
SUMMARY

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

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

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

BUSINESS OVERVIEW

Founded in 2007, we are a clinical-stage pharmaceutical company. We are committed to the development and commercialization of modified new drugs based on previously approved active pharmaceutical ingredients (“API”), by applying alternative formulations and drug-delivery technologies. We do not engage in the discovery or development of new API. We have self-developed two Core Products. Our first Core Product, Dexmedetomidine Hydrochloride Microneedle Patch (“DHMP”), is indicated for preoperative sedation in pediatric patients and adult patients. We commenced Phase IIa clinical trial for the pediatric indication in China in August 2025 and completed the conduct of the relevant clinical studies in June 2026. Additionally, we commenced Phase II clinical trial for the adult indication in China in March 2026. Our second Core Product, XJN010, is a nasal inhalation drug formulation indicated for the on-demand treatment of “Off” episodes in patients with Parkinson’s disease. We commenced Phase II clinical trial in China in August 2025 and have completed conduct of the relevant clinical studies in April 2026. We are also developing three other product candidates in the pipeline, namely XJN026, for which we initiated Phase I clinical trial in China in April 2026, XJN1102, and XJN2503.

THERE IS NO ASSURANCE THAT WE WILL ULTIMATELY BE ABLE TO DEVELOP AND MARKET OUR CORE PRODUCTS OR ANY OF OUR PIPELINE PRODUCTS SUCCESSFULLY.

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OUR PIPELINE OF PRODUCT CANDIDATES

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

Pipeline product	Target	Therapeutic regimen	Indication	Preclinical research	IND preparation	Clinical Phase I	Clinical Phase II	Clinical Phase III	Key regulatory authority	Key regulatory and/or clinical milestones achieved	Next regulatory/clinical milestone	Sponsor(s) for clinical trials	Commercial rights
<div>Disolving microneedle drug formulation technology platform</div> <div>★ Dexmedetomidine hydrochloride microneedle patch</div>	α ₂ -adrenergic receptor	Mono	Preoperative sedation for children 2-6 years old						NMPA	IND approval granted in April 2024; Phase I commenced in February 2025; Entered Phase IIa in August 2025; Completed conduct of clinical studies for Phase IIa in June 2026	Q3 2026 – Complete Phase IIa by issuing clinical study report	Company	Global
			Preoperative sedation for adults						NMPA	Phase II approval granted in September 2025; Phase II commenced in the first quarter of 2026	Q4 2026 – Complete Phase II		
	GLP-1 receptor	Mono	Glucose control for adult type 2 diabetes						FDA	IND granted in February 2026 ⁶	Q4 2026 – Initiate Phase I		
			Long term weight management for overweight or obese adults						NMPA		Q4 2026 – Submit IND Application		
									FDA		Q4 2026 – Submit IND Application		
<div>Nasal inhalation drug formulation technology platform</div> <div>★ XJN 0107</div>	basal ganglia neurons	Mono	For the on-demand treatment of “Off” episodes in adult patients with Parkinson’s disease ⁷						NMPA	IND approval granted in August 2024; Phase I commenced in March 2025; Entered Phase II in August 2025; Completed conduct of clinical studies for Phase II in April 2026	Q3 2026 – Complete Phase II by issuing clinical study report	Company	Global
									FDA	IND approval for direct Phase II entry granted in February 2026 ⁶	Q3 2026 – Initiate Phase II		
	5-HT _{1B/1D} receptor	Mono	For the acute treatment of migraine attacks with or without aura						NMPA	IND approval granted in January 2026; Phase I initiated in April 2026	Q1 2027 – Complete Phase I		
									FDA		Q4 2026 – Submit IND Application		
	5-HT ₁ receptor	Mono	For the acute treatment of nausea and vomiting caused by radiotherapy, chemotherapy, or surgery						NMPA		Q4 2026 – Submit IND Application	Company ⁹	Global

★ Core Product ★ key product

Notes:

1. Our Company submitted a pre-IND communication to the FDA in June 2025, requesting that the FDA consider allowing XJN010 to enter Phase II clinical trials in the U.S. directly, without a separate U.S. Phase I clinical trial, having regard to (i) the product characteristics, (ii) the non-clinical results for XJN010, (iii) the results of the Phase I clinical trial conducted in China, (iv) the established safety and efficacy data for the API in XJN010 (i.e., levodopa) in Parkinson’s disease, and (v) the Phase II clinical trial protocol. Following its consideration of our Company’s pre-IND request, the FDA issued a written response in September 2025 indicating that a U.S. Phase I clinical trial may be waived and that our Company may proceed directly to a Phase II clinical trial, subject to the FDA’s formal review.

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In October 2025, our Company submitted a formal IND application. The FDA approved the IND application in February 2026, allowing XJN010 to proceed directly to a Phase II clinical trial in the U.S. The clinical trial data submitted from the Chinese Mainland to the FDA includes particulars on the pharmacokinetics and safety of the drug, and contains no any personal information, sensitive information or material data. As affirmed by our PRC Legal Advisor, the submission of clinical trial data from the Chinese Mainland to the FDA complies with applicable PRC data privacy laws and regulations in material aspects.

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

In the IND approval granted for the pediatric indication, the NMPA explicitly instructed the Company to refer to the Technical Guidelines for Clinical Trials of Improved Chemical Drugs for Children (Trial) (兒童用化學藥品改良型新藥臨床試驗技術指導原則(試行)), the Technical Guidance Principles for Extrapolating Adult Medication Data to Pediatric Populations (成人用藥數據外推至兒科人群的技术指導原則), and ICH E11(R1). Specifically, the NMPA’s IND approval stated that the Company should “obtain sufficient safety, PK, and PD research data in adults” and gain a thorough understanding of the preparation’s delivery performance before initiating studies in children. Accordingly, the Phase I clinical trial for the pediatric indication was conducted in healthy adults.

Upon completion of the Phase I trial in adults, a formal meeting was held with the NMPA in July 2025, where we presented the adult Phase I trial data. Based on this data, the NMPA reached an agreement with us on the rationality, risk-benefit profile, and safety of the proposed dosage regarding the pediatric clinical development plan. After this meeting and the relevant correspondence between us and the NMPA, the NMPA made no further objections to the Phase IIa clinical trial protocol proposed by us.

According to Frost & Sullivan, the above-mentioned approach of supporting pediatric development based on adult Phase I clinical trial data is a common practice in the industry. According to the Notice on “Guiding Principles for Quantitative Methodology of Extrapolating Adult Drug Data to Pediatric Populations (Trial)” issued by NMPA, extrapolation strategies may be adopted to apply adult clinical trial data to pediatric development (particularly in pharmacokinetics and safety aspects), provided that sufficient similarities exist between pediatric and adult populations regarding disease, drug pharmacology, and expected therapeutic responses. This practice not only maximizes the utilization of adult data and reduces risks to pediatric subjects, but also accelerates the progress of pediatric clinical trials.

In our June 2025 clinical trial application for the adult indication, we explicitly submitted that (1) the adult and pediatric indications were identical in pharmaceutical development and non-clinical research materials; (2) the completed Phase I clinical trial in healthy adults conducted under the pediatric indication was planned to be used to support the adult Phase II clinical trial application, serving as the safety basis. The NMPA accepted the adult indication application in July 2025 and approved it in September 2025 without requiring a separate adult Phase I clinical trial. We subsequently completed NMPA registration for the adult Phase II clinical trial, and no objections had been received as of the Latest Practicable Date. The Phase II clinical trial for the adult indication commenced in March 2026.

As all pipeline products are self-developed, our Company holds global commercialization rights in respect of such products. Our Company currently intends to prioritize China and the U.S. as the initial target jurisdictions for the Core Products.

We submitted IND on January 15, 2026, and FDA did not place the IND on clinical hold during the 30-day review period. FDA subsequently informed us on February 18, 2026 by email that the study may proceed.

The API for XJN010 is levodopa. The API for key product XJN026, and other products XJN1102 and XJN2503, are not disclosed in this Document due to confidentiality and commercial sensitivity reasons, as these product candidates are still at an early stage of development and have not yet entered clinical trials. Our patent portfolio relating to our product candidates is summarized on pages 319.1 to 321.4 and Appendix VI-9 to VI-16.

In China, all pipeline product candidates are being developed under the NMPA regulatory framework for Class 2 modified new drugs (2類：境內外均未上市的改良型新藥). Class 2 modified new drugs refer to products developed based on known active ingredients, with optimization of, among others, the dosage form, formulation, manufacturing process, route of administration and/or indication, and which are intended to provide clinically meaningful advantages. In the U.S., all pipeline product candidates are being developed under the FDA regulatory pathway under Section 505(b)(2) of the U.S. Federal Food, Drug, and Cosmetic Act. The 505(b)(2) pathway is applicable to modified drug products developed with reference to one or more previously approved drugs, where the proposed product involves modifications such as dosage form, route of administration, formulation and/or indication.

For XJN 026, IND approval was granted by the NMPA in January 2026, but no U.S. IND application had been submitted as of the Latest Practicable Date. Accordingly, the sponsor disclosure relating to the U.S. refers to the planned U.S. IND application, for which the Company is expected to act as the sole sponsor. For XJN 1102 and XJN 2503, no IND application had been submitted for either candidate as of the Latest Practicable Date, as both candidates were still at the preclinical stage. Accordingly, the sponsor disclosure refers to the planned IND applications, for which the Company is expected to act as the sole sponsor.

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OUR PIPELINE

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

Our Core Products

Dexmedetomidine Hydrochloride Microneedle Patch (“DHMP”)

Our DHMP is a self-developed product and the first dissolving microneedle transdermal drug patch approved for clinical trials in China. It is being developed for preoperative sedation in both pediatric and adult patients and delivers dexmedetomidine hydrochloride via a dissolving microneedle system.

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

From the regulatory perspective, in April 2024, we received IND approval from the NMPA to conduct a Phase I clinical trial in China for the pediatric indication in patients of 2 to 6 years old. 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 minimize risk to vulnerable populations. Accordingly, the Phase I clinical trial for the pediatric indication was conducted in healthy adults. The Phase I clinical trial commenced in February 2025 and was completed in March 2025. The Phase IIa clinical trial for the pediatric indication commenced in August 2025. We completed the conduct of clinical studies in June 2026 and expect to complete Phase IIa by issuing the clinical study report in the third quarter of 2026.

For the adult indication, in our clinical trial application submitted in June 2025, we explained that we were using the completed Phase I clinical study conducted in healthy adult subjects under the pediatric indication to support the adult indication Phase II clinical trial application, and we cited such Phase I clinical results as the safety basis for the adult Phase II clinical trial. The NMPA approved the application in September 2025 without requiring a separate Phase I clinical trial to be conducted for the adult indication. We thereafter completed the required NMPA registration for the Phase II clinical trial for the adult indication, and no objection had been received as of the Latest Practicable Date. We commenced the Phase II clinical trial in March 2026 and expect to complete it in the fourth quarter of 2026.

In the U.S., we submitted an IND application to the FDA in January 2026, and the IND approval was obtained in February 2026. The U.S. IND is limited to the adult indication. We plan to initiate Phase I clinical trial in the U.S. in Q4 2026.

From a market perspective, sedation use is expanding beyond operating rooms into outpatient, diagnostic and minimally invasive procedures, with particularly strong growth in pediatric and outpatient settings. According to Frost & Sullivan, both the global and China preoperative sedation markets are growing steadily, with faster expansion in pediatrics than in adults. Frost & Sullivan reported that in 2021, the overall China preoperative sedation market size was approximately RMB7.42 billion, comprising approximately RMB6.48 billion for adult sedation drugs and approximately RMB0.94 billion for pediatric sedation drugs. The overall market rose to around RMB7.76 billion by 2025 and is projected to grow to approximately RMB8.26 billion by 2030. Growth in the pediatric segment is projected to outpace the adult segment (indicated by a projected CAGR of 2.57% for the pediatric segment from 2026 to 2030) and is expected to be a key driver of overall market expansion. Meanwhile, injectable sedatives in China are increasingly commoditized due to centralized procurement, putting pressure on pricing and margins. Against this backdrop, DHMP is positioned as a product competing on clinical utility and operational efficiency rather than price. According to Frost & Sullivan, in the U.S., the sedation market grew from approximately USD5.12 billion in 2021 to approximately USD5.41 billion in 2025 and is projected to grow to approximately USD5.84 billion by 2030.

Because preoperative sedation is typically assessed based on procedure volumes and sedation patient volumes rather than disease epidemiology, metrics such as prevalence, incidence and patient diagnostic rates of a specific disease are generally not directly applicable to the addressable market for DHMP.

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The target market includes both inpatient (including pediatric patients and selected adult patients who are less receptive to IV administration) and outpatient settings. However, the market potential for the product may be limited, and the market opportunity may be smaller than expected, as the product may be adopted only for selected patient segments and may not entirely replace traditional IV administration. Market penetration will depend on clinical acceptance, workflow integration, pricing and reimbursement, procurement decisions and competition.

To support adoption, our commercialization strategy is to position DHMP as a more comfortable, non-IV sedation option for selected peri-operative and invasive procedures, with initial promotion primarily through in-hospital channels (including anesthesiologists, pain management specialists, endoscopy centers and pediatricians), and a focus on settings where non-IV administration may be particularly relevant. For further details, see “Business — Our Pipeline Products — Dissolving microneedle drug formulation technology platform — The Dexmedetomidine Hydrochloride Microneedle Patch — our Core Product for preoperative sedation — Market opportunities and competition”.

DHMP is subject to certain limitations and uncertainties. As of the Latest Practicable Date, Phase IIa clinical trial for the pediatric indication has completed the conduct of clinical studies, while Phase II clinical trial for the adult indication is ongoing. Further clinical trials are required before any marketing authorization may be obtained. Given the novelty of the delivery approach, the effectiveness and clinical benefit of DHMP remain uncertain, and there is no assurance that it will demonstrate favorable safety and efficacy outcomes in later-stage clinical trials or obtain regulatory approval in any jurisdiction.

XJN010

XJN010 is our self-developed, clinical-stage nasal inhalation drug formulation designed for the on-demand treatment of “Off” episodes in patients with Parkinson’s disease who are already receiving levodopa-based therapy. According to Frost & Sullican, levodopa-based therapies are considered a primary treatment approach for managing motor symptoms in Parkinson’s disease, and levodopa is often administered in combination with a dopa decarboxylase inhibitor. “Off” episodes are characterized by the sudden re-emergence of motor symptoms and represent a existing clinical need especially in China, where no approved therapy is specifically indicated for this condition. The use of XJN010 is intended to complement, and not to replace, routine day-to-day Parkinson’s disease treatment.

XJN010 is developed based on our nasal inhalation formulation platform and is designed for nasal administration and may enable the active pharmaceutical ingredient (“API”), levodopa, to be delivered via the nose-to-brain pathway, potentially bypassing the gastrointestinal tract and the bloodbrain barrier. This delivery approach differs from that used in routine therapy and is intended to enable rapid onset of action without reliance on swallowing or pulmonary inhalation, making it suitable for patients experiencing unpredictable “Off” episodes or difficulties with conventional routes of administration. The product is formulated as a liquid suspension nasal spray incorporating penetration enhancers and targeted olfactory-region delivery technology, designed to support efficient and consistent drug delivery to the brain. However, there is no assurance that XJN010 will achieve the intended onset profile or clinical benefit in treating “Off” episodes.

From a regulatory perspective, in August 2024, we obtained IND approval from the NMPA for XJN010 in China. According to the IND approval notice, we are permitted to carry out clinical trials for XJN010 in China, and after completion of Phase II clinical trials and prior to commencement of Phase III clinical trials, we should communicate with the NMPA regarding the existing clinical data and the Phase III clinical trial protocol. In addition, prior to commencement of clinical trials in China, registration on the NMPA website is required, and if the relevant clinical trial had not been properly approved, the NMPA would raise objections to such registration. We have not received any such objections from the NMPA. Our Phase I clinical trial commenced in March 2025 and was completed in June 2025, with results indicating rapid absorption and a favorable safety and tolerability profile. Our Phase II clinical trial commenced in China in August 2025. We completed the conduct of clinical studies for the trial in April 2026 and expect to complete Phase II by issuing the clinical study report in the third quarter of 2026. As of the Latest Practicable Date, we had not received any material questions or objections from the NMPA regarding our Phase I and Phase II clinical development plans for XJN010.

In the U.S., a pre-IND application was submitted in June 2025. In September 2025, we received a written response from the FDA indicating that a Phase I clinical trial in the U.S. may be exempted and that we may proceed directly to a Phase II clinical trial, subject to formal review by the FDA. We submitted a formal IND application in October 2025, and received IND approval in February 2026 for direct entry into Phase II clinical trial in the U.S. The FDA did not impose any condition in order to proceed directly into the Phase II clinical trial. We plan to initiate the Phase II clinical trial in the third quarter of 2026.

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From the market perspective, Parkinson’s disease represents a large and growing global health burden driven by aging populations. addressable market for XJN010 refers to the market for therapeutics used for the management of Parkinson’s disease “Off” episodes. According to Frost & Sullivan, “Off” episodes are expected to occur in a substantial proportion of Parkinson’s disease patients over time, with approximately 50% of patients with a disease duration exceeding five years experiencing pronounced “Off” episodes, a proportion rising to 70%-80% among those with over ten years of disease progression. The prevalence rate of PD “Off” episodes is 0.13% in healthy individuals, and the diagnostic rate for PD “Off” episodes is 64.0%.

According to Frost & Sullivan, in China, the “Off” stage Parkinson’s disease market grew from approximately USD0.31 billion in 2021 to approximately USD0.44 billion in 2025 and is projected to grow from approximately USD0.51 billion in 2026 to approximately USD0.85 billion by 2030. Frost & Sullivan further estimates that the number of patients experiencing Parkinson’s disease “Off” episodes in China is expected to increase from approximately 1.42 million in 2021 to approximately 2.35 million by 2030. According to Frost & Sullivan, the U.S. Parkinson’s Disease (“Off” episodes) market increased from approximately USD1.09 billion in 2021 to approximately USD1.60 billion in 2025 and is projected to grow from approximately USD1.77 billion in 2026 to approximately USD2.58 billion by 2030. Frost & Sullivan also estimates that the number of patients experiencing Parkinson’s disease “Off” episodes in the U.S. is projected to increase from approximately 0.25 million in 2021 to approximately 0.44 million by 2030.

Against this backdrop, XJN010 is positioned as a therapeutic option competing on speed of onset, delivery efficiency and patient convenience. According to Frost & Sullivan, as of the Latest Practicable Date, XJN010 is the only investigational product for Parkinson’s disease “Off” episodes approved for clinical trials in China. Thus, there remains a clinical need in China for rapid, on-demand management of “Off” episodes. For further details, see “Business — Our Pipeline Products — 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 — Market opportunities and competition”.

XJN010 is subject to certain limitations and uncertainties. As of the Latest Practicable Date, conduct of the clinical studies for Phase II clinical trial has been completed, and preparation of the clinical study report is ongoing. Further clinical trials are required before any marketing authorization may be obtained in any jurisdiction. Phase I studies are primarily designed to evaluate safety, tolerability and pharmacokinetics rather than efficacy. Accordingly, the clinical efficacy and benefit of XJN010 will be assessed based on the Phase II clinical trial results, for which the clinical trial report has not yet been issued as of the Latest Practicable Date. In particular, XJN010 utilizes an alternative formulation designed for nasal administration which may enable the already approved API to be delivered via an intended nose-to-brain pathway, which differs from conventional delivery routes used in routine Parkinson’s disease therapy. Given the novelty of this delivery approach, the effectiveness, onset characteristics and overall clinical benefit of XJN010 remain uncertain and will need to be evaluated based on the Phase II clinical trial results and subsequent clinical trials.

XJN010 is subject to risks associated with intranasal device development for nose-to-brain drug delivery.

Developing appropriate intranasal devices for CNS drug delivery involves significant challenges, including difficulty in achieving effective and sustained deposition in the olfactory region, technical limitations in controlling spray angle and particle size, variability in delivery efficiency and bioequivalence, and local safety and tolerability concerns such as nasal irritation, mucosal damage and reduced patient compliance. In addition, certain clinical trials of intranasal therapies for CNS indications have been discontinued or terminated due to insufficient efficacy, poor tolerability or recruitment difficulties. Accordingly, even if XJN010 has therapeutic potential, it may still encounter clinical failure due to delivery-related or tolerability-related issues. If such risks materialize, the clinical development, approval and commercialization of XJN010 may be materially and adversely affected. There is no assurance that XJN010 will demonstrate favorable safety and efficacy outcomes in later-stage clinical trials or obtain regulatory approval in any jurisdiction.

Our Key Product

XJN026

XJN026 is our self-developed, preclinical-stage vasoconstrictor nasal inhalation formulation intended for the acute treatment of migraine attacks with or without aura in adults and pediatric patients

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aged 6 to 17 years. It is designed as a non-oral, on-demand therapy administered intranasally to enable rapid drug absorption and address limitations associated with oral migraine treatments.

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

Preclinical pharmacokinetic and toxicology studies demonstrated favorable tissue distribution and a good safety profile, with no significant local irritation or systemic toxicity observed at doses exceeding the proposed clinical dose. Based on these results, an IND application was submitted to the NMPA in October 2025, and IND approval was granted in January 2026. We initiated Phase I clinical trial in China in April 2026. Preparation for IND submission to the FDA is ongoing.

From the market perspective, migraine is a highly prevalent neurological disorder with a large and growing global patient population. According to Frost & Sullivan, the China migraine treatment market increased from approximately USD0.41 billion in 2021 to approximately USD0.54 billion in 2025, and is projected to increase from approximately USD0.60 billion in 2026 to approximately USD0.89 billion in 2030. The U.S. migraine treatment market increased from approximately USD2.20 billion in 2021 to approximately USD2.94 billion in 2025, and is projected to increase from approximately USD3.16 billion in 2026 and approximately USD4.12 billion in 2030. The prevalence rate of migraine is 9.4%, and the diagnostic rate is 52.9%. Subject to further development and regulatory approval, XJN026 has the potential to offer a fast-acting intranasal option for acute migraine treatment, addressing the clinical needs for reliable and convenient alternatives to oral therapies.

XJN026 is subject to certain limitations and uncertainties. As of the Latest Practicable Date, XJN026 has not commenced human clinical trials. Although XJN026 contains an active ingredient with a well-established mechanism of action and clinical safety profile in its approved forms, XJN026 utilizes an intranasal route of delivery and a nasal inhalation formulation platform, which differs from conventional delivery routes used in routine migraine therapy. Given the novelty of this delivery approach, the safety, tolerability, pharmacokinetics, effectiveness, onset characteristics and overall clinical benefit of XJN026 remain uncertain and will need to be evaluated through clinical trials. There is no assurance that XJN026 will achieve the intended clinical profile, demonstrate favorable safety and efficacy outcomes in clinical trials or obtain regulatory approval in any jurisdiction.

Our Other Products

XJN1102

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

XJN2503

XJN2503 is our self-developed, preclinical-stage 5-HT₃ receptor antagonist nasal inhalation formulation intended for the rapid relief and prevention of nausea and vomiting associated with chemotherapy, radiotherapy and postoperative recovery in adults and pediatric patients aged four years and above. The product is designed as a non-oral, non-injectable therapy with rapid onset, and we plan to submit an IND application to the NMPA in the fourth quarter of 2026.

OUR BUSINESS MODEL

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

In parallel, we undertake regulatory planning and conduct clinical development in accordance with the requirements of relevant regulatory authorities. Our commercialization strategy is supported by a scalable manufacturing and supply framework, comprising a non-commercial production facility for clinical-stage supply, the progressive establishment of good manufacturing practice (“GMP”) compliant commercial manufacturing facilities, and the selective use of qualified contract manufacturing

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organizations (“CMOs”). Looking ahead, we intend to commercialize our products through a combination of in-house market development in China and selective out-licensing or co-development arrangements for products with international potential.

OUR TECHNOLOGY PLATFORMS

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

Our dissolving microneedle platform incorporates a core technology platform with independent intellectual property rights, characterized by effective skin penetration, effective targeted delivery, effective transdermal absorption, precise and controllable drug loading, and precise continuous infusion. Together, these technologies enable effective microneedle penetration, accurate dose delivery and stable, continuous drug administration.

Our nasal inhalation platform is based on a technology system combining precise olfactory-region administration with effective mucosal absorption and intracerebral transport. The system is designed to support nasal drug delivery for central nervous system indications and a broad range of drug types, and may enable transport to the brain via nose-to-brain pathway.

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths have differentiated us from our competitors: (i) technology platforms that support the continuous development of multiple pipeline products; (ii) according to Frost & Sullivan, our Core Product, DHMP, is the first dissolving microneedle drug patch approved for clinical trials in China, and the only one in China to have advanced to Phase II clinical trial; (iii) according to Frost & Sullivan, our Core Product XJN010, is the first and only investigational product addressing the “Off” episodes in Parkinson’s disease approved for clinical trials in China; (iv) a pipeline based on selected indications and alternative formulation technologies; and (v) a management team with extensive industry expertise and market insight. For details, see “Business — Our Competitive Strengths”.

OUR DEVELOPMENT STRATEGIES

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

RESEARCH AND DEVELOPMENT

We conduct research and development primarily through our in-house R&D team, which comprised 122 professionals as of the Latest Practicable Date, of whom 30 hold a master’s degree or above and covers the full development cycle from formulation design and preclinical research to clinical development, regulatory affairs and quality control. Among our R&D personnel, there are 46 R&D personnel responsible for the development of our Core Products, 25 R&D personnel responsible for the development of our other product candidates, and 51 R&D personnel responsible for our CRO Services. Our R&D activities are centered on our dissolving microneedle and nasal inhalation formulation platforms and are supported by a structured internal evaluation process and cross-functional project teams. Clinical development is conducted in cooperation with qualified hospitals in China, which are engaged by our CRO suppliers, with ongoing engagement with the NMPA to align development strategies with regulatory expectations.

During the Track Record Period, we incurred R&D expenses of approximately RMB16.4 million, RMB38.2 million, RMB10.4 million and RMB19.0 million for the years ended December 31, 2024 and 2025 and the five months ended May 31, 2025 and 2026, respectively. A substantial portion of these expenditures was directed toward advancing our two Core Products.

Notwithstanding our R&D expenses incurred for our two Core Products as a percentage of our total research and development expenses decreased slightly from approximately 72.5% for the year ended December 31, 2024 to approximately 69% for the year ended December 31, 2025, and that the aggregate of our selling and distribution expenses, and administrative expenses exceeded our R&D expenses for the years ended December 31, 2024 and 2025, we remain primarily engaged in R&D for the purpose of developing our Core Product and have continued such R&D during the 12 months prior to [REDACTED].

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Particularly, (i) our R&D expenses incurred for our two Core Products increased by approximately 121.4% for the year ended December 31, 2025 to approximately RMB26.3 million, and remains substantially higher than our other R&D expenses of approximately RMB11.9 million for the year ended December 31, 2025; (ii) the slight decrease in the R&D expenses incurred for our two Core Products as a percentage of our total R&D expenses was attributable to the substantial increase in R&D expenses incurred for our key product, XJN026, at the pre-IND approval stage during the year ended December 31, 2025, leading to an increase in our R&D expenses incurred for our key product of approximately 227% for the year ended December 31, 2025 and offsetting the percentage increase of our R&D expenses incurred for our two Core Products; (iii) the aggregate of our selling and distribution expenses and administrative expenses exceeded our R&D expenses for the year ended December 31, 2025 primarily due to non-recurring expenses incurred under our selling and distribution expenses and administrative expenses during the year ended December 31, 2025, including share-based compensation expenses of approximately RMB9.1 million as a result of the awards granted under the Pre-[REDACTED] Equity Incentive Scheme during the year ended December 31, 2025 and [REDACTED] expenses of approximately RMB[REDACTED] million. For illustrative purpose, by excluding share-based compensation expenses and [REDACTED] expenses, the aggregate of our selling and distribution expenses and administrative expenses for the year ended December 31, 2025 would amount to approximately RMB31.4 million which remains less than our R&D expenses of approximately RMB34.9 million (after excluding share-based compensation expenses under our R&D expenses); (iv) we have continued to develop our two Core Products and have achieved regulatory milestones during the year ended December 31, 2025, including but not limited to the commencement of Phase II clinical trials in PRC for the pediatric indication of our DHMP, obtaining approval from NMPA to initiate Phase II clinical trials in PRC for the adult indication of our DHMP, and commencement of Phase II clinical trials in PRC for XJN010; and (v) our R&D expenses incurred for our two Core Products for the five months ended May 31, 2026 as a percentage of our total research and development expenses and our total operating expenses as compared with the five months ended May 31, 2025, have increased from approximately 51.0% to 77.9% and from 24.2% to 39.5%, respectively.

MANUFACTURING

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

For the years ended December 31, 2024 and 2025 and the five months ended May 31, 2026, we engaged one, two and nil CMOs, respectively, to provide manufacturing services for our pre-clinical and clinical trials for our pipeline products, incurring expenses of approximately RMB0.08 million, RMB0.4 million and nil, respectively. For details of the salient terms of the agreements entered into with the CMOs, please refer to the section headed “— Key Contractual Terms with Our Suppliers” of this Document.

COMMERCIALIZATION

As of the Latest Practicable Date, none of our Core Products or key products has been approved for commercialization. Our Core Products, including DHMP and XJN010, are currently in clinical development. As all of our pipeline products are self-developed, we hold global commercialization rights in respect of such products.

We currently intend to prioritize China and the U.S. as the initial target jurisdictions for the Core Products. We plan to establish an in-house team to oversee commercialization strategy, academic promotion and business development, including developing launch plans and identifying and evaluating strategic partners. In China and the U.S., we intend to advance commercialization through a combination of in-house market development and strategic partnerships, including collaborating with experienced contract sales organizations and/or other parties with established commercialization capabilities and distribution networks. This approach is intended to support efficient market access and commercial execution while managing costs and risks.

For jurisdictions beyond our initial target markets, we intend to explore, where appropriate, out-licensing, co-development and/or regional commercialization partnerships to support market entry, subject to clinical progress, regulatory approvals and the outcome of partnering discussions.

CUSTOMERS

During the Track Record Period, we provided CRO Services related to drug development and preclinical R&D to our customers. We also carried out sales of Esomeprazole Magnesium Delayed-Release Capsules and Propofol Injectable Emulsion in the United States and PRC respectively

SUMMARY

(“**MAH Business**”), the aforesaid products under our MAH Business are not related to our Core Products and other pipeline products. We are not involved in the R&D and manufacturing of Esomeprazole Magnesium Delayed-Release Capsules and Propofol Injectable Emulsion, we acquired the listing rights of the products from independent third parties and engage CMOs to manufacture the products, and distributed our Esomeprazole Magnesium Delayed-Release Capsules products via our distributor in the U.S., and our Propofol Injectable Emulsion products via our distributors in the PRC. We ceased the sales of Propofol Injectable Emulsion in the PRC in January 2024 after having considered various factors, among others, (i) the 10mL formulation of our Propofol Injectable Emulsion was less commonly adopted in clinical practice in PRC, whereas the 20mL formulation offered by our competitors had become the predominant market standard; (ii) our Propofol Injectable Emulsion lacked pricing competitiveness, and any further price reductions would have adversely impacted our profit margins; and (iii) we intend to consolidate our resources for the R&D of our two Core Products. To the best of our knowledge, all of our five largest customers in each year during the Track Record Period are Independent Third Parties.

The aggregate sales to our five largest customers during the year ended December 31, 2024 and 2025, and the five months ended May 31, 2026 amounted to approximately RMB18.6 million, RMB28.5 million and RMB11.4 million, respectively, and accounted for approximately 37.9%, 51.5% and 68.8% of our total revenue for the respective year/period. Revenue from our single largest customer during the year ended December 31, 2024 and 2025, and the five months ended May 31, 2026 amounted to approximately RMB7.8 million, RMB13.4 million and RMB4.2 million, respectively, and accounted for approximately 15.9%, 24.2% and 25.1% of our total revenue for the respective year/period. The increase in contribution of revenue from the five largest customers for the year ended December 31, 2025 and five months ended May 31, 2026 was primarily due to (i) the increased purchase orders placed by the distributor of our Esomeprazole magnesium delayed-release capsules products in the U.S., which accounted for 100% of the revenue of our MAH Business for the respective year/period; and (ii) the progressive scaling down of our CRO Services during the year ended December 31, 2025 and five months ended May 31, 2026, as a result the aggregate revenue accounted by our five largest customers as a percentage of our total revenue increased during the respective year/period.

SUPPLIERS

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

The aggregate purchases from our five largest suppliers during the year ended December 31, 2024 and 2025 and the five months ended May 31, 2026 amounted to approximately RMB14.2 million, RMB35.3 million and RMB17.2 million, respectively, and accounted for approximately 42.6%, 45.0% and 65.4% of our total purchases for the respective year/period. The purchases from our single largest supplier during the year ended December 31, 2024 and 2025 and the five months ended May 31, 2026 amounted to approximately RMB4.5 million, RMB12.5 million and RMB5.9 million, respectively, and accounted for approximately 13.5%, 15.9% and 22.6% of our total purchases for the respective year/period. The contribution of purchase from our five largest suppliers as a percentage of our total purchases remained stable during the years ended December 31, 2024 and 2025, and increased during the five months ended May 31, 2026, primarily due to (i) increase in R&D services purchases from our CRO suppliers in relation to the phase II clinical trials of our Core Products; and (ii) purchases from one of our five largest suppliers during the five months ended May 31, 2026 for equipment in our Microneedle Formulation Industrial Base.

INTELLECTUAL PROPERTY

Intellectual property protection is critical to our business. As of the Latest Practicable Date, we held a portfolio of granted patents and pending patent applications in China, the U.S. and under the Patent Cooperation Treaty (“**PCT**”), a portion of which materially covers the technical features of our pipeline products. All material patents and patent applications are owned exclusively by us. As of the Latest Practicable Date, we held four granted patents and five pending patent applications in connection with our Core Products and the key product, including two granted patents and one pending application for DHMP, one granted patent and two pending applications for XJN010, and one granted patent and two pending applications for XJN026. We have conducted freedom-to-operate analyses in China and the U.S. for our Core Products and have not identified issued patents that would raise material freedom-to-operate (“**FTO**”) concerns, although no assurance can be given that third-party rights will not arise in the future.

SUMMARY

OUR SHAREHOLDING STRUCTURE

Our Controlling Shareholders

As at the Latest Practicable Date, our founder Dr. Wu, held approximately 23.15% of the Shares and is deemed to hold approximately 22.43% of the Shares by virtue of Dr. Wu’s role as general partner in various entities including Baiji Investment, Deji Investment, Shanji Investment and Guangji Investment. Dr. Wu and his spouse, Dr. Pan Xin, also held approximately 5.43% of the shares through Minji Investment, a company owned by them. As such, Dr. Wu, Dr. Pan Xin, Baiji Investment, Deji Investment, Shanji Investment, Guangji Investment and Minji Investment constitute our Controlling Shareholder Group, holding approximately 51.01% of the Shares in aggregate as at the Latest Practicable Date and approximately [REDACTED] % of the Shares in aggregate (assuming the [REDACTED] is not exercised) upon the completion of the [REDACTED].

Pre-[REDACTED] Investments

We have received six rounds of Pre-[REDACTED] investments (amounting to a total of RMB290,511,326) since our establishment. Our Pre-[REDACTED] Investors include one Sophisticated Investor, namely, Guangzhou Redhill Equity Investment Management Co., Ltd. (investing through Guangzhou Yuexiu Redhill Venture Capital Fund Partnership) which will hold approximately [REDACTED]% of the total issued Shares of the Company upon the completion of the [REDACTED], Share Subdivision, and conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised). After our last round of financing, our implied post-money valuation is RMB1.53 billion. As of Latest Practicable Date, we have utilised approximately 79.2% of the proceeds from the Pre-[REDACTED] Investments to finance our principal business, including but not limited to research and development of our products, the growth and expansion of our business and general working capital purposes.

SUMMARY OF KEY FINANCIAL INFORMATION

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

Summary of Consolidated Statements of Profit or Loss

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

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
REVENUE	49,026	55,238	21,357	16,567
Cost of sales	(32,511)	(42,333)	(15,824)	(13,289)
Gross profit	16,515	12,905	5,533	3,278
Other income and gains	3,700	3,598	2,134	992
Selling and distribution expenses	(7,164)	(5,818)	(2,439)	(1,488)
Administrative expenses	(15,199)	(44,142)	(9,125)	(16,952)
Research and development expenses	(16,413)	(38,184)	(10,389)	(18,961)
Impairment losses on financial and contract assets, net	(449)	(430)	(211)	(797)
Other expenses	(4,237)	(2,842)	(2,132)	(916)
Finance costs	(3,388)	(6,226)	(687)	(584)
Loss before change in fair value of financial liabilities on series shares	(26,635)	(81,139)	(17,316)	(35,428)
Change in fair value of financial liabilities on series shares	(120,449)	(29,807)	(1,105)	(161,720)
LOSS BEFORE TAX	(147,084)	(110,946)	(18,421)	(197,148)
Income tax expense	—	—	—	(4)
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(147,084)	(110,946)	(18,421)	(197,152)

SUMMARY

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Attributable to:				
Owners of the parent	(145,037)	(109,430)	(17,098)	(196,958)
Non-controlling interests	(2,047)	(1,516)	(1,323)	(194)
	<u>(147,084)</u>	<u>(110,946)</u>	<u>(18,421)</u>	<u>(197,152)</u>

Revenue

During the Track Record Period, we generated revenue from the provision of CRO Services and our MAH Business. The following table sets forth a breakdown of our revenue by business segment for the years indicated:

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
MAH Business	2,678	13,382	5,870	4,165
CRO Services	46,348	41,856	15,487	12,402
Total revenue	<u>49,026</u>	<u>55,238</u>	<u>21,357</u>	<u>16,567</u>

Our revenue decreased by approximately RMB4.8 million or 22.4% from approximately RMB21.4 million for the five months ended May 31, 2025 to approximately RMB16.6 million for the five months ended May 31, 2026 primarily due to the decrease in revenue generated from both the MAH Business and the provision of CRO Services.

Our revenue increased by approximately RMB6.2 million or 12.7% from approximately RMB49.0 million for the year ended December 31, 2024 to approximately RMB55.2 million for the year ended December 31, 2025 primarily due to the increase in revenue generated from the MAH Business attributed to the increase of sales of Esomeprazole Magnesium Delayed-Release Capsules to our distributor for such product in the U.S.

Gross profit

Our gross profit decreased by approximately RMB2.3 million or 40.8% from approximately RMB5.5 million for the five months ended May 31, 2025 to approximately RMB3.3 million for the five months ended May 31, 2026. Our gross profit margin decreased from approximately 25.9% for the five months ended May 31, 2025 to approximately 19.8% for the five months ended May 31, 2026.

Our gross profit decreased by approximately RMB3.6 million or 21.9% from approximately RMB16.5 million for the year ended December 31, 2024 to approximately RMB12.9 million for the year ended December 31, 2025. Our gross profit margin decreased from approximately 33.7% for the year ended December 31, 2024 to approximately 23.4% for the year ended December 31, 2025.

MAH Business

Our gross profit for the MAH Business decreased by approximately RMB0.3 million or 57.9% from approximately RMB0.6 million for the five months ended May 31, 2025 to approximately RMB0.2 million for the five months ended May 31, 2026. Our gross profit margin for the MAH Business also decreased from approximately 9.7% for the five months ended May 31, 2025 to approximately 5.8% for the five months ended May 31, 2026. The decrease in gross profit and gross profit margin was primarily due to the decrease of sales of Esomeprazole Magnesium Delayed-Release Capsules to our distributor for such product in the U.S. during the five months ended May 31, 2026, and the increase in per-unit amortization costs in relation to the listing right as a result of decrease of sales volume of Esomeprazole Magnesium Delayed-Release Capsules.

Our gross profit for the MAH Business increased by approximately RMB0.4 million or 198.1% from approximately RMB0.2 million for the year ended December 31, 2024 to approximately RMB0.6 million for the year ended December 31, 2025, primarily due to the increase of sales of Esomeprazole Magnesium Delayed-Release Capsules to our distributor for such product in the U.S. during the year ended December 31, 2025. Our gross profit margin for the MAH Business decreased from approximately 8.0% for the year ended December 31, 2024 to approximately 4.8% for the year ended December 31, 2025 primarily due to the cessation of sale of Propofol Injectable Emulsion in the PRC during the year ended December 31, 2024, which had a higher gross profit margin during the year ended December 31, 2024 of approximately 30.9% and contributed approximately 7.5% to the gross

SUMMARY

profit margin of the MAH Business during the year ended December 31, 2024. Such decrease in gross profit margin for the MAH Business was partially offset by the increase in gross profit margin for the sale of Esomeprazole Magnesium Delayed-Release Capsules due to the decrease in per-unit amortization costs in relation to the listing right as a result of increase of sales volume of Esomeprazole Magnesium Delayed-Release Capsules.

CRO Services

Our gross profit for the provision of CRO Services decreased by approximately RMB1.9 million or 38.8% from approximately RMB5.0 million for the five months ended May 31, 2025 to approximately RMB3.0 million for the five months ended May 31, 2026. Our gross profit margin for the provision of CRO Services also decreased from approximately 32.0% for the five months ended May 31, 2025 to approximately 24.5% for the five months ended May 31, 2026. The decrease in gross profit and gross profit margin were primarily due to (i) the progressive scaling down of our CRO Services business to consolidate resources for the R&D of our two Core Products leading to a decrease in number of new projects engaged and decrease in revenue under this business segment for the five months ended May 31, 2026 and (ii) increase in staff and material costs due to additional resources allocated to address technical challenges associated with regulatory policies changes applicable to our customers’ projects and the increase in share-based compensation recognised during the five months ended May 31, 2026 as a result of the vesting of certain share awards granted under the Pre-[REDACTED] Equity Incentive Scheme granted in the year ended December 31, 2025.

Our gross profit for the provision of CRO Services decreased by approximately RMB4.0 million or 24.8% from approximately RMB16.3 million for the year ended December 31, 2024 to approximately RMB12.3 million for the year ended December 31, 2025. Our gross profit margin for the provision of CRO Services also decreased from approximately 35.2% for the year ended December 31, 2024 to approximately 29.3% for the year ended December 31, 2025. The decrease in gross profit and gross profit margin were primarily due to (i) our adjusted pricing strategy to retain clients, (ii) the progressive scaling down of the provision of CRO Services business to consolidated resources for the R&D of our two Core Products leading to a decrease in number of new projects engaged and decrease in revenue under this business segment for the year ended December 31, 2025, (iii) increase in the ratio of staff and material costs to segment revenue during the year ended December 31, 2025 due to additional resources allocated to address technical challenges associated with regulatory policies changes applicable to our customers’ projects, and (iv) increased in share-based compensation during the year ended December 31, 2025.

We recorded net losses during the Track Record Period as we incurred significant operating expenses to finance our research and development activities and operations. For the years ended December 31, 2024 and 2025 and the five months ended May 31, 2025 and 2026, we recorded research and development expenses of approximately RMB16.4 million, RMB38.2 million, RMB10.4 million and RMB19.0 million, respectively. A substantial share of our research and development expenses was allocated to advancing our two Core Products was allocated to advancing our two Core Products. The following table sets forth a breakdown of our research and development expenses attributable to each of the Core Products for the years and periods indicated:

	Year ended December 31,		Five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Research and development expenses attributable to each of the Core Products				
— DHMP	5,616	11,500	2,336	9,256
— XJN010	6,283	14,845	2,966	5,519
Total	11,899	26,345	5,302	14,775

Our research and development expenses incurred for our two Core Products were approximately RMB11.9 million, RMB26.3 million, RMB5.3 million and RMB14.8 million for the years ended December 31, 2024 and 2025 and the five months ended May 31, 2025 and 2026, respectively, accounting for 72.5%, 69.0%, 51.0% and 77.9% of our total research and development expenses, and 30.7%, 29.9%, 24.2% and 39.5% of our total operating expenses (i.e. selling and distribution expenses, administrative expenses, research and development expenses) during the same periods, respectively. The increase in R&D expenses was primarily due to the increase in experiment and testing fees and staff cost as a result of the completion of phase I clinical trials and the conducting of phase II clinical trials for our two Core Products.

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Summary of Consolidated Statements of Financial Position

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

	As at 31 December		As at May 31
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Total non-current assets	49,716	59,474	60,985
Total current assets	90,901	171,763	145,911
Total current liabilities	399,469	552,570	719,180
Net current liabilities	(308,568)	(380,807)	(573,269)
Total assets less current liabilities	(258,852)	(321,333)	(512,284)
Total non-current liabilities	24,314	22,273	20,551
Net liabilities	(283,166)	(343,606)	(532,835)

Our net current liabilities increased from approximately RMB308.6 million as at December 31, 2024 to approximately RMB380.8 million as at December 31, 2025, due to the increase in the amount of total current liabilities during the year ended December 31, 2025, which was primarily attributable to the increase in investments in our Company by certain Pre-[REDACTED] Investors with special rights during the year ended December 31, 2025. Our net current liabilities further increased to approximately RMB573.3 million as at May 31, 2026, primarily due to (i) the increase in financial liabilities on series shares of approximately RMB161.7 million as a result of the continuing increase in our valuation during the respective periods as a result of the progress of development in our pipeline Products during the five months ended May 31, 2026; (ii) the increase in interest-bearing bank and other borrowings of approximately RMB14.9 million as a result of new unsecured bank loans obtained during the five months ended May 31, 2026; and (iii) the increase in financial assets at fair value through profit or loss of approximately RMB6.8 million.

Our net liabilities increased from approximately RMB283.2 million as at December 31, 2024 to approximately RMB343.6 million as at December 31, 2025, primarily due to the increase in financial liabilities on series shares as a result of special rights granted to Pre-[REDACTED] Investors who invested in our Company during the year ended December 31, 2025. Our net liabilities further increased to approximately RMB532.8 million as at May 31, 2026, primarily due to the increase in financial liabilities on series shares.

The financial liabilities on series shares will be redesignated from liabilities to equity as a result of the automatic conversion into ordinary shares of our Company upon [REDACTED], as such we expect that the net liabilities position would turn into net assets position.

Summary of Consolidated Statements of Cash Flows

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

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Net cash flows (used in) operating activities.	(15,290)	(66,515)	(17,811)	(30,800)
Net cash flows (used in)/generated from investing activities.	7,240	(30,181)	(8,209)	(10,545)
Net cash flows generated from financing activities	69,210	161,753	9,123	10,600
Net increase in cash and cash equivalents	61,160	65,057	(16,897)	(30,745)
Cash and cash equivalents at beginning of year	7,201	68,361	68,361	133,383
Effect of foreign exchange rate changes, net.	—	(35)	—	(23)
Cash and cash equivalents at end of year	68,361	133,383	51,464	102,615

For the years ended December 31, 2024 and 2025 and the five months ended May 31, 2026, we had net cash flows used in operating activities of approximately RMB15.3 million, RMB66.5 million and RMB30.8 million, respectively. The net cash flows used in operating activities during the Track Record Period were primarily resulted from our expenditures for our research and development activities and our operations. For details, see the section headed “Financial Information — Liquidity and Capital Resources — Cash Flows of Our Group — Net Cash Flows Used in Operating Activities”.

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

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Our cash burn rate refers to the average monthly amount of net cash used in operating activities, capital expenditures and lease payments. We estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] million in the [REDACTED], assuming no [REDACTED] is exercised and at an [REDACTED] of HK\$[REDACTED] per [REDACTED]. Assuming an average cash burn rate going forward of 1.6 times of the cash burn rate level for the five months ended May 31, 2026, we estimate that our cash and cash equivalent as of May 31, 2026, will be able to maintain our financial viability for [REDACTED] months taking into account the estimated net [REDACTED] from the [REDACTED] and 8 months without taking into account the estimated net [REDACTED] from the [REDACTED]. The increased average cash burn rate going forward is determined with reference to, among others, the additional R&D expenditures to be incurred in respect of our two Core Products and key product, and the higher R&D expenses for later stages of clinical development in comparison with pre-clinical and phase I clinical trial. For details please refer to the section headed “Financial Information — Working Capital Sufficiency” in this Document. Taking into account the net [REDACTED] from the [REDACTED], the cash burn rate, and a minimum buffer of 12 months, we expect to raise our next round of financing no earlier than six months after completion of the [REDACTED], when we deem necessary and depending on market conditions from time to time.

Key financial ratios

Our current ratio as at December 31, 2024, December 31, 2025 and May 31, 2026 was 0.2, 0.3 and 0.2, respectively. Our quick ratio as at December 31, 2024, December 31, 2025 and May 31, 2026 was 0.2, 0.3 and 0.2, respectively. The low current ratio and quick ratio during the Track Record Period was primarily due to the high financial liabilities on series shares.

LITIGATION AND CLAIMS

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

[REDACTED]

[REDACTED] EXPENSES

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

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During the Track Record Period, we incurred [REDACTED] expenses of approximately RMB[REDACTED] million. We expect to incur [REDACTED] expenses of approximately RMB[REDACTED] million after the Track Record Period, of which an estimated amount of approximately RMB[REDACTED] million is expected to be charged to profit and loss and the remaining amount of approximately RMB[REDACTED] million is expected to be recognized directly as a deduction from equity upon the [REDACTED].

DIVIDEND

We do not have any formal dividend policy or pre-determined dividend payout ratio and no dividend has been paid or declared by our Company during the Track Record Period.

We currently expect to retain all future earnings for use in the operation and expansion of our business, and do not have any dividend policy to declare or pay any dividends in the near future. Any declaration and payment as well as the amount of dividends will be subject to our Articles of Association and the PRC Company Law. The declaration and payment of any dividends in the future will be determined by our Board, in its discretion, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions. Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board.

As advised by our PRC Legal Advisor, we may not have sufficient or any distributable profits to make dividend distributions to our Shareholders in a given year, in view of our accumulated losses, or even if we become profitable, as we will only be able to declare or pay dividends out of our distributable profits until (i) the accumulated losses are covered by our after-tax profits, and (ii) sufficient statutory and other reserves are drawn in accordance with the relevant laws, regulations and our constitutional documents. In light of our accumulated losses as disclosed in this document, it is unlikely that we will be eligible to pay dividends out of our profits in the foreseeable future.

FUTURE PLANS AND [REDACTED]

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

- (i) approximately HK\$[REDACTED] million (or approximately [REDACTED]% of the net [REDACTED]) to fund the further promotion of clinical research relating to our existing pipeline products;
- (ii) approximately HK\$[REDACTED] million (or approximately [REDACTED]% of the net [REDACTED]) primarily to fund the expansion of our production capacity and secondarily to support the commercialization of pipeline products;
- (iii) approximately HK\$[REDACTED] million (or approximately [REDACTED]% of the net [REDACTED]) will be used for our working capital and other general corporate purposes.

RISK FACTORS

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

- Our Core Products have only completed Phase I clinical trials and the conduct of certain Phase IIa or Phase II clinical studies as of the Latest Practicable Date. However, the relevant Phase IIa or Phase II clinical study reports remain pending, and the efficacy data are therefore not available yet. Our Core Products also involve alternative delivery mechanisms. In addition, our XJN010 faces risks arising from the development of intranasal device for nose-to-brain drug delivery, and clinical trials for CNS nasal drug delivery have in some cases been discontinued or terminated, including due to insufficient efficacy. As such, their efficacy and clinical benefit remain uncertain. Any negative results from our clinical trials, or failure to obtain regulatory approvals on time or failure in commercialising our pipeline products could impact our overall business outlook.
- The market size of our pipeline products might be small and our pipeline products may face competition from competing product candidates. We may also face unfavourable pricing environment.
- We had net current liabilities and net operating cash outflows during the Track Record Period and we may continue to incur net losses in the future.

SUMMARY

- We may fail to obtain and maintain our patent protection and our intellectual property rights may not be sufficient to protect our market position and competitiveness.
- We may not be able to retain our scientific personnel or develop manufacturing capability.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Business Development

For our Core Product DHMP, we completed the conduct of clinical studies for Phase IIa clinical trial for the pediatric indication, and expect to complete Phase IIa by issuing the clinical study report in the third quarter of 2026.

For our Core Product XJN010, we completed the conduct of clinical studies for Phase II clinical trial, and expect to complete Phase II by issuing the clinical study report in the third quarter of 2026.

For our key product XJN026, we initiated Phase I clinical trial in China in April 2026.

No Material Adverse Change

We expect to incur an increase in net loss for the year ending December 31, 2026, which is primarily due to our expectations that we will continue to incur significant research and development expenses, administrative expenses, including increase in expenses incurred in relation to the [REDACTED], and other expenses in relation to our ongoing operations.

After performing due diligence work which our Directors consider appropriate and sufficient and after due and careful consideration, our Directors confirm that there has been no material adverse change in our business, financial condition and results of operations since May 31, 2026, being the latest balance sheet date of our consolidated financial statements in the Accountants’ Report set out in Appendix I to this Document, and up to the date of this Document. Our Directors also confirm that no material unexpected or adverse changes have occurred since the date of issue of the most recent regulatory approval for the Core Products.