdermal drug delivery through dissolving microneedles, while the rate of microneedle dissolution and drug release within the skin is an equally critical parameter. Drawing on years of accumulated expertise, we have overcome the mechanical performance limitations of microneedle systems and developed a technology that precisely regulates the mechanical strength of microneedles through systematic formulation screening.

Our technology platform can adjust the mechanical strength of microneedles to ensure sufficient strength for efficient skin penetration while maintaining rapid dissolution within the skin. This design enables optimized drug delivery efficiency. By employing strength-enhancing agents and optimizing their interactions with the microneedle matrix, we have established a flexible and highly adaptable formulation system capable of meeting the specific requirements of different drugs and clinical applications. This capability supports the development of customized microneedle transdermal drug delivery solutions and accelerates the advancement of our product pipeline.

High-efficiency targeted delivery technology

Efficient delivery of drug to the targeted skin layer is a core determinant of the effectiveness of dissolving microneedle drug delivery. Through process optimization, we accurately concentrate the drug at the microneedle tips, and flexibly adjust the distribution depth of the drug within the microneedle according to the therapeutic needs of different skin layers.

In addition, based on our technology platform-based design philosophy, we have independently developed a microneedle-specific drug delivery device with independent intellectual property rights. Working synergistically with the dissolving microneedle drug formulations, this device significantly enhances positional accuracy, dose uniformity, and operational reliability during the administration process.

High-efficiency transdermal absorption technology

Efficient absorption of drugs delivered to the targeted skin layer is a decisive factor in determining the therapeutic efficacy of dissolving microneedle drug formulations. We have adopted a "microchannel + permeation enhancement" dual-action synergistic mechanism, in which physical microchannels created by microneedle penetration are combined with high-efficiency permeation-enhancing excipient compositions. This approach significantly improves drug permeation rate, absorption efficiency, and bioavailability.

This technology is applicable not only to various small-molecule drugs, but also effectively promotes the absorption of proteins, peptides, and biological macromolecules, offering broad carrier compatibility and strong potential for therapeutic indication expansion.

Precise and controllable drug loading technology

Accurate regulation of drug loading capacity is a core breakthrough of our dissolving microneedle drug formulation technology platform. For large-molecule drugs such as GLP-1 and GIP receptor agonists, multi-dosage specifications are essential to accommodate variations in patient condition, body weight, and treatment stage.

To address this clinical need, we have developed a precise and controllable drug loading technology system, which enables flexible adjustment of drug content within individual microneedle units through formulation optimization, microneedle structural design, and process innovation. This system allows precise alignment with a full range of dosage requirements, from low-dose to high-dose drug formulations, providing robust technological support for large-molecule drug therapies and personalized treatment regimens.

Precise continuous infusion technology

Precise continuous infusion technology serves as a core foundation for achieving high-quality and large-scale production of dissolving microneedle drug formulations. We are progressing as planned with the step-by-step establishment of microneedle formulation production lines that

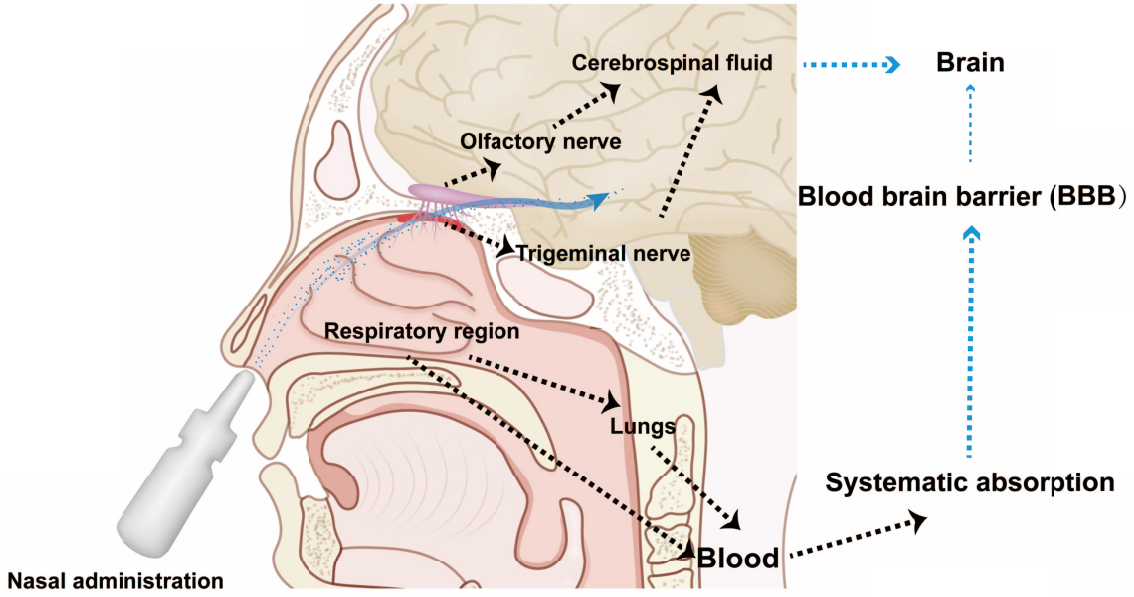
comply with GMP standards of both China and the U.S.. Each production line is designed with an annual capacity of approximately 3 million patches, to support the clinical and commercial needs of our Core Products and key products.

Nasal inhalation drug formulation technology platform

We have dedicated years to advancing core technologies and industrial translation in the field of nasal inhalation drug formulations. Guided by the scientific principles of olfactory-targeted drug delivery and supported by our proprietary permeation enhancement technologies, we have successfully established a "dual-driving" technology system with independent intellectual property rights, comprising precise olfactory-region administration and high-efficiency intracerebral transport technology. This system is designed to improve drug deposition in the olfactory region and enhances absorption across the olfactory mucosa, thereby supporting the enhancement of drug exposure in brain and providing critical technical support for the development of nasal inhalation drug formulations intended for CNS diseases.

Building upon this technology platform, we have developed the following core technologies and capabilities:

Precision olfactory-region drug delivery technology



Nose-to-brain delivery route

Effective nose-to-brain drug delivery requires accurate drug deposition in the olfactory region. To address this, we have developed a precision olfactory-region drug delivery technology system, which enables targeted control over key parameters such as plume angle, droplet size, and spray area through the tuning of formulation properties. This system is designed to facilitate targeted drug deposition in the olfactory region, thereby supporting rapid absorption and therapeutic effect in the intended area of action.

Nasal sprays are defined by the FDA as drug-device combination products, and the nasal spray device itself is a key factor influencing intranasal delivery. However, core technologies in this field have long been monopolized by foreign companies. To break this technological barrier, we are developing a proprietary olfactory-targeted spray device, which, when integrated with our formulation design, is expected to enable precise drug delivery to the olfactory region. This device will support potential pipeline products within our nasal inhalation drug formulation technology platform. In addition, we plan to establish a joint patent pool covering both formulations and devices to build a strong technological barrier.

High-efficiency mucosal absorption and intracerebral transport technology

Drug absorption in the olfactory region is a critical determinant of intranasal drug delivery efficiency. To ensure efficient absorption following nasal administration, we screened multiple permeation-enhancing excipients and successfully incorporated the most effective enhancer into our nasal inhalation drug formulation technology platform. Innovatively, we applied this absorption enhancer to a nasal drug delivery strategy for Parkinson's disease and have filed intellectual property protection for this application. In our Core Product XJN010, the addition of this enhancer significantly improves absorption efficiency, enabling drugs deposited in the olfactory region to enter the brain more effectively. This approach substantially enhances drug delivery from the nasal cavity to the brain and markedly increases drug exposure in brain.

Our nasal inhalation drug formulation technology platform supports a broad range of molecules, including small molecules as well as larger biological compounds such as peptides and proteins, demonstrating versatility and scalability, and providing a potential pathway for developing treatments for CNS diseases and disorders via the intranasal route.

OUR PIPELINE PRODUCTS

Dissolving microneedle drug formulation technology platform

We are developing a portfolio of innovative products in the field of dissolving microneedle drug formulation. Leading our pipeline is our Core Product, the Dexmedetomidine Hydrochloride Microneedle Patch, currently in Phase II clinical trial in China. It is a microneedle transdermal drug patch designed for preoperative sedation in both pediatric and adult patients. We are also progressing the development of another product, XJN1102, a glucagon-like peptide-1 (GLP-1) microneedle patch for the treatment of type II diabetes and weight management in overweight or obese adults, targeting the rapidly growing market for metabolic and obesity-related conditions.

The Dexmedetomidine Hydrochloride Microneedle Patch — our Core Product for preoperative sedation

Overview

The Dexmedetomidine Hydrochloride Microneedle Patch is an internally developed product which as confirmed by Frost & Sullivan is the first dissolving microneedle transdermal drug patch approved for clinical trials in China. Developed for preoperative sedation in both pediatric and adult patients, it delivers dexmedetomidine hydrochloride via dissolving microneedle drug delivery system, offering a safe, effective, and patient-friendly method of drug administration.

Sedation is an important component of preoperative and diagnostic care. In practice, the anesthesiologist prescribes an individualized preoperative sedation plan based on the patient's physical status, underlying illness, and surgical needs. Appropriate use of sedatives alleviates fear and anxiety, so patients enter the operating room calm and emotionally stable, which facilitates smoother anesthesia induction and supports surgical efficiency and safety. Despite its importance, commonly used methods present significant challenges. Intravenous (IV) remains the standard, yet they can be painful and intimidating, particularly for children and for patients with needle anxiety. Establishing IV access is uncomfortable and time-consuming and often requires additional staff when patients resist or become anxious. Although oral sedatives or nasal spray alternatives may help alleviate injection-related anxiety, they still present limitations such as delayed onset of action and individual variability. These constraints not only increase the complexity of preoperative sedation procedures and contribute to surgical delays, but also impose additional psychological stress on both patients and medical staff.

The Dexmedetomidine Hydrochloride Microneedle Patch is designed to address certain practical limitations of existing sedation methods. It enables rapid transdermal delivery without the need for IV injection or active patient cooperation, providing advantages in pediatric care and in adults who may experience preoperative anxiety or difficulty with IV access. Its easy-to-apply format simplifies the sedation process, enhances patient comfort, and reduces the burden on clinical staff. By combining reliability with patient-centered design, the microneedle transdermal drug patch creates a minimally invasive easy-to-apply alternative for preoperative sedation.

Phase I clinical trials demonstrated favorable safety, tolerability, and preliminary pharmacokinetic profiles. Phase II clinical trials are ongoing in China to evaluate clinical efficacy, dose optimization, and patient acceptability in target patient populations, and are expected to be completed by the fourth quarter of 2026 for adult use and by the second quarter of 2026 for pediatric use. The Dexmedetomidine Hydrochloride Microneedle Patch is positioned to become the first microneedle based dexmedetomidine hydrochloride product to be approved in China, with regulatory approval anticipated in 2028 for both adult and pediatric use. This would mark an important milestone in the development of alternative administration options for preoperative sedation.

Mechanism of action

The Dexmedetomidine Hydrochloride Microneedle Patch is a dissolving microneedle patch developed for the transdermal delivery of dexmedetomidine hydrochloride. Dexmedetomidine hydrochloride is a well-established sedative used in both adults and children for preoperative care and diagnostic procedures. It provides safe and reliable sedation without significant respiratory

depression. These attributes make dexmedetomidine hydrochloride an ideal active ingredient for a microneedle drug formulation, combining proven clinical value with a safety profile that aligns with the needs of a patient-friendly sedation product.

The Dexmedetomidine Hydrochloride Microneedle Patch translates these clinical advantages into practice through a precisely engineered dissolving microneedle system designed for rapid, efficient, and painless delivery. Each patch consists of two layers: a base layer made from polymers approved for transdermal administration, providing reliable support; and a microneedle tip layer composed of dexmedetomidine hydrochloride, a structural matrix made from biocompatible materials approved for injectable use. The structural matrix provides mechanical strength, allowing the microneedles to maintain structural integrity during skin insertion even at high drug-loading levels.

The tip-loading design of the patch concentrates dexmedetomidine hydrochloride at the microneedle tips. Upon application, the microneedles cross the stratum corneum and deliver the drug into the superficial dermis, where it is rapidly absorbed into systemic circulation.

Through its combination of precisely engineered delivery technology and stable preparation technology, the Dexmedetomidine Hydrochloride Microneedle Patch is designed to address the limitations of dissolving microneedles, including limitations in needle-tip mechanical strength needle-tip drug enrichment and drug delivery uniformly. It delivers pharmacokinetic profiles that are comparable to subcutaneous injection while avoiding the need for a traditional needle-based administration procedure. Combined with the well-established clinical benefits of dexmedetomidine hydrochloride, the Dexmedetomidine Hydrochloride Microneedle Patch offers an alternative mode of administration that is minimally invasive and operationally convenient. It provides a rapid and reliable option for preoperative sedation that does not require IV access or active cooperation. This is advantageous for children undergoing surgery or diagnostic procedures, and equally valuable for adults with preoperative anxiety or difficulties with conventional sedation methods.

Market opportunities and competition

According to Frost & Sullivan, preoperative sedation is expanding from traditional surgical settings to a wider range of clinical procedures, including dental treatment, orthopedic day surgeries, medical imaging (e.g., MRI/CT), endoscopy, and interventional diagnostics. As outpatient minimally invasive procedures and day medical services increase, the need for sedation to support patient cooperation during procedures is also increasing. Its cross-department and cross-age-group applicability gives preoperative sedation broad clinical utility within perioperative management systems.

According to Frost & Sullivan, the global sedative drug market is in a steady expansion phase. From 2020 to 2024, the overall market size grew from USD8.64 billion to USD9.11 billion, with a Compound Annual Growth Rate (CAGR) of 1.33%. It is expected to accelerate to 1.58% from 2024 to 2028, further rising to 1.73% from 2028 to 2032, with the overall market expected to reach USD10.39 billion by 2032. Among these, adult sedation remains the dominant segment, with a market size of approximately USD8.26 billion in 2024, while the pediatric sedation market reached an estimated USD0.85 billion in the same year. However, the growth rate of pediatric sedation exceeds that of adult sedation, reflecting a smaller baseline but accelerating demand.

According to Frost & Sullivan, China's preoperative sedation market is undergoing steady expansion. In 2020, the overall market size reached approximately RMB7.36 billion, with adult sedation drugs accounting for RMB6.43 billion and pediatric sedation drugs amounting to approximately RMB0.93 billion. Benefiting from rising surgical volumes, increased demand for comfort-oriented medical care, and expanded indications for sedation, the market size reached RMB7.6 billion in 2024. It is forecast to rise further to RMB7.90 billion by 2028 and projected to grow to approximately RMB8.24 billion by 2032, with a compound annual growth rate (CAGR) of about 1.07% from 2028 to 2032. The pediatric sedation segment is growing significantly faster than the adult segment, with a projected CAGR of 2.66% from 2028 to 2032, becoming the core driver of overall market expansion.

Currently commonly used preoperative sedatives still face challenges related to onset time, dosage control, duration of action, and side effect management. Injectable forms require professional administration, while oral sedatives often have delayed onset of action and variable absorption, making them less suitable for clinical scenarios that require fast onset and quick recovery within short preoperative windows. Additionally, some drugs carry risks such as postoperative sedation residue and respiratory depression. Against this backdrop, hospitals and outpatient centers are increasingly seeking solutions that support safety and workflow efficiency, particularly through innovative drug formulations and drug delivery systems. Products that offer differentiated profiles, such as minimally invasive administration, faster onset, simplified operation, and improved tolerability, are well positioned to unlock incremental value and expand utilization across additional clinical settings and patient groups.

Our Dexmedetomidine Hydrochloride Microneedle Patch is designed to address this need. As a dissolving microneedle patch designed for the transdermal delivery of dexmedetomidine hydrochloride, it provides an alternative to traditional hospital-based IV administration and opens new opportunities in outpatient, pediatric, and pre-surgical care. With no microneedle-based dexmedetomidine hydrochloride products currently on the market in China according to Frost & Sullivan, our product holds a strong first-mover advantage in this segment. Subject to regulatory approval, it is being developed for the management of preoperative anxiety in adult and pediatric populations, for moderate sedation during invasive diagnostic procedures such as endoscopy,

imaging, and dental interventions, and for adjunctive treatment of mild to moderate post-operative pain. Looking forward, its potential applications may extend into chronic pain management and sleep disorders, subject to further research and clinical development.

From a commercialization perspective, we aim to promote a new paradigm of "comfortable, pain-free sedation". The strategy targets China's rapidly growing day surgery, outpatient diagnostic, and pediatric markets. In line with national initiatives that prioritize children, we seek to deliver compassionate, patient-centered healthcare services that embody empathy and human warmth, better addressing the needs of child-friendly hospitals, such as the development of "no-cry operating rooms". Professional promotion will focus on in-hospital channels such as anesthesiologists, pain management specialists, endoscopy centers, and pediatricians. The long-term goal is to position our Dexmedetomidine Hydrochloride Microneedle Patch as a standard, convenient solution for sedation and analgesia in perioperative care and invasive procedures, thereby shaping a new treatment paradigm.

According to Frost & Sullivan, the U.S. sedation market is projected to grow from USD5.09 billion in 2020 to USD5.88 billion in 2032, with an accelerating CAGR from 0.89% during 2020-2024 to nearly 1.35% between 2024-2032. This growth is predominantly driven by the pediatric segment. The steady expansion reflects broader clinical application of sedation in outpatient procedures, imaging diagnostics, and infant care, alongside rising awareness and accessibility of sedation services.

Competitive advantages

Dexmedetomidine hydrochloride is widely used because of its favorable safety profile and minimal respiratory depression. Although alternative formulations, including nasal sprays and oral therapies, have been explored, the majority of current approved formulations remain IV injections, which require invasive access and skilled personnel. Our Dexmedetomidine Hydrochloride Microneedle Patch introduces a new approach: a dissolving microneedle patch delivering a proven sedative through an advanced microneedle technology platform. According to Frost & Sullivan, the Dexmedetomidine Hydrochloride Microneedle Patch is the first and only microneedle-based dexmedetomidine hydrochloride product to enter Phase II clinical trials in China, providing a clear first-mover advantage. This innovation is designed to addresses certain limitations of existing delivery routes while offering potential benefits for patients, clinicians, and healthcare systems.

Painless, easy-to-administer format

Our Dexmedetomidine Hydrochloride Microneedle Patch is a microneedle patch that can be applied quickly and easily, without the need for IV access or specialized equipment. This format simplifies clinical workflows, reduces procedural burdens, and enhances patient experience. It is particularly advantageous for children, elderly patients, and adults who experience anxiety or difficulty cooperating with traditional sedation methods.

Rapid onset and consistent absorption

By penetrating the stratum corneum and delivering dexmedetomidine hydrochloride into the superficial dermis, our Dexmedetomidine Hydrochloride Microneedle Patch enables rapid systemic absorption through the capillary network. This supports fast onset of action and consistent pharmacokinetic performance. The drug-loaded microneedle tips penetrate the skin upon application, minimizing drug loss and supporting consistent dosing across patients.

Broader applicability and clinical flexibility

The Dexmedetomidine Hydrochloride Microneedle Patch expands the use of dexmedetomidine hydrochloride beyond hospital-based IV administration into outpatient, pediatric, and diagnostic settings. Its minimally invasive format may increase acceptance among patients who might otherwise resist injections. This broader applicability provides greater flexibility for clinicians, making sedation feasible in a wider range of settings.

Value-based differentiation in a crowded market

Traditional injectable dexmedetomidine hydrochloride products in China are increasingly commoditized due to centralized procurement programs that drive price competition and erode margins. Our Dexmedetomidine Hydrochloride Microneedle Patch, by contrast, competes in value rather than price. Its minimally invasive format and operational efficiency differentiate it from existing products and may reduce its exposure to direct price-based competition.

Summary of clinical trial results

In pediatric patients

We commenced preclinical studies of our Dexmedetomidine Hydrochloride Microneedle Patch since May 2022. In April 2024, we received the Notification of Approval for Drug Clinical Trial (藥物臨床試驗批准通知書) from the NMPA to conduct Phase I clinical trial in China for the indication of preoperative sedation in pediatric patients of 2 to 6 years old, and successfully

completed the relevant clinical trial studies in March 2025 and received the formal report in May 2025. The results demonstrated that transdermal administration of the product achieved rapid onset of sedation within 15 minutes, with no adverse events of Grade 2 or above reported, indicating a favorable safety profile and low skin irritation. After the completion of Phase I clinical trial, we submitted the trial results and the Phase IIa clinical trial protocol to the NMPA in May 2025. In July 2025, Phase IIa clinical trial in pediatric patients aged 2 to 6 years has been approved by the NMPA. We commenced such Phase IIa clinical trial in August 2025, and we expect to complete the Phase IIa trial in the second quarter of 2026. We expect to complete the Phase III clinical study and submit the NDA in 2028. As of the Latest Practicable Date, we have not received any questions or objections from the NMPA regarding our clinical development plan for the Dexmedetomidine Hydrochloride Microneedle Patch for preoperative sedation in pediatric patients.

Below is a summary of these clinical trials in reverse chronological order.

Ongoing Phase IIa Clinical Trial

- Trial design

The Phase IIa clinical trial of Dexmedetomidine Hydrochloride Microneedle Patches in children employs a randomized, double-blind, placebo-controlled, multicenter clinical trial design. The trial consists of three stages. Stage 1 will enroll 16 large-weight children for safety, pharmacokinetics, and efficacy evaluation. Stage 2 will further validate the proposed dose extrapolated from Stage 1, with 24 large-weight children to be enrolled for safety, pharmacokinetics, and efficacy evaluation. Stage 3 will enroll 24 small-weight children, who will be administered different doses of Dexmedetomidine Hydrochloride Microneedle Patches or placebo patches for safety, pharmacokinetics, and efficacy evaluation.

Endpoints

Primary endpoints:

(1) changes in physical examination, vital signs, blood oxygen saturation, 12/18-lead electrocardiogram, and other laboratory tests before and after medication;

(2) occurrence of adverse events (AEs) and severe adverse events (SAEs) during the study period.

Secondary endpoints:

(1) Population pharmaceutical characteristics:

Population pharmacokinetic (PopPK) parameters.

(2) Efficacy:

(i) Proportion of subjects who successfully separated from their parents and achieved a Ramsay score ≥3 within 45 minutes after administration;

(ii) the completion rate of the examination;

Examination completion is defined as the completion of the examination after successful sedation within 45 minutes of administration, or successful initiation of anesthesia induction after parent-child separation.

Successful sedation is defined as a Ramsay score ≥3 and successful parent-child separation within 45 minutes of administration. Otherwise, sedation failure is considered. The following parameters will be examined:

(a) the proportion of subjects who achieved a Ramsay score ≥3 within 45 minutes after administration,

(b) the time to first achieve a Ramsay score ≥3 within 45 minutes after administration,

(c) the proportion of subjects who successfully separated from their parents within 45 minutes after administration,

(d) the time from administration to the first successful separation from their parents,

(e) the time to recovery from anesthesia.

(3) Safety:

Evaluation of changes in skin at the administration site before and after administration.

- Trial status

As of December 2025, 5 patients have been recruited. We expect to complete the Phase IIa clinical trial by the second quarter of 2026.

Phase I Clinical Trial

Although the IND approval was issued for pediatric use, in accordance with internationally accepted ethical principles and regulatory guidance, first-in-human and early Phase I studies are generally conducted in healthy adult volunteers to evaluate safety, tolerability, and pharmacokinetics while minimizing risk to vulnerable populations. Accordingly, the Phase I clinical trial for Dexmedetomidine Hydrochloride Microneedle Patch in pediatric use was conducted in healthy adults. Data obtained from such Phase I clinical trial was used to support the subsequent progression to Phase II clinical trial in pediatric patients after the appropriate safety profile has been established.

For details of Phase I Clinical Trial conducted in healthy adults, please refer to the paragraph headed "In adult patients — Phase I Clinical Trial" in this document.

In adult patients

In April 2024, we received the Notification of Approval for Drug Clinical Trial from the NMPA to conduct Phase I clinical trial in China for the indication of preoperative sedation in pediatric patients aged 2 to 6 years. As discussed above in the paragraph headed "In pediatric patients — Phase I Clinical Trial", in accordance with internationally accepted ethical principles and regulatory guidance, the Phase I clinical trial for Dexmedetomidine Hydrochloride Microneedle Patch in pediatric use was conducted in healthy adults. Data obtained from such Phase I clinical trial was also used to support the subsequent progression to Phase II clinical trial in adult patients.

In addition, using the same pharmaceutical and nonclinical data submitted for the pediatric indication, in combination with adult Phase II clinical trial protocol, we submitted an IND application in July 2025 for Phase II trial for the indication of preoperative sedation in adults. 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.

Below is a summary of these clinical trials in reverse chronological order.

Phase I Clinical Trial

- Trial design

The trial employed a single-center, open-label, randomization within the queue, crossover design to evaluate the safety, pharmacokinetic, and pharmacodynamic characteristics of Dexmedetomidine Hydrochloride Microneedle Patches in healthy adult subjects in China. In

Cohort 1 and Cohort 2, subjects received a single dose on days 1, 3, and 5, with exit testing on day 6. In Cohort 3, subjects received a single dose on days 1 and 3, with exit testing on day 4. A 2-day washout period was included in the study period.

- Trial status

  The trial was commenced in February 2025 and completed in March 2025.

- Pharmacokinetics, pharmacodynamics and other analytical conclusions

  After administration of 34 μg, 68 μg, and 118 μg of the microneedle patch, the mean peak concentration (C_{max}) was 147.63 ± 39.803 pg/mL, 451.3 ± 96.85 pg/mL, and 485.2 ± 187.16 pg/mL, respectively, with median time to peak concentration (T_{max}) of 0.250 h, 0.080 h, and 0.080 h, respectively. In the intravenous injection group, the mean peak concentration (C_{max}) was 1315.3 ± 243.08 pg/mL, and the median time to peak concentration (T_{max}) was 0.330 h.

  The elimination half-life of each microneedle patch group was approximately 2.281 h, similar to that of the intravenous injection reference group. The Dexmedetomidine Hydrochloride Microneedle Patch was absorbed rapidly and did not exhibit significant sustained-release characteristics.

  The Dexmedetomidine Hydrochloride Microneedle Patch has a rapid onset of action after administration. Both the 68 μg and 118 μg dose groups took effect within 0.25 hours after administration and remained effective until 1.25 hours after administration.

- Safety

  No severe adverse events (SAEs) or severe adverse reactions (SARs) were observed. All reported adverse events (AEs) and adverse reactions (ARs) were mild (CTCAE grade 1) and all were recovered/resolved.

Summary of preclinical studies

Dexmedetomidine Hydrochloride Microneedle Patch is a Class 2.2 modified new drug. The API is dexmedetomidine hydrochloride, the mechanisms of action, binding targets, and safety profile of which have been fully established. Our preclinical studies investigated toxicity, skin irritation, and allergy-related safety of the Dexmedetomidine Hydrochloride Microneedle Patches in rats and Bama miniature pigs. Sedative effects were evaluated in rats, and pharmacokinetic characteristics and tissue distribution were assessed in Bama miniature pigs. The results show that

the Dexmedetomidine Hydrochloride Microneedle Patches have low safety risk, no skin irritation or allergic reactions, and sedative effects comparable to dexmedetomidine hydrochloride injection. Currently, the above-mentioned preclinical studies have been completed under GLP conditions.

Material Communications and Next Steps

As of the Latest Practicable Date, we have not received any questions or objections from the NMPA regarding our clinical development plan for Dexmedetomidine Hydrochloride Microneedle Patch for the indication of preoperative sedation in pediatric patients.

Using the same pharmaceutical and nonclinical data submitted for the pediatric indication, in combination with adult Phase II clinical trial protocol, we submitted an IND application in July 2025 for phase II clinical trial for preoperative sedation in adults. Approval for phase II clinical trial was granted by the NMPA for the adult indication in September 2025. We expect to initiate Phase II clinical trial in the first quarter of 2026 and expect to complete Phase II clinical trial in the fourth quarter of 2026.

In July 2025, we submitted a pre-IND application to the FDA for the indication of preoperative sedation in adults via the 505b(2) route. In September 2025, we received a written response from the FDA acknowledging the preclinical data we provided and finding no significant deficiencies. We held a pre-IND meeting with the FDA in September 2025 and received written meeting minutes in October 2025, which confirmed the overall development plan for the Phase I clinical trial in the U.S. Currently we are preparing for IND submission to the FDA to advance the product's global development. We plan to submit the IND application in the first quarter of 2026, with IND approval expected in the third quarter of 2026.

Upon commercialization, we plan to conduct post-marketing clinical studies to expand potential indications in response to market demand.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET THE DEXMEDETOMIDINE HYDROCHLORIDE MICRONEEDLE PATCH SUCCESSFULLY.

XJN1102 — our other product, a GLP-1 microneedle patch, for the treatment of type II diabetes and weight management in overweight or obese adults

Overview

XJN1102, is an internally developed innovative dissolving microneedle transdermal drug patch developed for the treatment of type 2 diabetes and long-term weight management in overweight or obese adults. The product utilizes a glucagon-like peptide-1 (GLP-1) receptor agonist with proven efficacy in improving glycemic control and reducing body weight as its active pharmaceutical ingredient (API).

Built on our dissolving microneedle drug formulation platform technologies, XJN1102 is designed to address certain limitations of existing GLP-1 delivery methods. Current therapies rely primarily on subcutaneous injections, which can cause discomfort, injection-site reactions, and low treatment adherence. Our microneedle patch provides a minimally invasive and patient-friendly alternative that simplifies administration and may improve acceptance, particularly for patients requiring long-term therapy.

The XJN1102 microneedle patch features a drug-concentrated microneedle tip structure, which enables precise dosing, rapid penetration through the stratum corneum, and consistent systemic absorption via the dermal microcirculation. This formulation is designed to support pharmacokinetic performance comparable to injectable GLP-1 therapies while avoiding the need for traditional injections.

By combining the proven therapeutic profile of a GLP-1 receptor agonist with our innovative dissolving microneedle drug formulation technology platform, XJN1102 provides a minimally invasive administration option for diabetes management and obesity treatment. It has the potential to improve patient acceptance, broaden accessibility of GLP-1 therapies, and offer an alternative approach for chronic metabolic disease care.

We plan to submit IND applications to the NMPA and the FDA in the fourth quarter of 2026. We expect to complete Phase I clinical trial in China by the end of 2027, and to complete Phase I clinical trial in the U.S. in the first quarter of 2028. We plan to submit NDA applications in both China and the U.S. in 2030.

Mechanism of action

Unlike traditional subcutaneous injections, XJN1102 uses dissolving microneedles to deliver a GLP-1 receptor agonist through the skin in a minimally invasive manner. The microneedle tips are formulated from fully synthetic GLP-1 receptor agonist combined with water-soluble polymer materials, supporting stability and rapid dissolution.

XJN1102 is designed with clear performance characteristics that distinguish it from existing injectable formulations. Preclinical studies indicated that its bioavailability was over 50%. Preclinical studies have also shown that, upon application, the microneedles dissolve within 15 minutes, releasing the GLP-1 receptor agonist and reaching peak plasma concentration in about eight hours, which is approximately three times faster than subcutaneous injection. The product demonstrates good stability at room temperature, which can reduce storage and transportation requirements for future commercialization. Furthermore, preclinical animal studies indicate that our dissolving microneedle drug formulation technology addresses the low delivery efficiency observed in conventional transdermal systems for peptides. The microneedles can penetrate the stratum corneum and dissolve in situ, allowing the released peptide drug to be rapidly absorbed systemically. Together, these findings establish XJN1102 as a differentiated product with strong technical and formulation-based barriers to entry, and highlight its potential to provide a convenient, reliable, and patient-friendly alternative to injectable GLP-1 therapies.

Market opportunities and competition

According to Frost & Sullivan, the global diabetes patient population continues to expand. The number of people living with diabetes reached approximately 493.73 million in 2020, rising to 588.97 million by 2024 and projected to reach 680.70 million by 2032. The CAGR for 2024-2028 is 2.10%, with a CAGR of 1.55% projected for 2028-2032. The primary drivers remain the high incidence of type 2 diabetes stemming from obesity and unhealthy lifestyles.

The global type 2 diabetes market expanded from 69.06 billion in 2020 to an estimated 133.78 billion by 2032, maintaining overall high single-digit growth. The core drivers of sustained market expansion stem from the growing patient base, increased adoption of innovative drugs (such as GLP-1 receptor agonists, SGLT2 inhibitors, and long-acting insulins), and expanding health insurance coverage across countries.

According to Frost & Sullivan, the number of diabetes patients in China is projected to grow steadily from 133.09 million in 2020 to 171.63 million by 2032. The CAGR stands at 2.69% from 2020 to 2024, and will slightly increase to 2.54% between 2024 and 2028. This strong and consistent rise is driven by aging demographics, sedentary lifestyles, urbanization, and changes in dietary patterns.

China's type 2 diabetes market is experiencing robust expansion, with total market size expected to grow from RMB60.06 billion in 2020 to RMB113.77 billion by 2032. This represents a CAGR of 4.00% from 2020 to 2024, accelerating to 6.74% from 2024 to 2028. The rapid growth in market value, significantly outpacing patient population growth, reflects increased per capita treatment expenditure. This trend is driven by the rising adoption of innovative therapies (e.g., GLP-1 receptor agonists), expansion of chronic disease management infrastructure, and growing awareness of early intervention and complications prevention. As China faces a mounting diabetes burden, the market presents substantial opportunities across pharmaceuticals, medical devices, and digital healthcare platforms.

According to Frost & Sullivan, the number of diabetes patients in the U.S. is projected to rise from 36.74 million in 2020 to 60.08 million by 2032, with CAGRs of 4.73% from 2020 to 2024 and 4.15% from 2024 to 2028. This sustained increase reflects the long-term public health challenge posed by lifestyle-related and aging-associated diabetes prevalence. Over the same period, market value is expanding even faster, from USD19.68 billion in 2020 to a projected USD48.64 billion by 2032, with CAGR of 7.89% between 2020 and 2024 and 8.31% between 2024 and 2028. This divergence indicates rising per-capita treatment spending driven by the adoption of advanced therapies (e.g., GLP-1 receptor agonists), wider use of continuous glucose monitoring and insulin delivery technologies, and broader chronic disease management frameworks. As a result, the U.S. diabetes market remains mature yet dynamic, offering continued opportunities for pharmaceutical, device, and digital health players.

The global population affected by weight management issues is substantial and continues to grow. According to Frost & Sullivan, in 2020, the number of individuals requiring weight management worldwide reached 3.0674 billion. It rose to 3.6853 billion by 2024, representing a CAGR of 3.98% over the four-year period. Looking ahead, this population is projected to grow at a CAGR of 2.54% from 2024 to 2028, reaching approximately 3.9642 billion by the end of the period. Against this steadily expanding patient base, market value has accelerated even faster. The market increased from 1.32 billion in 2020 to 16.90 billion in 2024, a CAGR of 88.99% driven by rapid uptake of innovative GLP-1 therapies. It is projected to reach 36.94 billion by 2028, reflecting a 21.60% CAGR from 2024, and to exceed 52.13 billion by 2032. Together, these trends point to substantial commercial potential and durable growth opportunities across pharmaceuticals, devices, and related medical services.

According to Frost & Sullivan, in China, the weight management patient population has shown mild fluctuation, rising from 584.11 million in 2020 to 614.11 million in 2024, a CAGR of 1.26%, and is expected to rebound steadily to 664.21 million by 2032. This points to a relatively stable underlying market, with projected CAGR of about 1.13% from 2024 to 2028 and 0.84% from 2028 to 2032, reflecting moderate and sustained public health demand. Against this steady epidemiological backdrop, China's weight management medicines market is growing rapidly. After

growth at a CAGR of 21.94% during 2020 to 2024, it is projected to accelerate at 30.56% from 2024 to 2028 and to expand from RMB42.1 billion in 2024 to RMB429.9 billion by 2032, driven by rising demand, greater awareness, and broader adoption of pharmaceutical solutions for weight control.

The U.S. weight management patient population increased from 185.06 million in 2020 to an estimated 230.76 million by 2032, with a CAGR of 1.69% from 2020 to 2024 and 2.02% from 2024 to 2028. In parallel, the U.S. weight management market grew from USD0.71 billion in 2020 to an estimated USD35.32 billion by 2032, with a CAGR of 91.24% from 2020 to 2024 and 25.00% from 2024 to 2028. The surge is driven by increasing obesity rates, growing awareness of health risks, and the rapid adoption of innovative weight management drugs and therapies.

The API used in XJN1102 is a once-weekly GLP-1 receptor agonist approved for type II diabetes and long-term weight management. According to Frost & Sullivan, in China, the size of GLP-1 market for diabetes and weight management grew from RMB0.7 billion in 2018 to RMB10.5 billion in 2024, representing a CAGR of 57.04%. Looking further ahead, the market is projected to rise to RMB107.4 billion by 2032, representing a CAGR of 33.73%, driven by rising prevalence of metabolic diseases and increased adoption of medical weight management therapies.

Competition is intensifying, particularly in the injectable segment where Novo Nordisk's Ozempic and Wegovy dominate, and several domestic companies are developing biosimilar and follow-on versions, according to Frost & Sullivan. However, these remain injectable products, constrained by injection pain, needle phobia, low patient compliance, and cold-chain storage requirements. XJN1102, a dissolving microneedle patch, is designed to offer a minimally invasive and convenient alternative that is designed to address these limitations. By combining the proven efficacy of the GLP-1 receptor agonist with our innovative dissolving microneedle drug formulation technology platform, XJN1102 is well positioned to capture significant share in China's rapidly expanding weight-management market.

Competitive advantages

Advantages of the dissolving microneedle drug formulation technology platform

XJN1102 also benefits from the broader strengths of our dissolving microneedle drug formulation technology platform. The minimally invasive and convenient patch format is designed to address key limitations of injectable GLP-1 therapies, including injection-related discomfort, needle phobia. The microneedle tips dissolve within minutes and support reliable systemic absorption, providing pharmacokinetic characteristics that are designed to be comparable to injectable GLP-1 therapies. XJN1102 demonstrates good stability at room temperature, potentially

eliminating the need for low-temperature storage and cold-chain transportation, and improving ease of use and portability. These features may facilitate streamlined clinical workflows and broaden the applicability of GLP-1 therapies across different patient groups and care settings.

Strategic indication pathway

XJN1102 is designed with a staged indication expansion strategy to maximize clinical and commercial impact. We plan to submit IND applications to the NMPA and the FDA in the fourth quarter of 2026 for the treatment of type 2 diabetes in adults. In the fourth quarter of 2026, we also intend to submit additional IND applications to both regulators for the weight management indication in overweight or obese adults.

Commercialization and market access

To enable rapid commercialization, we plan to complete the construction of a GMP-compliant sterile microneedle production line in 2026, with a targeted capacity of 3 million patches annually. Product pricing strategy will be developed with reference to market demand, with an objective to enhance patient accessibility while ensuring commercial sustainability. This positions XJN1102 as a cost-effective, scalable solution in the rapidly expanding GLP-1 weight-management market.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET XJN1102 SUCCESSFULLY.

Nasal inhalation drug formulation technology platform

XJN010 — our Core Product, a nasal inhalation drug formulation for the treatment of "Off" episodes in Parkinson's disease

Overview

Our Core Product, XJN010, is an internally developed novel, clinical-stage nasal inhalation drug formulation developed for the on-demand treatment of "Off" episodes in patients with Parkinson's disease who are already receiving a dopa decarboxylase inhibitor/levodopa regimen. "Off" episodes are marked by a temporary loss of effectiveness of Parkinson's medication, resulting in the sudden re-emergence of motor symptoms such as stiffness, tremors, and slowness of movement, often requiring rapid intervention to restore mobility.

By applying our advanced nasal inhalation drug formulation platform technologies, XJN010 is designed to facilitate transport of the drug via the nose-to-brain pathway, offering key advantages such as no first-pass metabolism, rapid onset, and high drug exposure in brain. The

nasal inhalation route circumvents the blood-brain barrier (BBB), a major obstacle in CNS drug delivery, and avoids the delays and variability associated with conventional oral and pulmonary administration. The approach is intended to provide a fast-acting, patient-friendly rescue therapy that helps patients regain motor control quickly during "Off" episodes, especially those with unpredictable symptoms or difficulty taking oral or pulmonary inhalation medications.

We have completed a series of preclinical studies on XJN010. In August 2024, we received IND approval from the NMPA and successfully completed Phase I clinical trials in June 2025. These studies demonstrated rapid absorption of the API following administration and showed a favorable safety and tolerability profile. Through our proprietary nasal inhalation drug formulation platform technologies, XJN010 is designed to support faster absorption and enhanced delivery.

Phase II clinical trial is currently in progress to evaluate clinical efficacy, dose optimization, and patient compliance in target patient populations, and is expected to be completed in the third quarter of 2026, Phase III trial is expected to be completed in 2027. After the completion of Phase III trial, we will submit NDA to the NMPA.

To advance the product's global development, in June 2025, we submitted a pre-IND application to the FDA for a Phase I clinical trial. In September 2025, we received a written response from the FDA, which agreed to exempt us from the Phase I clinical trial in the U.S. and allow us to proceed directly to the Phase II clinical trial. In October 2025, the FDA accepted our IND application. We expect to receive the IND approval and initiate the Phase II clinical trial in the third quarter of 2026.

Mechanism of action

XJN010 is a liquid suspension nasal inhalation drug formulation, developed as a rapid-acting, non-invasive therapy for the on-demand treatment of "Off" episodes in Parkinson's disease. Currently, there is no approved prescription therapy in China specifically indicated for the management of "Off" episodes in Parkinson's disease, and this therapeutic area remains an unmet clinical need.

Conventional oral formulations exhibit notable pharmacokinetic and clinical constraints. Due to extensive first-pass metabolism, a large proportion of the API is metabolized in the periphery before reaching the CNS. As a result, over 95% of the administered dose is metabolized in peripheral tissues, leaving less than 1% available to cross the BBB to exert therapeutic effects in the CNS. The high systemic exposure to dopamine also causes a range of adverse effects, including cardiovascular complications such as arrhythmias, hypotension, and gastrointestinal disturbances such as nausea and vomiting. Pulmonary inhaled delivery has been explored to overcome some of these drawbacks by bypassing the gastrointestinal tract and enabling faster

absorption. However, its effectiveness is limited by the need for adequate inspiratory capacity and coordination, which can be compromised during "Off" episodes. Inconsistent lung deposition, continued peripheral conversion, and comorbid respiratory conditions in patients can lead to inconsistent therapeutic efficacy and increased systemic side effects.

To address these limitations, XJN010 employs our nasal inhalation drug formulation platform technologies that are designed to facilitate transport of the API via the nose-to-brain, bypassing the gastrointestinal tract and the BBB. The olfactory epithelium, located in the upper nasal cavity, provides anatomical connections to the CNS via olfactory nerve and trigeminal nerve. By targeting this narrow and highly specific region, XJN010 is intended to support rapid onset of action, enhance delivery efficiency.

XJN010 is formulated as a liquid suspension for nasal inhalation. To enhance absorption, the formulation incorporates penetration enhancers to improve olfactory mucosal permeability. Preclinical studies demonstrated rapid absorption, with peak concentrations (C_{max}) reached within minutes of administration. The peak concentrations (C_{max}) also increased significantly, far exceeding that of the oral formulation at the same dose.

XJN010 is a stable formulation optimized for viscosity and chemical stability. It contains the API along with carefully selected excipients that support consistent drug delivery and storage stability under non-refrigerated conditions. In addition, the formulation has demonstrated enhanced drug absorption in preclinical nasal administration studies.

XJN010 is designed to address the key challenge of delivering sufficient drug quantities to the small (about 3–5% of the nasal surface area) and anatomically constrained olfactory region, thereby supporting improved delivery efficiency and promoting inter-patient consistency.

By combining a stabilized drug suspension with clinically validated penetration enhancers and targeted delivery technology, XJN010 is designed to provide a rapid-acting, efficient, and patient-friendly therapeutic alternative. The product supports effective administration without requiring swallowing or pulmonary inhalation capability, making it particularly suitable for patients with Parkinson's disease experiencing "Off" episodes or for those facing challenges with the conventional routes of administration.

Market opportunities and competition

According to Frost & Sullivan, the global population of Parkinson's disease patients experiencing "Off" episodes has risen from approximately 2.74 million in 2020 to 3.66 million in 2024, reflecting a CAGR of 7.52%. Driven by aging demographics and broader diagnostic and

treatment penetration, the patient base is expected to continue expanding to around 4.79 million by 2028, with a CAGR of 6.95% from 2024 to 2028, and to about 6.01 million by 2032, with a CAGR of 6.47% from 2028 to 2032.

In parallel, the global Parkinson's disease "Off" episodes market has surged from USD5.03 billion in 2020 to USD7.22 billion in 2024, representing a CAGR of 10.12%. Projections indicate it will surpass USD10.62 billion by 2028, representing a CAGR of 11.27% from 2024 to 2028, and reach USD15.03 billion by 2032, representing a CAGR of 10.77% from 2028 to 2032. Taken together, the market is projected to sustain a CAGR exceeding 10% from 2020 through 2032, highlighting strong and sustained growth potential for innovative therapies.

With the rapid aging of China's population, the number of Parkinson's disease patients has been steadily increasing. According to Frost & Sullivan, currently China has approximately 6.46 million Parkinson's disease patients. By 2030, the patient population in China is projected to reach 8.31 million, accounting for nearly half of the global burden. This surge in patient volume, coupled with increased awareness and demand for long-term disease management, is expanding the market for Parkinson's disease therapeutics at an unprecedented pace.

This rising prevalence has driven significant growth in healthcare spending on Parkinson's disease. According to Frost & Sullivan, China's "Off" episodes Parkinson's disease market is forecasted to grow significantly from RMB1.70 billion in 2020 to RMB7.03 billion by 2032. This corresponds to a high CAGR of 11.91% from 2020 to 2024, accelerating to 15.62% from 2024 to 2028, before slightly easing to 13.90% during 2028 to 2032. With a growing emphasis on motor complication management and patient quality of life, the "Off" episodes Parkinson's segment is emerging as a key driver of neurological pharmaceutical innovation in China.

For the U.S., according to Frost & Sullivan, the "Off" episodes Parkinson's disease patient population is expected to double over the next decade, rising from 0.24 million in 2020 to 0.48 million in 2032. The CAGR remains robust, reaching 6.38% during 2020 to 2024 and maintaining strong momentum into 2024 to 2028 (7.11%), before slightly moderating to 4.30% from 2028 to 2032. This sustained expansion is fueled by the aging baby boomer population, earlier diagnoses, and the progression of existing cases. As disease burden intensifies, this trend underscores the growing importance of long-term neurological care capacity and improved access to advanced treatment modalities in the U.S. healthcare system.

The U.S. "Off" episodes Parkinson's disease market is projected to nearly triple in value, rising from USD1.01 billion in 2020 to USD2.84 billion in 2032. With a CAGR of 8.51% during 2020 to 2024 and peaking at 10.89% during 2024 to 2028, the market demonstrates robust momentum, driven by both increasing patient volume and evolving clinical treatment needs. The introduction of advanced therapies, expanded insurance coverage, and heightened focus on

managing motor and non-motor complications further bolster demand. As the patient burden grows, pharmaceutical innovation and accessible long-term care will remain critical for sustaining market growth.

According to Frost & Sullivan, as of the Latest Practicable Date, XJN010 is the only candidate targeting the "Off" episodes of Parkinson's Disease.

Our product XJN010 provides a differentiated solution through its innovative nasal inhalation drug formulation. This novel approach is designed to bypass the BBB and achieve faster and more reliable symptom relief, offering significant value for patients with Parkinson's disease experiencing "Off" episodes, as well as for those with respiratory conditions or swallowing difficulties. As the demand from patients and healthcare providers for treatment options that are efficient, convenient, and capable of improving quality of life continues to grow, new drugs with advanced formulations designed to meet these needs are expected to garner significant attention.

Competitive advantages

Our XJN010 product for the treatment of "Off" episodes in Parkinson's disease is built on our innovative nasal inhalation drug formulation technology platform. It offers a unique combination of clinical relevance, technological innovation, and practical usability, designed to meet the evolving needs of patients and healthcare systems both domestically and globally.

Targeted solution for a widespread and growing need

Parkinson's disease affects millions of people globally, with prevalence increasing steadily due to aging populations. "Off" episodes characterized by the re-emergence of disabling motor symptoms remain a significant challenge in disease management. Current options for rapid symptom relief are limited, especially for patients who experience difficulty swallowing or using pulmonary inhalation devices. XJN010 is designed to address this unmet need with a fast-acting, non-invasive alternative that restores motor function effectively and reliably.

Innovative nasal inhalation drug formulation technology platform

Our XJN010 product is enabled by a fully integrated and innovative nasal inhalation drug formulation technology platform designed to address the limitations of conventional CNS-targeted drug delivery through nasal inhalation. It incorporates:

— Precision olfactory-region delivery, achieved through tailored formulation that allows control over plume angle, droplet size, and spray area, supporting targeted and reproducible deposition to the small and anatomically constrained olfactory region.

— High-efficiency intracerebral transport, supported by a proprietary penetration enhancer that improves uptake across the olfactory mucosa, facilitating effective delivery of the drug to its site of action.

This dual-formulation strategy is intended to support fast and consistent therapeutic effects and an improved patient experience.

Summary of clinical trial results

We commenced preclinical studies of our XJN010 nasal spray since September 2022. In August 2024, we received the Notification of Approval for Drug Clinical Trial from the NMPA to conduct Phase I clinical trial in China, and successfully completed said clinical trial in June 2025. The results demonstrated that XJN010 exhibited rapid absorption and a favorable safety and tolerability profile following administration. In August 2025, we commenced Phase II clinical trial in China to assess the efficacy of XJN010, and expect to complete the Phase II clinical trial by the third quarter of 2026. We expect to complete Phase III clinical trial in 2027, with an NDA submission to the NMPA planned for 2028.

Below is a summary of these clinical trials in reverse chronological order.

Ongoing Phase II Clinical Trial

- Trial design

This trial uses a multicenter, randomized, double-blind, placebo-controlled design to test the efficacy of XJN010 in the on-demand treatment of "Off" episodes in Parkinson's disease patients already receiving dopa decarboxylase inhibitors/levodopa treatment.

We plan to enroll 84 patients and randomly assign them in a 1:1:1 ratio to the 20 mg, 40 mg, and 80 mg dose groups. Within each group, patients will be randomly assigned in a 3:1 ratio to receive either XJN010 or a placebo nasal spray. Treatment will last for 2 weeks, with the nasal spray administered as needed, up to a maximum of 5 times daily.

Primary endpoint: the average change in UPDRS-III score within 60 minutes (average of change in UPDRS-III score at 15 minutes, 30 minutes, and 60 minutes after treatment) compared with pre-treatment UPDRS-III score.

- Trial status

As of the Latest Practicable Date, we had recruited 33 patients. We expect to complete the Phase II clinical trial by the third quarter of 2026.

Phase I Clinical Trial

- Trial design

This trial consists of two studies. Study 1 is a relative bioavailability study, and Study 2 is a single-dose study. Study 1 employs a randomized, open-label, single-dose design with three administration routes (reference tablet under fasting conditions, reference tablet under fed conditions, and XJN010 nasal spray), a three-period, double 3×3 Latin square design. Study 2 is a single-dose study with a randomized, open-label, parallel-group design.

- Trial status

The trial was commenced in March 2025 and completed in June 2025.

- Pharmacokinetics

Results

Following a single nasal administration of 20 mg, 40 mg, and 80 mg of XJN010 nasal spray to healthy subjects, the median time to peak concentration (T_{max}) ranged from 0.73 to 0.98 h. C_{max} increased with increasing dose, with mean values of 357, 1016, and 1193 ng/mL, respectively. The 40 mg and 80 mg doses showed little difference in C_{max}, Exposure (AUC_{0-t} and $AUC_{0-\infty}$) increased with increasing dose, with mean AUC_{0-t} values of 692, 1,827, and 2,381 h*ng/mL, and mean $AUC_{0-\infty}$ values of 859, 2,030, and 2,443 h*ng/mL, respectively. Apparent volume of distribution ($V_{z/F}$) and half-life ($t_{1/2}$) differed among dose groups, while the 40 mg and 80 mg dose groups showed little difference from each other, both were lower than the 20 mg dose group. Clearance (CL/F) remained relatively consistent across dose groups.

Conclusion

After nasal administration of 40 mg XJN010, the bioavailability relative to the reference oral tablets under fasting conditions and under fed conditions was 118% and 98.3%, respectively. Within the dose range of 20 mg to 80 mg, XJN010 was rapidly absorbed *in vivo* after nasal administration, and the exposure level of XJN010 increased with increasing dose.

- Safety

Results

The overall safety profile of healthy subjects receiving a single nasal administration of XJN010 nasal spray (20–80 mg) was good. No treatment emergent severe adverse events (TESAEs) or treatment related severe adverse events (TRSAEs) were observed, and there were no deaths or premature withdrawals from the trial due to adverse events (AEs). All reported AEs were mild (CTCAE grade 1) and all recovered/resolved.

Conclusion

The subjects in each dose group had good safety and tolerability. All reported AEs were mild (CTCAE grade 1) and had recovered/resolved. No severe adverse events (SAEs) occurred.

Summary of preclinical studies

XJN010 nasal spray is a Class 2.2 modified new drug intended for the on-demand treatment of "Off" episodes in Parkinson's disease patients. The mechanisms of action, binding targets, and safety profile of the API have been well established. Nonclinical safety data, including genotoxicity, carcinogenicity, reproductive and developmental toxicity studies in rats, dogs, and monkeys, are based on existing formulations with the same API. Our nonclinical studies investigated toxicity, nasal irritation, respiratory function effects, and CNS effects of XJN010 in rats and dogs. Efficacy assessments were conducted in a rat Parkinson's model. Pharmacokinetic behavior and tissue distribution characteristics were evaluated through pharmacokinetic studies in rats and dogs.

The pharmacodynamic results show that XJN010 nasal spray has a certain therapeutic effect in relieving motor symptoms caused by Parkinson's disease. Safety pharmacology tests showed no abnormalities in CNS behavior or abnormal changes in electrocardiogram, respiration, or other test indicators related to XJN010, indicating that the product has good safety profile and no adverse effects on the function of the CNS, cardiovascular system, or respiratory system.

Pharmacokinetic results showed that after nasal administration of XJN010 to rats, the drug was fully exposed in the nasal cavity, rapidly absorbed into the bloodstream, and quickly distributed to related tissues at the administration site (nasal turbinates, nasal mucosa, larynx, and trachea, etc.) and brain tissue. The T_{max} in plasma was 0.083 to 0.25 h, and the T_{max} in brain tissue was 0.083 h. Compared with the oral route, the nasal route resulted in faster entry into brain tissue and a rapid onset of action.

Toxicological results showed that XJN010 nasal spray had good safety profile. In a study in rats, no histopathological changes were observed in any organs or tissues at a dose of 107 mg/kg/day (which converted based on body surface area is 5.35 times the maximum intended human close of XJN010 nasal spray). Local irritation and allergy tests indicated that XJN010 posed no risk of allergy and was well-tolerated locally.

In conclusion, XJN010 nasal spray demonstrates good efficacy and poses no additional safety risks. All the above tests were conducted under GLP experimental conditions.

Material Communications and Next Steps

In April 2024, we submitted IND application to the NMPA using the preclinical data and trial designs for Phases I and II clinical trials. We received IND approval in August 2024 for both Phases I and II clinical trials. As of the Latest Practicable Date, we have already entered Phase II clinical trial in China, and we have not received any questions or objections from the NMPA regarding our clinical development plans for Phases I and II for XJN010.

According to the Notification of Approval for Drug Clinical Trial, after the completion of Phase II clinical trial and before the commencement of Phase III clinical trial, we are required to communicate with the NMPA to review the clinical trial data and the Phase III clinical trial protocol.

To advance the product's global development, in June 2025, we submitted a pre-IND application to the FDA using our Phase I clinical data obtained in China and Phase II clinical trial design for the U.S. In September 2025, we received a written response from the FDA, 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, with IND approved expected in the second quarter of 2026. We expect to initiate the Phase II clinical trial in the third quarter of 2026 upon receiving IND approval.

Following commercialization, we plan to conduct post-marketing clinical studies to expand its indications to the broader treatment of Parkinson's disease.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET XJN010 SUCCESSFULLY.

XJN026 — our key product, a vasoconstrictor intranasal inhalation formulation, for the acute treatment of migraine attacks

Overview

XJN026 is an internally developed vasoconstrictor nasal inhalation formulation, it is currently in preclinical development, intended for the acute treatment of migraine attacks with or without aura in adults and pediatric patients aged 6 to 17 years. Administered intranasally, the product is designed to enable rapid and efficient drug absorption. Compared with the oral reference formulation, the product demonstrated rapid absorption in preclinical studies, with a systemic T_{max} of approximately 2 to 5 minutes. Absorption was not affected by food intake in these studies, supporting reliable pharmacokinetic performance. With its rapid absorption and peak plasma concentration observed in nonclinical models, XJN026 has the potential to provide a fast-acting option for managing migraine symptoms.

We have submitted an IND application to the NMPA in October 2025 and will advance subsequent clinical studies once approval is obtained.

Mechanism of Action

XJN026 is a Class 2.2 modified new drug intended for the acute treatment of migraine. It is a nasal inhalation formulation containing a solution of a vasoconstrictor. Its active ingredient has been used clinically for more than 20 years. The product is developed using our proprietary nasal inhalation drug formulation platform technologies and is designed to facilitate rapid drug delivery via the nasal route, bypass the gastrointestinal tract, and reduce reliance on oral absorption.

Market opportunities and competition

Migraine is a recurrent neurovascular disorder characterized by unilateral or bilateral throbbing moderate-to-severe headache, with attack duration usually ranging from 4 to 72 hours. The disease has a significant impact on the quality of life and social functioning of patients and is one of the leading causes of disability worldwide.

According to Frost & Sullivan, globally, the number of migraine patients is projected to rise steadily from 1.13 billion in 2020 to approximately 1.48 billion by 2032. The global migraine treatment market is expected to grow from 5.3 billion in 2020 to over 13.0 billion by 2032. For China, the number of migraine patients is projected to grow significantly from 114.38 million in 2020 to 130.97 million by 2032. The CAGR is estimated at 3.69% from 2020 to 2024 and 2.00% from 2024 to 2028. China's migraine medicine market is growing rapidly, expanding from RMB2.44 billion in 2020 to a projected RMB7.17 billion by 2032. This reflects a CAGR of 8.76%

from 2020 to 2024 and an accelerated 10.99 % from 2024 to 2028. In the U.S., the number of migraine patients is projected to steadily increase from 41.92 million in 2020 to approximately 57.09 million by 2032, reflecting persistent growth in disease prevalence. The U.S. migraine treatment market is projected to expand significantly, rising from 2.06 billion in 2020 to over 4.34 billion by 2032.

Migraine treatment primarily focuses on rapid relief of acute attacks and preventive therapy for patients with frequent or severe episodes. Acute management typically involves NSAIDs and triptans, emphasizing early intervention and avoidance of medication overuse. Preventive strategies include traditional medications such as beta-blockers, antidepressants, and antiepileptics, as well as newer CGRP-targeted therapies aimed at reducing attack frequency and severity. Special populations, including pregnant women and children, require tailored treatment plans prioritizing safety. Overall, effective migraine management relies on individualized approaches to improve patient outcomes and quality of life.

Currently, four nasal spray formulations for migraine treatment have been approved for market release: Pfizer's Zavzpret, GSK's IMITREX nasal spray, Bausch Health's Migranal nasal spray, and Upsher-Smith's Tosymra. However, there is still room for improvement in its overall clinical efficacy. The majority of clinical pipelines for migraine nasal sprays under development focus on CGRP receptor antagonist nasal sprays.

Competitive advantages

According to Frost & Sullivan, in the future, the migraine treatment market will exhibit multidimensional development trends: First, acute attack management will evolve toward rapid onset, non-invasive, and high-compliance approaches. Novel delivery methods such as nasal sprays and buccal absorption formulations are gaining attention for their ability to provide swift symptom relief and enhance patient adherence, while also catering to populations unable to take oral medications or experiencing sudden symptom onset. Second, long-term preventive treatment will emphasize personalized combination therapies and comprehensive intervention strategies to enhance treatment stability and quality of life.

Compared with the oral reference formulation, XJN026 demonstrated rapid absorption in preclinical studies, with a systemic T_{max} of approximately 2 to 5 minutes. Absorption was not affected by food intake in these studies, supporting reliable pharmacokinetic performance. With its rapid absorption and peak plasma concentration observed in preclinical models, XJN026 has the potential to provide a fast-acting option for managing migraine symptoms.

Summary of preclinical study

Given that the mechanism of action, binding targets, and safety profile of the API used in XJN026 are well established, our evaluation focused on toxicity, nasal irritation, effects on respiratory function and the central nervous system, and the *in vivo* pharmacokinetics and tissue distribution of XJN026 in the context of a nasal spray formulation.

Pharmacokinetic results showed that after intranasal administration of XJN026 nasal spray in rats, the drug achieved adequate exposure in the nasal cavity, was rapidly absorbed into the systemic circulation, and quickly distributed to tissues associated with the administration site (nasal mucosa) as well as to highly perfused tissues (liver, kidney, and lung). The plasma T_{max} ranged from 2 to 5 minutes, demonstrating rapid peak attainment compared with oral tablets (T_{max} ranged from 1 to 1.5 hours).

Toxicological results indicated that XJN026 nasal spray exhibited good safety at doses 30 to 70 times the proposed clinical dose, with no histopathological changes observed in any organs or tissues. Local irritation studies demonstrated that XJN026 nasal spray posed no risk of hypersensitivity and showed good local tolerability.

In conclusion, XJN026 nasal spray demonstrates good efficacy with no additional safety risks. All of the above studies were conducted under GLP-compliant conditions.

Material communications and next steps

In August 2024, we initiated regulatory communication with the NMPA regarding the clinical advantages of XJN026 nasal spray for the treatment of migraine. In December 2024, we received a positive written response from the NMPA for the treatment of acute pain, achieving analgesia in a shorter timeframe holds significant clinical value. In October 2025, we submitted an IND application to the NMPA, with IND approval expected in the first quarter of 2026. We plan to enter Phase I clinical trial once IND application is approved,

At the same time, we are also actively preparing for the submission of IND to the FDA. We plan to submit the IND application in the fourth quarter of 2026.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET XJN026 SUCCESSFULLY.

XJN2503 — our other product, a 5-HT3 receptor antagonist nasal inhalation formulation, for the treatment of nausea and vomiting

XJN2503 is an internally developed 5-HT3 receptor antagonist nasal inhalation formulation developed for the rapid relief and prevention of nausea and vomiting associated with chemotherapy, radiotherapy, and postoperative recovery. The product is intended for both adults and pediatric patients aged four years and above, addressing one of the most common and distressing adverse effects in cancer treatment and surgical care.

Intranasal delivery provides advantages over existing oral and injectable options. Radiotherapy patients who experience vomiting often have difficulty swallowing, while chemotherapy patients may be unable to take oral medications or intolerant to injectable formulations. Unlike IV or subcutaneous administration, XJN2503 does not require needle-based delivery and is intended to offer a more convenient and potentially more tolerable option for patients.

Once administered, the drug is rapidly absorbed, having the potential to achieve a faster onset of action compared with oral formulations of the same API, such as tablets or oral films that typically require 1.3 to 2 hours to reach peak plasma concentration. The potential ability to achieve peak levels more quickly makes XJN2503 suitable for situations requiring timely management of nausea and vomiting in patients.

XJN2503 is also designed to address an unmet need in pediatric patients by offering a rapid-onset therapy where no suitable alternatives currently exist. Furthermore, the formulation is designed for self-administration, enabling patients to continue antiemetic therapy at home following outpatient or day-care chemotherapy, providing a convenient option for ongoing management.

The commercial potential is substantial. Chemotherapy-induced nausea and vomiting remain a common adverse event in oncology, as confirmed by Frost & Sullivan. According to Frost & Sullivan, in China, chemotherapy-induced vomiting patients increased from 1.78 million in 2020 to 2.00 million in 2024, representing a CAGR of 2.99%. It is projected to further increase to 2.33 million in 2028 and 2.66 million in 2032. Current antiemetic options often fail to provide adequate delayed-phase control. This highlights both the urgency of clinical need and the scale of the market opportunity, positioning XJN2503 as a differentiated solution in a high-growth market with strong, persistent clinical need.

The program is currently in preclinical development, with an IND application to the NMPA planned for submission in the fourth quarter of 2026.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET XJN2503 SUCCESSFULLY.

OUR BUSINESS MODEL

Internal R&D-driven innovation

We are a research-driven biopharmaceutical company focused on the development of innovative, non-invasive drug formulations intended to enhance therapeutic performance, patient compliance, and clinical practicality. Our pipeline is primarily advanced through internal R&D resources and capabilities, allowing us to retain full control over the development process.

Our product candidates originate from internally initiated new drugs with advanced formulation programs, selected through a rigorous evaluation process that considers clinical value, technical feasibility, and commercial potential. For each project, our management team defines clear development objectives, allocates appropriate resources, and forms dedicated R&D teams responsible for designing and implementing development plans, conducting preclinical and clinical studies, and preparing regulatory submissions.

We are currently advancing two Core Products, the Dexmedetomidine Hydrochloride Microneedle Patch and XJN010, both of which are the first of their kind to receive approval for clinical trials in China. This highlights our innovation advantage and commitment to addressing unmet clinical needs. In addition, our diversified portfolio spans multiple therapeutic areas, including adult and pediatric anesthesiology, CNS diseases and disorders, and metabolic diseases, covering a broad range of drug types from small molecules to biologics such as peptides and proteins. This diversification not only mitigates development risks but also broadens our market opportunities.

R&D team and capabilities

Our in-house R&D team comprises professionals specialized in Pharmacy, Pharmaceutics, Pharmaceutical Engineering, Microbiology, Chemistry, Medicine, and related disciplines, supported by leadership with experience in multinational pharmaceutical companies, academic institutions, and regulatory agencies.

Our R&D team is organized across functions covering formulation development, quality research, manufacturing control, regulatory affairs, and policy compliance. The team works in close coordination to efficiently advance projects from concept through clinical development. All the key employees involved in the development of the Core Products remained employed by us during the Track Record Period and as of the Latest Practicable Date.

Core R&D functions

Our fully integrated R&D process includes:

— Formulation design and optimization: Based on dissolving microneedle formulation platform technology and nasal inhalation formulation platform technology, product development objectives are defined to match specific indications and clinical needs. Dosage forms are designed accordingly, followed by further optimization of formulations and manufacturing processes by integrating product quality requirements, scalability and commercialization considerations, and preclinical study results.

— Preclinical evaluation: pharmacokinetics, pharmacodynamics, and safety assessments using validated models and methods, and use these results to guide clinical development strategy.

— Clinical development: We work with professional clinical research organizations to lead core strategy development and clinical protocol design, and to manage communications with regulatory authorities. Our partners provide specialized clinical operations and execution support, ensuring that clinical trials are conducted efficiently and in compliance with international standards.

— Analytical science and quality control: We have established a comprehensive analytical platform covering analytical method development, product testing, and stability studies. Guided by the Quality by Design (QbD) principle, we maintain rigorous control over product quality, providing reliable assurance for both clinical development and manufacturing.

Early-stage research

We have a dedicated team responsible for evaluating and prioritizing product candidates to be developed. Prior to initiating R&D activities, we conduct detailed analyses, including assessments of technological feasibility, the competitive landscape, and disease prevalence. Our management reviews these assessments and determines whether to advance the product candidate into subsequent stages of R&D.

Preclinical development

For each product candidate that progresses beyond the discovery stage, we form a dedicated product development team with direct responsibility for preclinical R&D activities. This team is supported by experts from our two drug formulation technology platforms and other R&D functions, including process development and quality research.

Clinical development

We are committed to the systematic and efficient advancement of our clinical development programs, with a focus on evaluating the safety, efficacy, pharmacokinetics, and patient usability of our innovative drug formulation products. All trials are conducted in compliance with Good Clinical Practice (GCP) and the relevant regulatory requirements in China.

Our clinical programs are designed to evaluate the safety and therapeutic potential of our novel non-invasive drug formulations compared to conventional routes such as oral or injectable administration. Protocol design is guided by preclinical data, regulatory expectations, disease characteristics, and target patient populations.

Trial sites

Our clinical trials are conducted with qualified hospitals and principal investigators across multiple provinces in China. Trial site selection is based on institutional experience with relevant indications or delivery methods, access to suitable patient populations, compliance with GCP, and operational efficiency.

These trial sites provide access to diverse patient populations and clinical expertise, establishing a strong foundation for the conduct of multi-center trials.

Regulatory interactions

Our regulatory team engages directly with the NMPA to support the clinical development of our pipeline products. We maintain active dialogue with the regulators to ensure that our clinical plans are fully aligned with regulatory expectations for innovative formulation-based drug products in China.

We believe that the continued execution of our clinical development strategy will enable us to introduce innovative drug formulations featuring novel delivery routes. These patient-centric, non-invasive formulations are intended to offer potential advantages in areas such as efficacy, convenience, and patient compliance compared to existing treatment modalities.

R&D infrastructure

Our R&D operations are based at our dedicated facility located in Guangzhou which houses formulation laboratories, analytical equipment, and pilot-scale production capabilities to support both preclinical and clinical development. The facility is equipped with cleanroom spaces, stability chambers, and controlled-environment storage to meet the quality requirements for clinical-grade product development.

We continue to expand our in-house infrastructure to support long-term pipeline growth and process scalability.

R&D expenses

For the years ended 31 December 2023 and 2024 and the six months ended 30 June 2025 (the "**Track Record Period**"), our R&D expenses were approximately RMB18.4 million, RMB16.4 million, and RMB11.6 million respectively.

A substantial share of our R&D expenses was allocated to advancing our two Core Products, the Dexmedetomidine Hydrochloride Microneedle Patch and XJN010. Our R&D expenses attributable to these two Core Products were approximately RMB9.6 million, RMB11.9 million and RMB7.0 million for the years ended 31 December 2023 and 2024 and the six months ended 30 June 2025, respectively, accounting for approximately 52.1%, 72.5%, and 59.9% of our total R&D expenses in the respective periods.

Scientific and industrial recognition

Our sustained commitment to scientific innovation has been recognized by industry awards and regulatory designations, underscoring the quality and impact of our research.

Commercialization strategy

We have established a clear commercialization strategy designed to translate our innovative R&D outcomes into sustainable market success. We will develop effective commercialization pathways based on the pharmaceutical market landscape and healthcare reimbursement policies in China and other countries. Before initiating development, we conduct systematic evaluations of clinical pain points, technical feasibility, and commercial potential, to ensure that our pipeline is designed to address significant unmet clinical needs while offering compelling market opportunities.

Our commercialization approach is guided by three core principles:

Targeting high-value clinical segments

We strategically focus on therapeutic areas where conventional formulations present notable limitations, particularly within the "elderly and pediatric" populations ("一老一小"). Even before the introduction of the national policy highlighting the "elderly and pediatric" healthcare segments, we had already recognized their market potential and initiated the development of our two Core Products: one for pediatric preoperative sedation, and the other for Parkinson's disease. By addressing these critical needs, our products aim to capture first-mover advantages in the large, underserved markets.

Driving differentiation through proprietary platform technologies

Our pipeline is built on our proprietary platform technologies, including dissolving microneedle drug formulation platform and nasal inhalation drug formulation platform technologies. These platform technologies are intended to support safety, patient compliance, and broader therapeutic applicability. By building a patent pool around our innovative platform technologies and novel drug formulations, we aim to establish strong technological barriers, safeguarding our competitive edge and supporting long-term commercial scalability.

Building a diversified product portfolio to mitigate risks and capture market opportunities

Our diversified portfolio of new drug formulation candidates spans multiple therapeutic areas, including but not limited to adult and pediatric indications, CNS diseases and disorders, and metabolic diseases, and encompasses a wide range of drug types, from small molecules to peptides and proteins. This diversification not only helps mitigate development risks, but also expands our potential market reach. Our in-house expertise in innovative drug formulation, device integration, and clinical development further strengthens our ability to bring differentiated products to market.

Looking ahead, we intend to advance commercialization through a combination of in-house market development and strategic partnerships. For our Core Products with significant potential in China, we plan to build an internal marketing team responsible for commercialization strategy, scientific promotion, and identifying potential partners, while also leveraging pharmaceutical companies with strong commercialization capabilities and established distribution networks to maximize the commercial value of our core products. For products with broader international potential, we will actively pursue out-licensing, co-development, or regional commercialization partnerships, thereby accelerate global market entry while managing investment risks.

Building on our differentiated technology platforms and R&D pipeline driven by patient needs, together with a commercialization strategy that combines in-house marketing and strategic partnerships, we seek to continuously strengthen our leadership position in innovative drug formulation technologies.

According to a report by Frost & Sullivan, the aging population and increasing burden of chronic diseases are creating urgent demand for safer, more convenient therapies. Future priorities include developing precision platforms and targeted formulations for traditionally difficult-to-treat areas such as brain disorders and cancer; providing efficient and painless delivery solutions for biologics to enhance patient compliance; and enabling personalized dosing through flexible dosage form design. Ultimately, new drugs with advanced formulations will move beyond serving merely as "delivery tools" and become core drivers in addressing critical clinical needs and shaping new treatment paradigms.

Leveraging experiences from other business

During the Track Record Period, in addition to focusing on the R&D of our pipeline products, we have also carried out Contract Research Organization (CRO) services and Marketing Authorization Holder (MAH) business relating to high-end drug formulations in parallel. We believe that the conduct of such business activities not only helps supplement our cash flow to support the R&D of our innovative drug formulations pipeline, but also enables us to accumulate valuable experience in both R&D and commercialization. These experiences support the development and future commercialization of our Core Products.

Our CRO services specialize in high-end formulation technologies, including transdermal drug formulation technologies, nasal inhalation drug formulation technologies, complex injectable formulation technologies, and sustained-release formulations. As of June 30, 2025, our CRO business had served more than 50 well-known pharmaceutical companies and completed more than 120 service contracts, providing valuable hands-on experience for our R&D team and enhancing our overall R&D efficiency.

Through the CRO business, we have strengthened our understanding of new drug formulation development and accumulated practical experience, including continuous improvement of technology validation and process optimization, efficient project management capabilities, and a thorough understanding of key elements of the R&D cycle. This experience supports improved execution and risk management in our own product development programs.

Through our MAH business, we collaborate with established pharmaceutical distributors, allowing us to gain experience in sales and market development, thereby laying a solid foundation for the large-scale commercialization of our Core Products in the future.

Establishment of Technology Platforms

We are deeply engaged in the R&D and industrialization of new drugs with advanced formulations. Leveraging our dissolving microneedle drug formulation technology platform and nasal inhalation drug formulation technology platform, we have established a comprehensive R&D system, and have received several government recognitions, including Guangzhou Enterprise R&D Institution, Guangdong Doctoral Workstation, Guangdong Drug Microneedle Engineering Technology Research Center, and Guangzhou Postdoctoral Innovation Practice Base.

Looking forward, while our pipeline remains primarily developed through internal resources, we remain open to strategic partnerships that align with our long-term vision. We may selectively consider collaboration in areas such as clinical development, regulatory strategy, and commercialization, particularly in regions where local expertise or infrastructure can provide added value.

TESTING AND MANUFACTURING CAPACITY

Our production facility

We have a pilot production facility in Guangzhou which has been providing supplies for pilot experiments, Phase I and Phase II clinical trials in relation to the Dexmedetomidine Hydrochloride Microneedle Patch.

As the pilot production facility is mainly a pre-commercial production system designed and built for the purpose of clinical trials, it is not equipped with a full-scale production system and thus is not suitable for mass commercial production, we also plan to build sizeable commercial industrial bases to prepare for the anticipated commercialization of our Core Products, key products and other new drugs with advanced formulations. The construction of our commercial production facilities is strategically planned, synchronized with both our clinical development milestones and market commercialization requirements. These industrial bases will be established in full compliance with the GMP regulations of key global markets, including China, and the U.S. to ensure readiness for the anticipated commercialization of our new drugs with advanced formulations.

We commenced preparation for construction of one of our production lines in May 2025.

After the commercial production facilities are put into use and meet the demands of our clinical development and commercial production plans, the operation of our pilot production facility in Guangzhou will be utilized for our production needs during the R&D phase of our future new drugs with advanced formulations.

Our Manufacturing Team and Collaboration with CMOs

We are in the process of systematically establishing a comprehensive manufacturing and quality control team. As of June 30, 2025, our management team for manufacturing and quality control consisted of six key personnel, with two of them responsible for quality assurance. The management team possesses over 10 years of expertise in drug development, manufacturing, quality control, and compliance with GMP regulations, and has a profound understanding of the laws and regulations pertinent to pharmaceuticals.

During the Track Record Period, we have engaged certain qualified third parties as CMOs to provide manufacture services for our pre-clinical and clinical trials for XJN010 and XJN026. We select our CMO partners by reviewing a number of factors, including their quality standard, regulatory compliance, technical expertise, production capacity, geographic proximity, track record and reputation in the industry, reliability in meeting delivery timelines, and the financial terms offered by them. We have established procedures to closely monitor and communicate with our CMO partners to ensure their practices meet our internal standards and comply with regulatory guidelines. These include holding regular meetings for project review and technical discussion, constantly exchanging ideas and technical know-how, and timely reviewing all relevant documents and records such as manufacturing batch records and quality control records. Additionally, all intellectual properties generated from the collaboration shall be solely and exclusively owned by us.

COMMERCIALIZATION, SALES AND MARKETING

None of our Core Products or key product has been approved or in commercial stage, including Dexmedetomidine Hydrochloride Microneedle Patch, a dissolving microneedle patch for pediatric preoperative sedation, advanced to a Phase II clinical trial, and XJN010, a novel, clinical-stage nasal inhalation drug formulation developed for the on-demand treatment of "Off" episodes in patients with Parkinson's disease who are already receiving a dopa decarboxylase inhibitor/levodopa regimen.

In advancing these clinical trials, we adopt stringent standards when selecting PIs, taking consideration of the candidates' professional qualifications, academic achievements, industry recognition, and prior research experience. We firmly believe that the academic influence and industry reputation of our chosen PIs are critical not only for ensuring the smooth execution and high-quality management of the clinical trials but also for enhancing the credibility and acceptance of our pipeline products in the scientific community, which is essential for our future market access.

We will build an in-house team responsible for developing our commercialization strategies, executing academic promotion campaigns, and identifying potential business partners. In parallel, we will partner with leading Contract Sales Organizations (CSOs) that possess robust commercialization capabilities and well-established distribution networks within our focused therapeutic areas in both China and the United States. This approach allows us to leverage specialized expertise while avoiding the significant investment required to build and maintain a dedicated in-house sales team to carry out the actual sales and marketing work. Through strategic cooperation, we aim to leverage our business partners' extensive sales networks and market resources to efficiently penetrate key retail and healthcare endpoints, including pharmacies, clinics, and hospitals. This approach will enable us to capture market potential, maximize the commercial value of our core product candidates, and achieve mutually beneficial outcomes for all stakeholders.

OUR OTHER BUSINESSES

During the Track Record Period, we generated revenue from (i) the provision of CRO Services, and (ii) our MAH Business. During the Track Record Period, we were also involved in the production, sales and marketing of cosmetics but we ceased such operations on September 1, 2025. For the two years ended December 31, 2024 and the six months ended June 30, 2025, income generated from our cosmetics business amounted to approximately RMB1.6 million, RMB1.8 million and RMB0.2 million, respectively.

Our CRO Services

Our CRO Services primarily include services related to drug development and preclinical R&D to its customers, where we are primarily responsible for pharmaceutical studies. We are entitled to receive milestone payments in accordance with service agreements entered into between our Company and our customers. During the Track Record Period, our revenue was mainly generated from our CRO Services. For the two years ended December 31, 2024 and the six months ended June 30, 2025, revenue generated from the provision of CRO Services amounted to approximately RMB47.2 million, RMB46.3 million and RMB20.4 million, respectively.

Subject to contractual and intellectual property obligations, we derive much relevant experience and technological information, know-how, project management and valuable insights from the provision of CRO Services, which have benefited the development of the two Core Products. Leveraging the expertise gained through the provision of CRO Services, we have been able to enhance product design and accelerate the development of the two Core Products.

Since initiating the R&D of the two Core Products, we have progressively scaled down our CRO Services and intend to further limit the onboarding of new engagements each year, with a view to cease the provision of CRO Services upon the full discharge of its contractual obligations.

Our MAH Business

We acquired the listing rights of Propofol Injectable Emulsion and Esomeprazole Magnesium Delayed-Release Capsules from an independent third party in December 2022.

During the Track Record Period, we allocated a small internal team primarily responsible for managing contractual arrangements and ensuring regulatory compliance for the MAH Business.

Esomeprazole Magnesium Delayed-Release Capsules

During the Track Record Period and up to the Latest Practicable Date, we entered into a distribution agreement with one distributor, an Independent Third Party, and granted it an exclusive license to import, purchase, market, distribute, use, offer for sale, and sell Esomeprazole Magnesium Delayed-Release Capsules (the "**Product**") in the U.S. as part of our MAH Business. Our Directors are of the view that collaborating with the distributor who has sales networks and end-customer resources is a good option for the Company as it has no intention of establishing a direct sales team in the U.S. for this business.

The key terms embodied in our distribution agreement are as follows: (i) the distributor is restricted to sales of the Product within the U.S. only; (ii) the distributor shall be solely responsible for establishing its selling prices for the Product throughout the U.S.; (iii) the distributor submits purchase orders for its requirements with three months prior notice; (iv) we manufacture (through contract manufacturer) and supply the Product to the distributor on a mutually exclusive basis at a fixed price; (v) both parties share the net profits based on a predetermined percentage; and (vi) unless terminated for cause, the term is for a period of seven years and renewed automatically thereafter annually unless either party terminates.

The distributor has thirty days from later of distributor's receipt of the Product or the distributor's receipt of certificate of analysis, to inspect such Product to determine whether the Product conforms to specifications and free of defect. The distributor may notify us of any defects but acceptance of the shipment constitutes waiver of any claims by the distributor. The distributor may return the Product for latent defect having a shelf life for less than six months. If we disagree with the distributor that the Product meets the specifications within fifteen days of the distributor's notice, the matter may be submitted to an independent testing laboratory. If it is determined that the Product does not meet the specifications, we shall replace the Product at our expense.

Propofol Injectable Emulsion

During the Track Record Period, we also supply Propofol Injectable Emulsion manufactured by our contract manufacturer, to certain Independent Third Party customers, who place purchase orders with us and would resell to third parties. We have not had any distributorship agreements for Propofol Injectable Emulsion with any of these customers. Our Directors confirm that we have ceased to accept any purchase orders since January 2024.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any disputes with any of the customers of our MAH Business concerning the settlement of trade receivables. As of the Latest Practicable Date, we were not aware of any potential misuse of our name or identity by any of such customers that could adversely affect our reputation, business operations, or financial contributions, and we had not experienced any material product returns, complaints, or claims from such customers.

Our aggregate sales under our MAH Business in each of the years ended December 31, 2023 and 2024 and the six months ended June 30, 2025 amounted to approximately RMB6.9 million, RMB2.7 million and RMB7.8 million respectively.

We may evaluate potential divestment opportunities for our MAH Business should suitable options arise, as it has not been a strategic priority for us.

OUR CUSTOMERS

For the years ended December 31, 2023 and 2024 and for the six months ended June 30, 2025, our customers primarily included CMOs, and 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. Revenue from our single largest customer amounted to approximately RMB8.0 million, RMB7.8 million and RMB7.8 million, respectively, representing approximately 14.8%, 15.9% and 27.6%, respectively, of our total revenue for the years ended December 31, 2023 and 2024 and for the six months ended June 30, 2025, respectively.

The following table sets forth the details of our five largest customers for the years ended December 31, 2023 and 2024 and for the six months ended June 30, 2025.

For the year ended December 31, 2023

Customer	Principal business	Products/ services provided	Commencement of business relationship	Credit terms and payment method	Revenue derived from the customer	
					RMB'000	*%*
Customer A [(1)]	Manufacturing and sales of pharmaceutical products	CRO Services	2015	10 - 20 working days after fulfilment of milestone; bank transfer	8,003	14.8
Customer B [(2)]	Production and sales of pharmaceutical products	CRO Services	2019	10 working days after fulfilment of milestone; bank transfer	6,274	11.6
Customer C [(3)]	Manufacturing and sales of Class I and Class II medical devices, pharmaceutical production	CRO Services	2021	10 working days after fulfilment of milestone; bank transfer	5,426	10.0
Customer D [(3)]	Pharmaceutical manufacturing and wholesale	CRO Services	2012	10 working days after fulfilment of milestone; bank transfer	3,839	7.1
Customer E [(3)]	Pharmaceutical manufacturing, medical service	CRO Services	2022	10 working days after fulfilment of milestone; bank transfer	2,753	5.1
		Top five customers in aggregate			26,295	48.6
		All other customers			27,793	51.4
		Total revenue			**54,088**	**100**

Notes:

1. Customer A is a public company established in the PRC and listed on the Shenzhen Stock Exchange, and is a subsidiary of a large public company engaged in pharmaceutical manufacturing, wholesale and distribution businesses, a company listed on the Main Board of the Stock Exchange.

2. Customer B is a wholly foreign owned enterprise established in the PRC and is a subsidiary of a large public company engaged in pharmaceutical R&D, manufacturing and sales, a company listed on the Main Board of the Stock Exchange.

3. Customer C, Customer D and Customer E are private companies established in the PRC with limited liability.

For the year ended December 31, 2024

Customer	Principal business	Products/ services provided	Commencement of business relationship	Credit terms and payment method	Revenue derived from the customer	
					RMB'000	*%*
Customer F [(1)]	Medical research and experimental development	CRO Services	2023	10 working days after fulfilment of milestone; bank transfer	7,809	15.9
Customer C	Manufacturing and sales of Class I and Class II medical devices, pharmaceutical production	CRO Services	2021	10 working days after fulfilment of milestone; bank transfer	2,849	5.8
Customer G [(1)]	Pharmaceutical manufacturing and wholesale	CRO Services	2022	10 working days after fulfilment of milestone; bank transfer	2,722	5.6
Customer A	Manufacturing and sales of pharmaceutical products	CRO Services	2015	10 - 20 working days after fulfilment of milestone; bank transfer	2,606	5.3
Customer H [(1)]	Pharmaceutical manufacturing and wholesale, medical research and experimental development	CRO Services	2023	10 working days after fulfilment of milestone; bank transfer	2,594	5.3
		Top five customers in aggregate			18,580	37.9
		All other customers			30,446	62.1
		Total revenue			**49,026**	**100**

Notes:

1. Customer F, Customer G and Customer H are private companies established in the PRC with limited liability.

For the six months ended June 30, 2025

Customer	Principal business	Products/ services provided	Commencement of business relationship	Credit terms and payment method	Revenue derived from the customer	
					RMB'000	*%*
Customer I [(1)]	Manufacturing and marketing of generic injectables and ophthalmic products	MAH drug sales	2023	30 days; bank transfer	7,774	27.6
Customer J [(2)]	Investment activities with self-owned funds, medical research and experimental development	CRO Services	2024	10 working days after fulfilment of milestone; bank transfer	2,613	9.3
Customer K [(2)]	Pharmaceutical manufacturing and wholesale, medical research and experimental development	CRO Services	2024	15 working days after fulfilment of milestone; bank transfer	2,178	7.7
Customer A	Manufacturing and sales of pharmaceutical products	CRO Services	2015	10 - 20 working days after fulfilment of milestone; bank transfer	1,930	6.9
Customer L [(2)]	Pharmaceutical manufacturing and wholesale	CRO Services	2024	15 working days after fulfilment of milestone; bank transfer	1,852	6.6
		Top five customers in aggregate			16,347	58.1
		All other customers			11,792	41.9
		Total revenue			**28,139**	**100**

Notes:

1. Customer I is a private company incorporated in the United States with limited liability.

2. Customer J, Customer K and Customer L are private companies established in the PRC with limited liability.

To the best of our knowledge, all of our five largest customers during the Track Record Period are Independent Third Parties. None of our Directors, their respective associates, or any Shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our five largest customers during the Track Record Period.

PRICING STRATEGY

When our Core Products and other pipeline products progress to commercialization, we will adopt a value and patient-centric framework when we determine the respective prices of our products, designed to ensure market sustainability and long-term corporate viability. The pricing of our pipeline products will primarily be determined by a number of factors, including (i) intrinsic value of our products, such as production costs, differential technology features and associated therapeutic benefits; (ii) assessment of market referents, such as competitor drug prices, market trends, and fluctuations in supply and demand; and (iii) payer dynamics, such as affordability of patients, health economic considerations and variations in regional healthcare policies and reimbursement systems. We intend to develop detailed pricing strategies as these pipeline products approach commercialization.

To secure market share against existing and future branded and generic competitors, we will pursue inclusion of our Core Products and other pipeline products in the National Reimbursement Drug List (NRDL) and other reimbursement programs through formal negotiations with relevant authorities. However, NRDL inclusion is subject to evaluation and determination by governmental authorities, and we anticipate facing fierce competition for successful placement. Concurrently, we will explore the integration of our products into medical benefit plans included in local policy-based commercial health insurances, corporate supplementary medical benefits, or patient assistance programs in the PRC, to ensure continued accessibility and commercial sustainability, particularly in the event of intense competition or before NRDL inclusion. As of the Latest Practicable Date, no pricing guidance or centralized procurement requirements had been imposed by the PRC government on our pipeline products.

For our CRO business and MAH business during the Track Record Period, our products were priced on a cost-plus basis, determined based on our costs and commercial considerations of competitive market prices.

OUR SUPPLIERS

During the Track Record Period, our suppliers primarily included (i) suppliers of raw materials and consumables for our drug development, (ii) suppliers of utilities, such as water and electricity, for our R&D, as well as production, and (iii) CROs, who provide third-party

contracting services for certain non-clinical research and clinical implementation requiring specific qualifications or resources, such as procedures and studies that must be conducted in compliance with the GLP.

Our purchases from our five largest suppliers in aggregate in each of the years ended December 31, 2023 and 2024 and the six months ended June 30, 2025 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; and purchases from our largest supplier in each of the years ended December 31, 2023 and 2024 and the six months ended June 30, 2025, respectively, amounted to approximately RMB3.4 million, RMB4.5 million and RMB6.9 million, respectively, accounting for approximately 10.0%, 13.5% and 24.8%, respectively, of our total purchases. The following table sets forth details of our five largest suppliers during the Track Record Period:

For the year ended December 31, 2023

Supplier	Principal business	Products/services purchased	Commencement of business relationship	Credit terms and payment method	Purchase amount	
					RMB'000	*%*
Supplier A [(1)]	Non-residential real estate leasing, property management	Leasing of premises	2020	monthly; bank transfer	3,442	10.0
Supplier B [(1)]	Manufacturing and sales of large-volume injections, small-volume injections, lyophilized powder injections	Contract manufacturing	2022	within 10 working days after completing marketing authorization release; bank transfer	3,241	9.4
Supplier C [(3)]	Pharmaceutical manufacturing, pharmaceutical sales and related activities	Contract manufacturing	2023	30 days; bank transfer	2,421	7.0

Supplier	Principal business	Products/services purchased	Commencement of business relationship	Credit terms and payment method	Purchase amount	
					RMB'000	*%*
Supplier D [(2)]	Biotechnology development services, retail trade of goods (excluding items subject to licensing and approval), wholesale trade of goods (excluding items subject to licensing and approval), machinery and equipment leasing, etc.	Equipment procurement	2017	30% within one week after contract becomes effective; 60% after the goods arrive at the designated location but prior to delivery; balance of 10% within one week after goods are installed and accepted as qualified; bank transfer	1,292	3.8
Supplier E	Pharmaceutical production and operation; R&D of medical devices and related technical consulting	R&D services	2022	10 working days after fulfilment of milestone	951	2.8
		Top five suppliers in aggregate			11,347	33.0
		All other suppliers			23,050	67.0
		Total purchases			**34,397**	**100**

Notes:

1. Supplier A, Supplier B, Supplier D and Supplier E are private companies established in the PRC with limited liability.

2. Supplier C is a private company established in the PRC with limited liability and is a subsidiary of a large pharmaceutical services company listed on the Shanghai Stock Exchange.

For the year ended December 31, 2024

Supplier	Principal business	Products/services purchased	Commencement of business relationship	Credit terms and payment method	Purchase amount	
					RMB'000	*%*
Supplier F [(1)]	Medical research and experimental development, technical services, inspection and testing services, etc.	R&D services	2023	5 days; bank transfer	4,498	13.5
Supplier A	Non-residential real estate leasing, property management	Leasing of premises	2020	monthly; bank transfer	3,722	11.2
Supplier C	Pharmaceutical manufacturing, pharmaceutical sales and related activities	Contract manufacturing	2023	30 days; bank transfer	2,208	6.7
Supplier G [(1)]	Manufacturing, repair, and sales of equipment and instruments, etc.	Equipment procurement	2021	(for small-value consumables) 7 days; (for large-value equipment) 15 days for prepayment of 30% and 7 days for the balance of 70%; bank transfer	2,038	6.1
Supplier H [(1)]	Pharmaceutical clinical trial services	R&D services	2023	5–10 working days after fulfillment of milestone; bank transfer	1,684	5.1
		Top five suppliers in aggregate			14,150	42.6
		All other suppliers			19,067	57.4
		Total purchases			**33,217**	**100**

Note:

1. Supplier F, Supplier G and Supplier H are private companies established in the PRC with limited liability.

For the six months ended June 30, 2025

Supplier	Principal business	Products/services purchased	Commencement of business relationship	Credit terms and payment method	Purchase amount	
					RMB'000	*%*
Supplier C	Pharmaceutical manufacturing, pharmaceutical sales and related activities	Contract manufacturing	2023	30 days; bank transfer	6,879	24.8
Supplier I [(1)]	Construction engineering and contracting, design of intelligent building systems, etc.	Renovation and remodeling	2024	7 days upon receipt of invoices; bank transfer	2,881	10.4
Supplier J [(1)]	Construction and engineering activities, installation, modification, and maintenance of special equipment, etc.	Renovation and remodeling	2025	7–10 days upon receipt of invoices; bank transfer	2,073	7.5
Supplier K [(1)]	Medical research and experimental development	R&D services	2025	7 days upon receipt of invoices; bank transfer	1,811	6.5
Supplier A	Non-residential real estate leasing, property management	Leasing of premises	2020	monthly; bank transfer	1,800	6.5
		Top five suppliers in aggregate			15,444	55.7
		All other suppliers			12,309	44.3
		Total purchases			**27,753**	**100**

Note:

1. Supplier I, Supplier J and Supplier K are private companies established in the PRC with limited liability.

To the best of our knowledge, all of our five largest suppliers during the Track Record Period are Independent Third Parties. None of our Directors, their respective associates, or any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our five largest suppliers during the Track Record Period.

Raw Materials

During the Track Record Period, we have procured raw materials and consumables for the production of our pipeline products and our contract manufacturing services. We have established procurement management procedures and material management procedures. Specifically, we look for suitable potential suppliers based on factors such as supply stability, product quality, product pricing, and our past experience. We further review the qualifications and certifications of potential suppliers and consider product pricing and their ability to provide technical support when needed to determine candidate suppliers and backup suppliers. Finally, we negotiate with candidate suppliers to confirm the order price. We inspect the corresponding products upon receipt to verify quantity and quality, and record relevant data. We maintain a list of qualified suppliers and update it periodically. During the Track Record Period, we did not experience any significant fluctuations in raw material prices or delays that had a material impact on our results of operations or financial position.

INVENTORY

As of the Latest Practicable Date, our inventory mainly consists of raw materials, testing materials, and consumables required for R&D. We procure these materials and consumables based on the relevant research plans. We closely monitor inventory levels and delivery schedules to reduce the risk of material shortages.

We have implemented an inventory management process that controls each stage of warehousing. The business department and warehouse management department conduct a comprehensive inventory of stock annually, while the finance department carries out random stock checks half-yearly. Leveraging management software enables the digitalised management of inventory across the entire warehouse. A deviation report is required to be filed if a difference occurs between the book value and the count value of the materials or the consumables, to record the stock gain or loss, and help identify the reason for the deviation and determine whether such materials or consumables can be cleared for use or rejected.

Throughout the Track Record Period, we did not encounter any material inventory shortages. Going forward, we aim to further optimise inventory levels by analysing historical sales data to develop effective purchasing and production plans enhancing inventory management and aligning purchasing and production volumes with anticipated customer demand.

QUALITY CONTROL

Our quality control team

We endeavor to ensure the quality of our operation through a comprehensive quality management system in accordance with the regulations of the NMPA and the FDA and other applicable regulations, including GMP/cGMP and the standards of the Chinese and American Pharmacopoeias. We have implemented a multi-tiered, product risk-oriented quality management framework comprising the following key components: (i) the quality manual, which defines quality policies, objectives, and risk management principles, aligning all quality activities with regulatory requirement; (ii) the master file, which covers quality standards for raw materials, intermediates, and finished products, ensuring technical rigor at every production stage; (iii) the standard operating procedures, governing manufacturing, inspection, storage, and transportation processes, as to guarantee operational consistency and traceability; (iv) the report system, which utilises batch records, stability reports, and annual quality reviews to continuously monitor product quality trends and proactively address potential risks; and (v) the integrated control mechanisms which ensure manufacturing stability through validated processes and continuous verification, maintain rigorous supplier qualification audits for raw materials, packaging and logistics, enabling end-to-end traceability of smallest saleable units, and driving continuous quality management system improvement via systematic internal audits and management reviews.

As of the Latest Practicable Date, we have established a management team of quality control and management consisting of five members, with most members possessing bachelor's or higher degrees and each member possesses a minimum of three years of hands-on experience in quality management and control of aseptic manufacturing. Our quality management system covers material control system, quality assurance, quality control, manufacturing, equipment and facilities system, and packaging and labeling control system. They are responsible for the key stages of drug development, including R&D, pilot experiments, and supplies production in Phase I, II, and III clinical trials. This includes discovery, preclinical research, clinical trials, pilot production, procurement, supply chain, process development, production, warehousing, delivery, and recalls. Moving forward, building upon our existing quality management system, we are committed to establishing a comprehensive, integrated R&D-to-commercial-manufacturing quality management system in accordance with the applicable laws and regulations. Qualified suppliers will be selected according to stringent criteria, and our production and quality management teams will be expanded as planned to accommodate future commercial manufacturing quality system development needs. As of the Latest Practicable Date, there were no material claims or complaints relating to product quality during the Track Record Period and up to the Latest Practicable Date.

CYBERSECURITY AND DATA PRIVACY

Our Company consistently regards information security and data management as a cornerstone of its operations. We have established a comprehensive management system, ensuring that our management requirements are deeply integrated with business practices.

In terms of organisational management for information security and customer information protection, our Company has implemented a safety responsibility system that involves all employees. We require all staff to strictly comply with the information security management system and related safety measures. We enter into employee confidentiality agreements with all our employees, which provide that, among other things, our employees are legally obligated not to misuse the confidential information while in office, to surrender all confidential information in possession while resigning, and to retain their confidential obligations after they cease employment, and such information security requirements are incorporated into employees' performance assessments.

We have adopted multi-layered and comprehensive technical measures to establish a robust security network. At the infrastructure security level, we have deployed firewalls, access security control, internet usage behavior control, data flow management, etc. to continually enhance our network perimeter protection capabilities, effectively defending against various external attack threats. In terms of enterprise domain control, we have built a comprehensive protection system in the field of data security across multiple core dimensions, including document encryption, access control, external transmission and offline protection, endpoint security, and auditing. Additionally, we have implemented physical isolation between our R&D network and office network, ensuring independent protection for laboratory-specific terminals and core data.

In terms of transmission security, we have employed a combination of encryption technologies and document encryption mechanisms to comprehensively safeguard the security and integrity of data during transmission. For data backup and disaster recovery, we have established a data backup mechanism to ensure the integrity, continuity, and recoverability of our business data.

During the Track Record Period and up to the Latest Practicable Date, we did not encounter any breaches of confidential client information or any other incidents related to client information that could adversely affect our business, financial condition, or operational results. Our PRC Legal Advisor has confirmed that, during the Track Record Period and up to the Latest Practicable Date, we have not been subject to any material penalties concerning data privacy and data transfer.

INTELLECTUAL PROPERTY RIGHTS

As a company focused on the research, development and commercialization of new drugs with advanced formulations, we consider intellectual property to be fundamental to our business. We actively seek patent protection for our platform technologies and pipeline products and, where appropriate, file additional patent applications covering manufacturing processes and methods of use (including methods of medical use). Our intellectual property strategy is designed to support the development and commercialization of our pipeline products and to protect key aspects of our technologies. As of the Latest Practicable Date, we had developed a portfolio of patent applications and patents covering various aspects of our platforms and pipeline products.

As of the Latest Practicable Date, we held 41 patents exclusively. As of the same date, we also had 12 invention patent applications pending in China, three invention patent applications pending in the U.S., and two PCT applications open for entry into the national phase.

Among these, six granted patents and one pending patent application in China, three pending patent applications in the U.S., and two PCT applications open for entry into the national phase materially cover, or are directed to, the core technical features, proprietary manufacturing processes, pharmaceutical formulations or medical indications of our pipeline products and are considered our material patents and patent applications. All material patents and patent applications as of the Latest Practicable Date were owned exclusively by our Company.

The following table sets out details of our material patents and patent applications as of the Latest Practicable Date.

Patent/ Application Number	Type of Patent	Name of Patent/Application	Inventors	Jurisdiction	Status	Application Date	Expiration Date
ZL202411676053.5 . . .	Invention	Dexmedetomidine microneedle patch and its preparation method and application (右美托咪定微針貼劑及其製備方法和應用)	Yang Beibei; Tang Yu; Yang Jingxin; Liao Langkun; Yang Dan; Liu Hualiang; Wu Chuanbin	PRC	Granted	21 November 2024	21 November 2044

Patent/ Application Number	Type of Patent	Name of Patent/Application	Inventors	Jurisdiction	Status	Application Date	Expiration Date
ZL202210847168.0 . . .	Invention	Dexmedetomidine hydrochloride soluble microneedle and preparation method thereof (一種鹽酸右美托咪定可溶性微針及其製備方法)	Chen Hangping; Yang Beibei; Liao Langkun; Feng Disang; Wang Yalong; Zhao Zhiming	PRC	Granted	19 July 2022	19 July 2042
US19/303,705	Invention	Dexmedetomidine microneedle patch, preparation method and application thereof	Yang Beibei; Tang Yu; Yang Jingxin; Liao Langkun; Yang Dan; Liu Hualiang; Wu Chuanbin	US	Pending	19 August 2025	N/A
ZL202311494072.1 . . .	Invention	Levodopa nasal spray, and preparation method and use thereof (一種左旋多巴鼻噴霧劑及其製備方法及應用)	Yue Xiao; Zhang Xuejuan; Wang Yalong; Lifeng; Tang Yu; Chen Hangping	PRC	Granted	9 November 2023	9 November 2043
US19/127,903	Invention	Levodopa nasal spray, and preparation method and use thereof	Yue Xiao; Zhang Xuejuan; Tang Yu; Liu Hualiang; Liang Xuxia; Wu Chuanbin	US	Pending	6 November 2024	N/A
PCT/CN2024/130102 . .	Invention	Levodopa nasal spray, and preparation method and use thereof (一種左旋多巴鼻噴霧劑及其製備方法及應用)	Yue Xiao; Zhang Xuejuan; Tang Yu; Liu Hualiang; Liang Xuxia; Wu Chuanbin	PCT	Pending	6 November 2024	N/A
ZL202210541760.8 . . .	Invention	Rizatriptan nasal spray and preparation method thereof (利扎曲普坦鼻噴霧劑及其製備方法)	Zhang Xuejuan; Wang Guanlin; Wu Chuanbin; Wu Jinlong; Huang Ying; Yue Xiao; Xia Xiao; Guo Haihua	PRC	Granted	17 May 2022	17 May 2042

Patent/ Application Number	Type of Patent	Name of Patent/Application	Inventors	Jurisdiction	Status	Application Date	Expiration Date
CN202411697980.5 . . .	Invention	A drug solution composition, a preparation method thereof, a nasal spray and application thereof (一種藥物溶液組合物及其製備方法、鼻噴霧劑和應用)	Yue Xiao; Zhang Xuejuan; Tang Yu; Liang En; Wang Guanlin; Yang Beibei; Wu Chuanbin	PRC	Pending	25 November 2024	N/A
PCT/CN2025/100381 . .	Invention	A pharmaceutical solution composition, its preparation method, nasal spray, and its application (一種藥物溶液組合物及其製備方法、鼻噴霧劑和應用)	Yue Xiao; Zhang Xuejuan; Tang Yu; Liang En; Wang Guanlin; Yang Beibei; Wu Chuanbin	PCT	Pending	11 June 2025	N/A
ZL202210028787.7 . . .	Invention	Semaglutide soluble microneedle patch and preparation method thereof (司美格魯肽可溶性微針貼片及其製備方法)	Wu Chuanbin; Chen Hangping; Li Feng; Feng Disang; Yang Beibei; Zhao Zhiming	PRC	Granted	11 January 2022	11 January 2042
ZL202210162729.3 . . .	Invention	Semaglutide soluble microneedle composition and preparation method thereof (一種司美格魯肽可溶性微針組合物及其製備方法)	Wu Chuanbin; Chen Hangping; Li Feng; Feng Disang; Yang Beibei; Zhao Zhiming	PRC	Granted	22 February 2022	22 February 2042
US18/722,038	Invention	Semaglutide soluble microneedle composition and preparation method thereof	Wu Chuanbin; Tang Yu; Yang Beibei; Liu Hualiang	US	Pending	17 March 2022	N/A

We intend to seek patent protection in overseas jurisdictions into which we expand, where appropriate and in a timely manner.

The scope and extent of protection afforded by a patent vary on a claim-by-claim and jurisdiction-by-jurisdiction basis and depend on a number of factors, including the type of patent, the scope of its claims, the availability of any patent term extensions or adjustments, the availability of legal remedies in the relevant jurisdiction, and the validity and enforceability of the patent. For further details, see "Risk Factors — Risks Relating to Intellectual Property Rights".

A freedom-to-operate searches and analyses ("**FTO Analysis**") has been conducted in China and the U.S. in relation to our Core Products. Based on the FTO analysis, our Directors are of the view that there are no valid and enforceable patents of any third party in China and the U.S. in respect of our Core Products and we have not infringed any valid and enforceable patents or other IP rights of any third parties.

We also own a number of registered trademarks and pending trademark application. As of the Latest Practicable Date, we had 34 registered trademarks in China and four pending trademark applications in Hong Kong. We intend to seek additional trademark protection where appropriate and in a timely manner.

As of the Latest Practicable Date, we had not been involved in any material proceedings, nor had we received notice of any material claims, relating to alleged infringement of intellectual property rights that may be threatened or pending, in which we may be a claimant or a respondent and that may have a material adverse impact on us.

COMPETITION

The biopharmaceutical industries are defined by fast-paced technological innovation, intense market competition and a strong focus on proprietary drugs development. While we believe our pipeline of clinical and preclinical stage proprietary assets, R&D capability, technology platforms and an experienced management team provide us with competitive advantages, we still face potential competition from, among others, major pharmaceutical, specialty pharmaceutical and biotechnology companies, academic institutions, and public and private research institutions. Any pipeline product that we successfully develop and commercialise will face competition from both existing drugs and future novel drugs. Please also refer to the paragraph headed "Risk Factors — Risks Relating to Manufacturing and Commercialisation of our Pipeline Products — We may face intense competition if competing drugs are more effective, have fewer side effects, are better marketed and cost less than our drugs or pipeline product, or receive regulatory approval or enter the market ahead of ours, or if our drugs or pipeline product are not approved. We may also face rapid technological advancements and changes which may possibly allow our competitors to

develop therapies that are similar, more advanced, or more effective than ours, which may diminish our market share, hinder the successful commercialisation of our pipeline product and adversely impact our financial condition and business prospects" in this document for further details.

We focus on utilising our industry experience and established R&D capabilities for the internal discovery and development of differentiated therapeutic products primarily for chronic diseases, particularly metabolic disorders. We face intense competition from existing products and product candidates under development in the market. Please refer to the section titled "Industry Overview" in this Document for further details on the competitive landscape of the various markets in which we compete. We also face uncertainties in clinical trial development, which are subject to numerous factors, including satisfactory safety and efficacy results from clinical trials, successful patient enrollment, and the performance by CROs and other parties involved in clinical trial development, and other factors. Please refer to the paragraph headed "Risk Factors — Risks Relating to the Development, Clinical Trials and Regulatory Approval of our Pipeline Products" in this document for further details.

EMPLOYEES

The following table sets forth a breakdown of our employees by function as of June 30, 2025, all of whom were based in China:

Function	Number	% of Total
R&D	126	68.11
Production, manufacturing and supply chain	32	17.30
Administrative	27	14.59
Total	**185**	**100**

We enter into individual employment contracts with our employees covering salaries, bonuses, employee benefits, confidentiality obligations, work product assignment clauses, and grounds for termination. We also execute separate confidentiality with our senior management and certain key members of our R&D team.

To maintain our workforce's quality, knowledge, and skill levels, we provide regular and specialised training tailored to departmental needs. We are committed to ensuring safe working conditions throughout our operations and that employees are treated with due care and respect.

Employee remuneration comprises salaries, performance appraisal, housing provident funds, social insurance premiums, and other welfare payments. Furthermore, we provide various incentives and benefits, including bonuses and equity incentive plan, particularly to key employees. We have made contributions to employees' social insurance premiums (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing provident funds in accordance with applicable laws and regulations.

Certain of our practices have not been in full compliance with the mandatory contributions for social insurance and housing provident funds under the PRC law. For a more detailed discussion of the related risks, please refer to "Risk Factors — Risks Relating to Doing Business in Jurisdictions Where We Operate — We may be subject to additional social insurance fund, housing provident fund contributions and late fees or fines imposed by relevant regulatory authorities." in this Document. As of the Latest Practicable Date, we had not received any administrative penalties, claims or notices from government authorities regarding inadequate contributions. According to our PRC legal counsel, under the premise that there are no significant changes to current PRC policies and regulations or to the enforcement and supervision requirements of local governments and that there are no material employee complaints, litigation or arbitration proceedings the likelihood of being imposed material administrative penalties or centralized collection in connection with shortfalls in our contributions to social insurance and housing provident fund is remote, provided that we make any outstanding contributions and late fees, if required, within the stipulated timeframe.

As of the Latest Practicable Date, no labour union was established among our employees. We maintain a positive working relationship with our employees. During the Track Record Period, we experienced no strikes, protests or other significant labour conflicts that could materially affect our business or reputation.

INSURANCE

We hold insurance policies in compliance with PRC laws and regulations, and aligned with our operational requirements and industry standards. We maintain product liability insurance for the products we sell, accident insurance and vehicle insurance for employees, as well as insurance for adverse events in clinical trials. While we consider that the coverage from the insurance policies maintained by us is adequate for our present operations and is in line with the industry norm, it may, however, be insufficient to cover all claims for product liability, damage to our assets, facilities and equipment or employee injuries. For further details, please refer to the paragraph headed "Risk Factors — Risks Relating to Doing Business in Jurisdictions Where We

Operate — We have limited insurance coverage, and any claims beyond our insurance coverage may result in us incurring substantial costs and a diversion of resources" in this document. During the Track Record Period, we had not made, nor been the subject of, any material insurance claims.

PROPERTIES AND FACILITIES

As of the Latest Practicable Date, we had 8 leased properties in China which are material to our business, with a total aggregate gross floor area of approximately 19,977.43 sq.m. We believe our current facilities are sufficient to meet our near-term needs, and additional space can be obtained on commercially reasonable terms to meet our future needs. We do not anticipate undue difficulty in renewing our leases upon their expiration. As of the Latest Practicable Date, we did not have any self-owned properties.

The following table sets forth a summary of the material leased properties as of the Latest Practicable Date:

Location	Usage	Address	Gross Floor Area (sq.m)	Lease Term
Lianyungang, Jiangsu Province	Factory	1st, 2nd & 8th Floors, Workshop Building 15, No. 82 Jinqiao Road, Lianyungang Economic and Technological Development Area	8,637.42	November 1, 2024 to October 31, 2031
Zhuhai, Guangdong Province	Manufacturing, R&D, Office, and Warehousing	Building 5, Units 101 & 201, Gechuang Jinqin Health Port, No. 111 Yaoguan Road, Sanzuo Town, Jinwan District, Zhuhai City	4,686.39	August 1, 2025 to July 31, 2030
Guangzhou, Guangdong Province	Office	Room 105, Building No. 1, Xingye Avenue East No. 1078, Hualong Town, Panyu District, Guangzhou, PRC	130.82	May 22, 2020 to May 21, 2030
Guangzhou, Guangdong Province	Office	Room 107, Building No. 1, Xingye Avenue East No. 1078, Hualong Town, Panyu District, Guangzhou, PRC	65.41	July 22, 2022 to May 21, 2030
Guangzhou, Guangdong Province	Office	Rooms 401, 501, 601, Lift 2, Building No. 1, Xingye Avenue East No. 1078, Hualong Town, Panyu District, Guangzhou, PRC	2,739.42	May 22, 2020 to May 21, 2030
Guangzhou, Guangdong Province	Industrial warehouse facilities	Rooms 701, 801, Lift 2, Building No. 1, Xingye Avenue East No. 1078, Hualong Town, Panyu District, Guangzhou, PRC	1,826.28	July 22, 2022 to May 21, 2030

Location	Usage	Address	Gross Floor Area (sq.m)	Lease Term
Guangzhou, Guangdong Province	Office	Room 106, Building No. 1, Xingye Avenue East No. 1078, Hualong Town, Panyu District, Guangzhou, PRC	65.41	May 22, 2020 to May 21, 2030
Guangzhou, Guangdong Province	Office	Rooms 201, 301, Lift 2, Building No. 1, Xingye Avenue East No. 1078, Hualong Town, Panyu District, Guangzhou, PRC	1,826.28	May 22, 2020 to May 21, 2030

We expect to renew and extend these leases before their respective expirations, or seek other premises based on business needs. For our other leases, we expect to initiate renewal discussions with the landlords and do not expect any material obstacles for successful extension. If we were unable to renew such leases, our Directors believe we can find alternative offices within a short time as there are plenty of comparable supplies in the market, and we will incur immaterial moving expenses for our operations. For risks related to lessors and other aspects of our leased properties, please refer to the paragraph headed "Risk Factors — Risks Relating to Doing Business in Jurisdictions Where We Operate — We are subject to risks associated with our leased properties" in this Document.

ENVIRONMENTAL, SOCIAL, HEALTH AND SAFETY MATTERS

We are subject to various environmental, social, health and work safety laws and regulations and our operations are regularly inspected by local government authorities. We believe we have adequate policies ensuring compliance with all environmental, social, health and work safety protection regulations. Particularly, we believe our continued growth rests on integrating social values into our business. We intend to create a lasting positive environmental, social, and governance ("**ESG**") impact on our customers, suppliers, and the broader community that our operations may impact. We acknowledge our responsibilities on environmental protection, social responsibilities, and are aware of the climate-related issues that may have impact on our business. We are committed to complying with ESG reporting requirements upon **[REDACTED]**

Governance on ESG Matters

The Board fully recognises the importance of ESG management in achieving the Company's green, compliance, and sustainability realisation. Therefore, throughout the Company's management and operation processes, the Board actively promotes the implementation of ESG principles and integrates them into the Company's governance framework. The Board is the highest decision-making authority within our Company on ESG-related matters and is responsible for setting the overall ESG goals and strategies, under which we will establish the Strategy & ESG Committee of the Board ("**Strategy & ESG Committee**") at **[REDACTED]**, responsible for

monitoring and guiding functions to guarantee the effective execution of ESG policies. The Strategy & ESG Committee shall be led by Dr. Wu, along with other members of the Board and senior executives of the Company. Under the Strategy & ESG Committee, an ESG working group ("**ESG Working Group**") will be established to promote the implementation and execution of ESG issues, monitor the implementation status of ESG issues, which will be composed of responsible personnel from several functional departments.

We are committed to responsible environmental stewardship as a core principle of our operations. We adhere to relevant environmental regulations by implementing a formal system to manage the collection, sorting, and disposal of wastes generated during our drug development and testing processes, ensuring our emissions consistently meet national standards. We actively pursue a greener business model by optimizing resource allocation, improving energy efficiency, and supporting China's "carbon peaking and carbon neutrality goals (雙碳目標)." For this endeavor, We have implemented energy-saving measures, and enforced a waste sorting and recycling system to increase resource efficiency. We aim to achieve a sustainable balance between our business growth and our environmental responsibilities, continuously enhancing our environmental management standards and capabilities for long-term, green development.

Potential Impact of ESG-Related Risks

As a biopharmaceutical company, we face a variety of environmental, health or safety-related risks associated with our operations over the short-, medium- and long-term. For example, our operations involve the use of hazardous materials, including chemicals, and may produce hazardous waste products to the environment. If we fail to process the hazardous materials in compliance with relevant laws and regulations, cause injury to persons involved or contaminate the environment, we could incur significant costs associated with administrative, civil or criminal fines and penalties, lose our permit/certificate or be ordered to make substantial alterations to our business operations. See the section titled "Risk Factors — Risks Relating to Our Operations — We, our contractors and business partners are subject to environmental protection, health and safety laws and regulations, and we may incur potential costs for compliance and liabilities, including consequences of accidental contamination, biological hazards or personal injuries" for more details on the potential impact of such risks.

In addition to the above, we may also be exposed to climate-related risks, which can be divided into two broad categories, namely, physical and transition risks. We define physical risks as risks related to the physical impacts of climate change, consisting of (i) acute physical risks, such as increased severity of heatwaves, typhoons, floods or other extreme weather conditions; and (ii) chronic physical risks that are affected by long-term changes in climate patterns, such as changes in average annual rainfall or temperature. We define transition risks as the transition from

dependence on fossil fuels to a low-carbon economy, which may involve changes in policy, laws, technology markets, as well as social culture, such as possible carbon taxes, compliance disclosures, and increased use of new energy sources across businesses and households.

In light of the nature of our business, and to the best knowledge of our Directors, climate change is not expected to have any significant impact on our operations. In the event of extreme weather conditions, we will proactively respond to relevant local government policies and develop contingency plans, in addition to the social insurance contributions made by our Group, to ensure the safety of our staff. Should acute physical risks arise, such as direct damage to assets or indirect impacts from supply chain disruptions due to extreme weather events, we will implement appropriate contingency and disaster preparedness plans, and we believe we possess the capability to manage the climate crisis effectively. During the Track Record Period and up to the Latest Practicable Date, we have not encountered any material impact on our business operations, strategies, or financial performance as a result of environmental, social, or climate-related issues.

During the Track Record Period and up to the Latest Practicable Date, we complied with the ESG-related laws and regulations, and have not received any fines or penalties associated with the breach of any environmental laws or regulations. To the best knowledge and belief of our Directors, we are not subject to material environmental liability risk and will not incur material compliance costs in the future.

Metrics and Targets

We monitor the following metrics to assess and manage the environmental and climate-related risks arising from our business and manufacturing operations:

Resource consumption and pollutant disposals

- Electricity consumption. We have monitored our electricity consumption levels and implemented measures to improve energy efficiency during the Track Record Period. For the years ended December 31, 2023 and 2024 and the six months ended June 30, 2025, our electricity consumption levels were approximately 888.68 thousand kWh, 871.08 thousand kWh, and 387.23 thousand kWh, respectively.

- Water consumption. We have monitored our water consumption levels and implemented measures to promote water conservation during the Track Record Period. For the years ended December 31, 2023 and 2024 and the six months ended June 30, 2025, our water consumption levels were approximately 5,255 m^3, 4,225 m^3, and 2,358 m^3, respectively.

- Hazardous solid waste discharge. The solid waste we produce is mainly divided into hazardous waste and non-hazardous waste. We have environment and safety administrators who monitor and manage the whole process from the generation, classification, collection, storage, transportation and disposal of hazardous solid waste. We have also contracted with a qualified third-party waste disposal company for the disposal of hazardous solid material and waste. For the years ended December 31, 2023 and 2024, and the six months ended June 30, 2025, we transferred approximately 20.72 tons, 14.32 tons and 12.54 tons of hazardous solid waste for disposal. To optimise storage and cost efficiency, we will transfer hazardous solid waste to the disposal company once we accumulate three tons.

Our Strategy & ESG Committee will set out targets for each material key performance indicator at the beginning of each financial year, in accordance with the disclosure requirements set forth in Appendix 27 of the Listing Rules and any other applicable rules and regulations following the **[REDACTED]**. The relevant targets for the material key performance indicators will be reviewed annually to ensure their continued suitability for our needs. When setting targets for environment-related KPIs, we considered our respective consumption or emission levels during the Track Record Period, while also taking into account our future business expansion comprehensively and prudently. This approach aims to balance business growth and environmental protection, facilitating sustainable development. We will continue to adopt environmental conservation measures to limit resource consumption and emissions. Moving forward, we will make continuous efforts in working towards the target of reducing our electricity and water consumption. We aim to achieve a 5% reduction in water and electricity consumption per thousand RMB of our R&D expense from 2024 to 2026. We will continue to dispose the hazardous wastes in compliance with relevant laws and regulations. Accordingly, we will actively implement a range of environmental protection measures to reduce resource consumption and emissions. In terms of recourse consumption, we will (i) install energy-efficient equipment in our offices and manufacturing processes; (ii) provide training for employees to promote energy-saving practices and environmental awareness, encouraging behaviours such as switching off equipment when not in use. Regarding waste generation and greenhouse gas emissions, we will (i) keep regularly monitoring and evaluating the sources of hazardous solid waste, ensuring strict compliance with internal policies and legal requirements; and (ii) adopt more environmentally friendly production processes and facilities whenever feasible.

Employee Rights and Benefits

We have adopted a people-oriented and talent-driven approach, emphasising the development of employee welfare systems and the optimization of compensation structures. We are committed to safeguarding employees' basic rights and enhancing their job satisfaction and sense of belonging. We strictly abide by the relevant laws and regulations related to PRC labor law.

Training and Development

Our Company offers internal and external training to help employees enhance their work-related skills. To promote skill development and career advancement, each employee is provided with fair self-development opportunities based on their performance and potential. Our Company implements three major training programmes: (i) the "Novaken Genius/Young Genius (新濟天才/青年天才)" programme, which aims at training high-potential key employees; (ii) Master's and Doctoral Program that encourages outstanding employees to pursue graduate degrees while remaining employed; and (iii) the employee personal cultivation improvement programme. Our Company conducts programme participant selection every one to two years. Selected employees may receive funding support for talent development and participate in project-based training, including, among others, topic training and periodic performance reviews. Our Company systematically aligns our training framework with performance evaluations, career progression pathways, and long-term incentive structures to cultivate talent and drive sustainable organisational growth.

Workplace Safety

We have endeavored to provide a safe work environment by implementing company-wide self-protection policies for employees to either work remotely or on-site with protective masks and sanitisation. We have implemented and upheld a comprehensive set of rules, standard operating procedures, and measures to ensure the health and safety of our employees. Our safety guidelines cover a range of areas including identifying potential hazards, safe practices, accident prevention, and procedures for reporting accidents. We ensure that our employees continually acknowledge their understanding of safety protocols as needed. Specifically, we:

- define the safety management responsibilities of each department and implement a comprehensive safety production responsibility system, requiring all employees to fulfil their health and safety duties during daily operations;

- have established a "three-tier education" training system for occupational health to enhance occupational disease protection, which includes regular dissemination of health knowledge and risk assessments, ensuring that new employees receive systematic safety training and education at various stages of their employment — onboarding, job roles, and transfers;

- provide health check-ups and medical benefits for employees, along with a comprehensive occupational disease monitoring mechanism. Additionally, we actively purchase commercial medical insurance and accident insurance, allowing employees to work with peace of mind;

- place a high priority on building capacity to respond to emergencies. We have developed a scientifically sound and comprehensive emergency response plan and conduct regular drills to enhance employees' capabilities in handling situations such as fires, leaks, and equipment failures. This approach aims to minimise safety risks and ensure the mental and physical well-being of our employees.

By implementing the measures as mentioned above, we are dedicated to maintaining a safe and healthy working environment for all staff. As of the Latest Practicable Date, we had not been involved in any significant workplace accident or fatality.

Workplace Diversity

We are committed to fostering an open and inclusive workplace that promotes equality. We hire employees based on their merits, and it is our corporate policy to provide equal opportunities regardless of gender, age, race, religion, or any other social or personal characteristics. As of June 30, 2025, we had 185 employees, of whom 116 were female. Additionally, 103 of our employees are aged over 30 or above, and seven are aged 50 or above. Our workforce reflects a diverse range of experiences and professional backgrounds, including pharmacy, pharmaceutics, pharmaceutical engineering, microbiology, polymer materials and engineering, organic chemistry, human resource management, accounting, business administration, computer science, international trade, among others. We adhere to a fair and transparent employee management system and strive to enhance gender and age diversity within our workforce.

We have established human resources management policies that systematically outline our recruitment processes, promotion procedures, dismissal/resignation processes, performance evaluation approaches, retention strategies, salary and benefits procedures, and employee training, among others. We implement a merit-based hiring approach to ensure that our recruitment practices are grounded in the principles of openness, fairness, and equity.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we were not a party to, any actual or pending 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. Further, during the Track Record Period and up to the Latest Practicable Date, we did not commit any material non-compliance of the laws and regulations which individually or in the aggregate, in the opinion of our Directors, would have a material and adverse effect on our business, financial condition or results of operations.

Our PRC Legal Advisor is of the opinion that our business was in compliance with the applicable laws and regulations of the PRC in all material aspects during the Track Record Period and up to the Latest Practicable Date. However, we may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. We are committed to maintaining the highest standards of compliance with the laws and regulations applicable to our business, and we intend to maintain this culture through the strict implementation of our risk management and internal control policies. Please refer to the paragraph headed "— Risk Management and Internal Control" in this section for further details.

LICENSES AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from the relevant government authorities that are material for our business operations in the PRC.

The following table sets forth the details of our key licenses and permits:

Licences/permit	Grant date	Expiry date	Granting authority
Drug Manufacturing Certificate — 20220018	October 9, 2022	October 8, 2027	Guangdong Provincial Drug Administration
Drug Registration Certificate — H20051843	December 20, 2024	December 19, 2029	National Medical Products Administration
FDA Marketing Authorisation — A213859	December 2022	—	United States Food and Drug Administration
FDA Marketing Authorisation — A214395	December 2022	—	United States Food and Drug Administration
Drug Registration Certificate — H20253396	February 20, 2025	February 19, 2030	National Medical Products Administration
Drug Registration Certificate — H20253397	February 20, 2025	February 19, 2030	National Medical Products Administration
Approval notice for drug clinical trial (Dexmedetomidine Hydrochloride Microneedle Patch) — CXHL2500652	September 19, 2025	—	National Medical Products Administration
Approval notice for drug clinical trial (Dexmedetomidine Hydrochloride Microneedle Patch) — CXHL2500651	September 19, 2025	—	National Medical Products Administration
Approval notice for drug clinical trial (XJN010) — CXHL2400526	August 6, 2024	—	National Medical Products Administration

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We are subject to various risks during our operations. Please refer to the paragraph headed "Risk Factors — Risks Relating to Doing Business in Jurisdictions Where We Operate" in this document. We are also exposed to various financial risks, in particular, credit, interest rate,

liquidity and capital management that arise in the normal course of our business. Please refer to the paragraph headed ''Financial Information — Financial Risk Disclosure'' in this document for a discussion of these financial risks. We have adopted a series of risk management policies that set out a risk management framework to identify, assess, evaluate, and monitor key risks associated with our strategic objectives on an ongoing basis. Risks identified by management will be analysed based on likelihood and impact and will be properly followed up, mitigated and rectified by our Company and reported to our Directors. Our Audit Committee, and ultimately the Board, supervise the implementation of our risk management policies.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the **[REDACTED]**, we have adopted or will continue to adopt, among other things, the following risk management measures:

- establish an Audit Committee to review and supervise our financial reporting process and internal control system;

- adopt various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions and information disclosure;

- provide anti-corruption and anti-bribery compliance training periodically to our senior management and employees to enhance their knowledge and compliance with applicable laws and regulations; and

- attend training sessions by our Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong.

We consider that our Directors and senior management team have the requisite knowledge and expertise to ensure effective corporate governance, particularly in areas of risk management and internal control.

Internal Control

Our Board is responsible for establishing our internal control system and reviewing its effectiveness. We have engaged an internal control consultant (the "**Internal Control Consultant**") to perform certain agreed-upon procedures (the "**Internal Control Review**") in connection with the internal control of our Company and our principal subsidiaries in certain aspects, including entity-level controls, financial reporting and disclosure controls, human resources and payroll management, general controls of IT system, contract management, tangible

and intangible asset management, and other procedures of our operations. The Internal Control Consultant performed a follow-up review with regard to those actions taken by us and there are no material findings identified in the process of the follow up Review. As of the Latest Practicable Date, there were no material outstanding issues relating to our Company's internal control.

Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement:

- adopt various measures and procedures regarding each aspect of our business operation, such as quality control, risk management, intellectual property management, data compliance and occupational health and safety;

- establish an internal control compliance committee, chaired by Dr. Wu, consisting of the compliance officer, financial officer, legal officer, and human resources officer of our Company, thereby forming a cross-departmental collaborative compliance management system;

- establish the Audit Committee which (i) makes recommendations to our Directors on the appointment removal of external auditors, and (ii) reviews the financial statements and renders advice to respect of financial reporting as well as overseas internal control procedures of our Company;

- maintain strict confidentiality and data protection policies regarding the collection, analysis, storage and transmission of our R&D data. We only collect personal information necessary for handling complaints, such as name, contact details, and medication usage. Both electronic and paper records are encrypted and stored;

- engage Guotai Junan Capital Limited as our Compliance Advisor to provide advice to our Directors and management team in respect of its financial results for the first full financial year after the **[REDACTED]** regarding matters relating to the Listing Rules. We must consult with and, if necessary, seek advice from our Compliance Advisor where we propose to use the **[REDACTED]** of the **[REDACTED]** in a manner different from our plan that sets forth in "Future Plans and **[REDACTED]**" in this document after **[REDACTED]**. Our Compliance Advisor will also provide support and advice regarding the requirements of relevant regulatory authorities in a timely fashion;

- require all of our employees to abide by our anti-bribery and anti-corruption compliance requirements and applicable laws and regulations to eliminate bribery and corruption risks. We strictly prohibit bribery or other improper payments in our business operation and maintain strict anti-corruption policies among our employees, and we will closely

monitor our employees' compliance with anti-bribery and anti-corruption policies. In addition, we have established a whistleblowing reporting system to ensure that our employees are able to report concerns of any action, situation or circumstance that appears to be in violation of our code of conduct, anti-corruption policy or any applicable laws, regulations or our other internal policies through multiple channels, including public, confidential, or anonymous submissions;

- together with our legal advisers, periodically review our compliance status with all relevant laws and regulations after the **[REDACTED]**; and

- plan to provide various and continuing training to update our Directors, senior management, and relevant employees on the latest applicable laws and regulations from time to time with a view to proactively identify any concerns and issues relating to any potential non-compliance.

We plan to provide our Directors, senior management, and relevant employees with continuous training programs and updates regarding the relevant applicable laws and regulations regularly and update our internal control policies in due course.

Anti-bribery

We maintain a zero-tolerance policy which strictly prohibit, among other things, bribery or other improper payments in our business operations, illegally encroaching on or impairing the legitimate interests of our Company, misappropriating the funds of the customers, working as a part-time employee at companies which compete or have cooperation with our Company. We also keep accurate books and records which reflect transactions and asset dispositions in reasonable detail. Requests for false invoices or payment of unusual, excessive or inadequately described expenses should be rejected and promptly reported. Misleading, incomplete or false entries in our books and records are never acceptable.

We have adopted, and will continue to adopt, comprehensive internal control measures for anti-corruption and anti-bribery by (i) providing regular anti-corruption and anti-bribery compliance training for senior management and employees, including regular compliance training and (if necessary) other ad hoc compliance training sessions, to enhance their knowledge and compliance with applicable law and regulations; (ii) monitoring books, records and accounts to identify any false, misleading or undisclosed entries; (iii) establishing whistle-blowing mechanisms and encouraging all employees, suppliers, customers and other third parties to report suspicious activities and violations of the policies.

AWARDS AND RECOGNITION

The table below sets forth a summary of the major awards and recognition that our company had received as of the Latest Practicable Date:

Award or Recognition	Year Granted	Granting Authority
2015 Guangzhou Enterprise R&D Institution* (廣州市企業研究開發機構（2015年度))	2016	Guangzhou Municipal Science and Technology Innovation Commission* (廣州市科技創新委員會)
2018 China's Fastest-Growing Innovative Pharmaceutical Enterprise* (2018年度中國最具成長力科技創新型醫藥企業)	2018	Pharmaceutical Preparations Professional Committee of Chinese Pharmaceutical Association, China Pharmaceutical Industry Information Center* (中國藥學會藥物製劑專業委員會、中國醫藥工業信息中心)
High and New Technology Enterprise* (國家高新技術企業)	2019	Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province, Guangzhou Provincial Taxation Bureau of the State Administration of Taxation (廣東省科學技術廳、廣東省財政廳、國家税務總局廣東省税務局)
Guangdong Provincial Postdoctoral Workstation* (廣東省博士工作站)	2022	Department of Human Resources and Social Security of Guangdong Province* (廣東省人力資源和社會保障廳)
2023 Guangdong Provincial Intellectual Property Demonstration Enterprise* (2023年廣東省知識產權示範企業)	2023	Guangdong IP Protection Association (廣東省知識產權保護協會)
2024 Industry-Attention Award for Advanced Formulations * (2024年度行業關注度高端製劑獎)	2024	China Biomass Industrial Chain Innovation and Transformation Alliance (中國生物醫藥產業鏈創新轉化聯合體)

Award or Recognition	Year Granted	Granting Authority
National "Little Giant" Enterprise for Specialised, Innovative, and High-Tech firms* (國家級專精特新"小巨人"企業) .	2024	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
Guangzhou Postdoctoral Innovation Practice Base* (廣州市博士後創新實踐基地)	2025	Guangzhou Municipal Human Resources and Social Security Bureau (廣州市人力資源和社會保障局)
Guangdong Provincial Engineering Research Center for Medical Microneedles* (廣東省藥物微針工程技術研究中心).	2025	Department of Science and Technology of Guangdong Province (廣東省科學技術廳)