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Application Proof of

Guangzhou Novaken Pharm Co., Ltd.
廣州新濟醫藥股份有限公司

(the "**Company**")

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

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廣州新濟醫藥股份有限公司

Guangzhou Novaken Pharm Co., Ltd.

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

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and Accounting and Financial Reporting Council transaction levy of 0.00015% (payable in full on application and subject to refund on final pricing)**
Nominal value	**:**	**RMB0.20 per H Share**
[REDACTED]	**:**	**[REDACTED]**

***Sole Sponsor,* [REDACTED]**

國泰海通 GUOTAI HAITONG | 國泰君安國際 GUOTAI JUNAN INTERNATIONAL

[REDACTED]
(in no particular order)

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[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

EXPECTED TIMETABLE[(1)]

[REDACTED]

EXPECTED TIMETABLE[(1)]

[REDACTED]

CONTENTS

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The contents of our Company's website at ***www.novaken.com*** *do not form part of this document.*

	Page
EXPECTED TIMETABLE	i
CONTENTS	iv
SUMMARY	1
DEFINITIONS	18
GLOSSARY OF TECHNICAL TERMS	26
FORWARD-LOOKING STATEMENTS	31
RISK FACTORS	32
INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]	57
WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE	60
DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]	64
CORPORATE INFORMATION	68
INDUSTRY OVERVIEW	70
REGULATORY OVERVIEW	119
HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE	129
BUSINESS	149
DIRECTORS AND SENIOR MANAGEMENT	217
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS	228

CONTENTS

SUBSTANTIAL SHAREHOLDERS			231
SHARE CAPITAL			233
FINANCIAL INFORMATION			236
FUTURE PLANS AND USE OF [REDACTED]			265
[REDACTED]			269
STRUCTURE OF THE [REDACTED]			276
HOW TO APPLY FOR [REDACTED]			283
APPENDIX I	**—**	**ACCOUNTANTS' REPORT**	I-1
APPENDIX II	**—**	**UNAUDITED [REDACTED] FINANCIAL INFORMATION**	II-1
APPENDIX III	**—**	**TAXATION AND FOREIGN EXCHANGE**	III-1
APPENDIX IV	**—**	**SUMMARY OF MAJOR LEGAL AND REGULATORY PROVISIONS**	IV-1
APPENDIX V	**—**	**SUMMARY OF THE ARTICLES OF ASSOCIATION**	V-1
APPENDIX VI	**—**	**STATUTORY AND GENERAL INFORMATION**	VI-1
APPENDIX VII	**—**	**DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY**	VII-1

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.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED "WARNING" ON THE COVER OF THIS DOCUMENT.

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[5]
Dissolving microneedle drug formulation technology platform	★ Dexmedetomidine hydrochloride microneedle patch	α_2-adrenergic receptor	Mono	Preoperative sedation for children 2–6 years old	Phase II	NMPA	IND approval granted in April 2024; Phase I commenced in February 2025, completed in March 2025[3]; 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	Phase II	NMPA	Phase II approval granted in September 2025[4]; Phase II commenced in the first quarter of 2026	Q4 2026 – Complete Phase II		
					Clinical Phase I	FDA	IND granted in February 2026[6]	Q4 2026 – Initiate Phase I		
	XJN 1102	GLP-1 receptor	Mono	Glucose control for adult type 2 diabetes	Preclinical research	NMPA		Q4 2026 – Submit IND Application	Company[9]	Global
					IND preparation	FDA		Q4 2026 – Submit IND Application		
				Long term weight management for overweight or obese adults	Preclinical research	NMPA		Q4 2026 – Submit IND Application		
					IND preparation	FDA		Q4 2026 – Submit IND Application		
Nasal inhalation drug formulation technology platform	★ XJN 010[7]	basal ganglia neurons	Mono	For the on--demand treatment of "Off" episodes in adult patients with Parkinson's disease[2]	Phase II	NMPA	IND approval granted in August 2024; Phase I commenced in March 2025, completed in June 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
					Clinical Phase I	FDA	IND approval for direct Phase II entry granted in February 2026[1]	Q3 2026 – Initiate Phase II		
	☆ XJN 026	5-$HT_{1B/1D}$ receptor	Mono	For the acute treatment of migraine attacks with or without aura	Clinical Phase I	NMPA	IND approval granted in January 2026; Phase I initiated in April 2026	Q1 2027 – Complete Phase I	Company[9]	Global
					IND preparation	FDA		Q4 2026 – Submit IND Application		
	XJN 2503	5-HT_3 receptor	Mono	For the acute treatment of nausea and vomiting caused by radiotherapy, chemotherapy, or surgery	IND preparation	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.

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.

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

3. 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術指導原則), 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.

4. 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.

5. 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.

6. 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.

7. 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.

8. 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.

9. 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.

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.

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. Wesubmitted 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.

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

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

OUR BUSINESS MODEL

We focus on the in-house research and development, clinical advancement and future commercialization of 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

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]**.

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

("**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.

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)

	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)
	(147,084)	(110,946)	(18,421)	(197,152)

Revenue

During the Track Record Period, we generated revenue form 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	**49,026**	**55,238**	**21,357**	**16,567**

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

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.

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.

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 liabilties 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.

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 trialsfor 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.

- 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.

In this document, unless the context otherwise requires, the following expressions have the following meanings:

"Accountant's Report"	the accountant's report of our Company, the text of which is set forth in Appendix I to this document
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Articles" or "Articles of Association"	the articles of association of our Company, as supplemented, amended or otherwise from time to time, which shall become effective on the **[REDACTED]** Date, a summary of which is set out in Appendix V to this document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Baiji Investment"	Guangzhou Baiji Biopharmaceutical Investment Enterprise (Limited Partnership)* (廣州百濟生物醫藥投資合夥企業(有限合夥))
"Board" or "our Board"	the board of Directors
"Business Day" or "business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"CAGR"	compound annual growth rate

[REDACTED]

"CDE"	Center for Drug Evaluation of the NMPA
"Chairman"	the chairman of our Board
"China", "Chinese Mainland", "Mainland China" or "PRC"	the People's Republic of China which, for the purpose of this document and for geographical reference only, excluding Hong Kong, Macau Special Administrative Region of the People's Republic of China, and Taiwan Region
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, modified and supplemented from time to time
"Companies (WUMP) Ordinance" or "Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, modified and supplemented from time to time
"Company", "our Company", "the Company" or "Novaken"	Guangzhou Novaken Pharm Co., Ltd. (廣州新濟醫藥股份有限公司), a limited liability company established in the PRC on 14 November 2007 and converted into a joint stock company with limited liability on 26 November 2025

"Company Law" or "PRC Company Law"	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"Competent Authority"	has the meaning ascribed thereto under Chapter 18A of the Listing Rules
"Compliance Advisor"	Guotai Junan Capital Limited
"Controlling Shareholder Group" or "Controlling Shareholder(s)"	unless the context otherwise requires, refers to Dr. Wu, Dr. Pan Xin, Shanji Investment, Minji Investment, Deji Investment, Baiji Investment and Guangji Investment, and a "Controlling Shareholder" or a "member of the Controlling Shareholder Group" shall mean each or any of them, and "Controlling Shareholder(s)" has the meaning ascribed thereto under the Listing Rules
"Core Product(s)"	has the meaning ascribed thereto under Chapter 18A of the Listing Rules, which are the product(s) 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. For the purpose of this document, Core Products refer to the Dexmedetomidine Hydrochloride Microneedle Patch and XJN010
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"CMO"	Contract Manufacturing Organization, a specialized third-party company that produces goods, especially drugs and medical devices, for other businesses, allowing clients to outsource production to avoid huge capital costs, gain expertise, and scale operations efficiently, focusing on R&D and marketing instead
"CRO"	Contract Research Organization, a specialized company that provides outsourced research services, primarily to the pharmaceutical, biotech, and medical device industries, handling complex tasks like drug discovery, clinical trial management, data analysis, and regulatory submissions on a contractual basis, allowing sponsors to focus on core innovation while leveraging external expertise and resources
"CRO Service(s)"	the CRO service(s) provided by the Group
"CSDCC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Deji Investment"	Guangzhou Deji Investment Consulting Partnership (Limited Partnership)* (廣州德濟投資諮詢合夥企業(有限合夥))
"Director(s)"	the director(s) of our Company
"Dr. Wu" or "Dr. Wu Chuanbin"	Dr. Wu Chuanbin, our founder, executive Director, Chairman, chief executive officer, and a Controlling Shareholder
"EIT"	the PRC enterprise income tax
"EIT Law"	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), as amended, supplemented or otherwise modified from time to time

"Employee Incentive Platform" or "Guangji Investment"	Guangzhou Guangji Investment Biopharmaceutical Investment Enterprise (Limited Partnership) (廣州廣濟生物醫藥投資合夥企業(有限合夥))
"Extreme Conditions"	the "extreme conditions" as announced by the Hong Kong Government due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
"F&S" or "Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research agency, which is an Independent Third Party
"Frost & Sullivan Report"	industry report prepared by F&S
"FDA"	U.S. Food and Drug Administration
"FINI"	"Fast Interface for New Issuance", an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new listings on the Stock Exchange

[REDACTED]

"Group", "we", "us" or "our Group"	our Company and our subsidiaries at the relevant time or, where the context otherwise requires, in respect of the period prior to our Company becoming the holding company of our present subsidiaries, our present subsidiaries and the businesses operated by such subsidiaries or their predecessors (as the case may be)
"Guide for New Listing Applicants"	the Guide for New Listing Applicants published by the Stock Exchange and as amended, supplemented or otherwise modified from time to time
"H Share(s)"	ordinary share(s) in the ordinary share capital of our Company with a nominal value of RMB0.20 each, which are to be subscribed for and **[REDACTED]** in HK Dollars and for which an application has been made for **[REDACTED]** and permission to **[REDACTED]**

[REDACTED]

"HK$" or "Hong Kong Dollars" or "HK Dollars" and "HK cents"	Hong Kong dollars, the lawful currency of Hong Kong

[REDACTED]

[REDACTED]

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

[REDACTED]

"Huaji Investment"	Guangzhou Huaji Biopharmaceutical Investment Enterprise (Limited Partnership)* (廣州華濟生物醫藥投資合夥企業(有限合夥))
"IFRS"	International Financial Reporting Standards
"Independent Third Party(ies)"	individual(s) or a company(ies) who or which is/are not connected person(s) of our Company under the Listing Rules
"Industry Report"	a market research report commissioned by us and prepared by F&S on the overview of the industry in which our Group operates in

[REDACTED]

[REDACTED]

"IP"	intellectual property
"Latest Practicable Date"	July 21, 2026, being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information in this document prior to its publication

[REDACTED]

"Listing Committee"	the listing committee of the Stock Exchange

[REDACTED]

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"MAH"	marketing authorization holder
"MAH Business"	the sales of Esomeprazole Magnesium Delayed-Release Capsules and Propofol Injectable Emulsion in the United States and the PRC respectively
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"Minji Investment"	Guangzhou Minji Investment Consulting Co., Ltd.* (廣州民濟投資諮詢有限公司)
"modified new drug(s)"	drug(s) that have their dosage form, formulation, route of administration, and/or indications optimized on the basis of a known active pharmaceutical ingredient (API), and expected to offer significant clinical advantage(s)
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"NPC"	National People's Congress of the PRC (全國人民代表大會)
"NPCSC"	National People's Congress Standing Committee (全國人民代表大會常務委員會)
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NMPA"	National Medical Products Administration (國家藥品監督管理局)

"Nomination Committee"	the nomination committee of our Board
"Novaken Research"	Guangzhou Novaken Biopharma Research Institute Co., Ltd.* (廣州新濟生物醫藥研究院有限公司), a limited liability company established in the PRC on 13 September 2020 and a wholly owned subsidiary of the Company

[REDACTED]

"PBOC"	People's Bank of China (中國人民銀行), the central bank of the PRC
"PCT"	the Patent Cooperation Treaty
"PRC Legal Advisor"	Sundial Law Firm, our legal advisors as to PRC laws in connection with the **[REDACTED]**
"Pre-**[REDACTED]** Equity Incentive Scheme"	the pre-**[REDACTED]** equity incentive plan of our Company approved and adopted in August 2025
"Pre-**[REDACTED]** Investment(s)"	the investment(s) in our Group undertaken by the Pre-**[REDACTED]** Investors prior to this **[REDACTED]**, the details of which are set out in the section headed "History, Development and Corporate Structure" in this document
"Pre-**[REDACTED]** Investor(s)"	the investor(s) of the Pre-**[REDACTED]** Investments

[REDACTED]

"R&D"	research and development
"Regulation S"	Regulation S under the U.S. Securities Act

"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"Renminbi" or "RMB"	the lawful currency of the PRC
"SAMR"	State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SFC"	the Securities and Futures Commission
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanji Investment"	Guangzhou Shanji Investment Consulting Partnership (Limited Partnership)* (廣州市善濟投資諮詢企業(有限合夥))
"Share(s)"	ordinary share(s) with nominal value of RMB1.0 each in the share capital of our Company before the Share Subdivision, and nominal value of RMB0.20 each upon completion of the Share Subdivision
"Shareholder(s)"	holder(s) of the Share(s)
"Share Subdivision"	the sub-division of the Shares by the Company where the Company subdivided its Share from one Share with nominal value of RMB1.0 each into five Shares with nominal value of RMB0.20 each, which will become effective upon **[REDACTED]**, further information of which is set out in the section headed "History, Development and Corporate Structure"
	[REDACTED]
"Sole Sponsor"	the sole sponsor of **[REDACTED]** as named in "Directors and Parties Involved in the **[REDACTED]**"
	[REDACTED]
"Sophisticated Investor(s)"	has the meaning ascribed to it under Chapter 2.3 of the Guide for New Listing Applicants
"STA"	State Taxation Administration of the PRC (國家税務總局)
"Stabilizing Manager"	Guotai Junan Securities (Hong Kong) Limited
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy & ESG Committee"	the strategy & ESG committee of the Board
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules

"Track Record Period"	the two years ended December 31, 2024 and 2025 and the five months ended May 31, 2026
"Trial Administrative Measures"	collectively, the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and five supporting guidelines which took effect on 31 March 2023

[REDACTED]

"United States" or "U.S."	the United States of America
"Unlisted Share(s)"	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each before the Share Subdivision, and nominal value of RMB0.20 each upon completion of the Share Subdivision, which are subscribed for and paid up in Renminbi and are unlisted Shares not currently listed or traded on any stock exchange
"U.S. Securities Act"	the Securities Act of 1933 of the United States, as amended, modified and supplemented from time to time
"US$", "USD" or "US dollars"	United States dollars, the lawful currency of the United States of America

[REDACTED]

"%"	per cent

The English translation of the PRC entities, enterprises, nationals, facilities, regulations, in Chinese or another language included in this document which are marked with "" is for identification purpose only. To the extent that there is any inconsistency between the Chinese names of the PRC entities, enterprises, nationals, facilities, regulations and their English translations, the Chinese names shall prevail.*

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain technical terms used in this document in connection with our Group and its business. Such terminology and meanings may not correspond to standard industry meanings or usages of those terms.

"5-$HT_{1B/1D}$ receptor"	5-$HT_{1B/1D}$ receptor is a serotonin receptor subtype crucial for migraine treatment
"5-HT_3 receptor"	The 5-HT_3 receptor is a unique, ligand-gated ion channel activated by serotonin (5-HT), it opens to allow cations (Na+, K+, Ca^2+) to flow
"α_2-adrenergic receptor"	α_2-adrenergic receptor is G protein-coupled receptor activated by norepinephrine and epinephrine, primarily acting as a negative feedback system to reduce neurotransmitter release from sympathetic nerves, leading to decreased blood pressure, sedation, and pain relief
"adverse effect"	any undesirable or harmful outcome that occurs in association with the administration of a drug or medical treatment, regardless of whether it is considered related to the product
"adverse event"	any untoward medical occurrence in a patient or clinical investigation subject administered a drug or other pharmaceutical product during clinical trials, which does not necessarily have a causal relationship with the use of drug or product
"agonist"	a substance that binds to and activates a specific receptor and trigger a physiological response
"anesthesiology"	a medical specialty concerned with the study and practice of anesthesia and perioperative care, including the administration of agents that induce loss of sensation or consciousness, the management of pain, and the monitoring and support of vital functions during surgical or diagnostic procedures
"antagonist"	a substance that binds to a receptor without activating it, thereby blocking or inhibiting the action of an agonist or a naturally occurring molecule; an antagonist prevents or reduces a biological response by occupying the receptor and preventing its activation
"antiemetic"	a drug or substance that prevents or relieves nausea and vomiting
"API"	active pharmaceutical ingredient, the substance in medicine that produce the intended therapeutic effect
"arrhythmias"	abnormalities in the rate or rhythm of the heartbeat, occurring when the electrical impulses that coordinate heartbeats function improperly, causing the heart to beat too fast (tachycardia), too slow (bradycardia), or irregularly
"basal ganglia neuron"	Basal ganglia neurons control voluntary movement, learning, habits, and emotions by filtering motor signals from the cortex, acting like a "gate" to start, stop, and refine actions, and inhibiting competing movements, using glutamate and dopamine as key neurotransmitters, with damage leading to disorders like Parkinson's
"BBB"	blood-brain barrier, a highly selective biological barrier that regulates what substances can pass from the bloodstream into the brain tissue
"bioavailability"	the percentage of an administered drug that reaches the systemic circulation
"biocompatible"	describes a material or substance that is compatible with living tissue and does not produce a toxic, immunological, or injurious response when introduced into the body
"chemotherapy"	the therapeutic use of chemical agents to treat disease, particularly the administration of one or more cytotoxic drugs to destroy or inhibit the growth and division of malignant cells in the treatment of cancer

GLOSSARY OF TECHNICAL TERMS

"'Class 2.2' drugs"	drugs that contain known active ingredients with new dosage form (including new drug delivery system), new formulation process or new route of administration, and have significant clinical advantages, as defined in *Requirements for Registration Classification and Application Dossiers of Chemical Drugs* (《化學藥品註冊分類及申報資料要求》) issued by the NMPA on 29 June 2020
"CMC"	chemistry, manufacturing and controls, being procedures used to assess the physical and chemical characteristics of drug products for ensuring quality and consistency during manufacturing
"CNS"	central nervous system, the part of the nervous system consisting primarily of the brain and spinal cord
"CTCAE"	Common Terminology Criteria for Adverse Events, a standardized system developed by the U.S. National Cancer Institute (NCI) for classifying and grading the severity of any unfavourable and unintended sign, symptom or disease temporally associated with the use of a medical treatment or procedure which occurred during clinical trials or medical treatments but may or may not be considered related to the medical treatment or procedure. The severity was categorized into 5 grades, ranging from Grade 1 (i.e. mild; asymptomatic or mild symptoms; clinical or diagnostic observations only; intervention not indicated) to Grade 5 (i.e. death related to the adverse events)
"DHMP"	Dexmedetomidine Hydrochloride Microneedle Patch
"dissolving microneedle"	a type of microneedle composed of biodegradable or water-soluble materials that penetrates the outer layer of the skin and dissolves after insertion, releasing the incorporated drug or active substance into the underlying tissue
"double-blind"	with respect to a clinical trial or study, where neither the patients nor the researchers know who is receiving a placebo and who is getting the treatment in which the objective is primarily to prevent bias and ensure the validity of the results
"dysphagia"	a medical condition characterized by difficulty or discomfort in swallowing
"excipient"	an inactive substance formulated together with the API in a drug product to facilitate manufacturing, administration, stability, or bioavailability
"first-pass metabolism"	the metabolic process by which the concentration of a drug is significantly reduced before it reaches the systemic circulation, typically occurring in the liver or intestinal wall after oral administration
"formulation"	the composition and preparation of a drug product, including the API(s) and excipients, designed to ensure the product's stability, safety, efficacy, and suitability for administration
"GCP"	Good Clinical Practice, a standard for the designing, conducting, monitoring, recording, auditing, analysis, and reporting of clinical trials, intended to ensure that the data and reported results are credible and accurate, and that the rights, integrity, and confidentiality of trial subjects are protected
"GIP"	glucose-dependent insulinotropic polypeptide, a hormone produced in response to nutrient intake, especially glucose and fat
"GLP-1"	glucagon-like peptide-1, a hormone produced in response to nutrient intake, especially glucose, which helps regulating blood sugar

GLOSSARY OF TECHNICAL TERMS

"GMP"	Good Manufacturing Practice, a system for ensuring that products are consistently produced and controlled according to quality standards, which is designed to minimize the risks involved in any pharmaceutical production that cannot be eliminated through testing the final product; it is also the practice required in order to conform to the guidelines recommended by agencies that control the authorization and licensing of the manufacture and sale of pharmaceutical products
"hemodynamic"	relating to the flow and movement of blood within the circulatory system
"IND"	Investigational New Drug, being drug or biological product that has not been approved for general use by the regulatory authority
"IND application"	a request for authorization from regulatory authority to administer an investigational drug or biological product to human
"inhibitor"	substance that decreases or prevents the activity of a specific enzyme, receptor, or other biological target, thereby reducing or blocking a particular biochemical or physiological process
"*in situ*"	in biomedical and pharmaceutical contexts, refers to experiments, measurements, or biological phenomena observed within the natural environment of the cells or tissues, rather than in an artificial or external setting
"intracerebral"	within the brain
"matrix"	a structural network or medium in which components are embedded, supported, or dispersed; in pharmaceutical and biomedical contexts, a matrix often denotes the material framework of a drug delivery system, such as a polymer or hydrogel, that encapsulates or controls the release of an active ingredient
"microchannel"	a microscale passage or channel, typically with dimensions in the range of micrometers, designed to control or facilitate the movement of fluids, particles, or molecules
"microneedle"	a microscale needle, typically having a diameter of several hundreds of micrometers and lengths ranging from hundreds of micrometers to the millimeter scale, designed to penetrate the outermost layer of the skin (stratum corneum) without reaching deeper pain receptors
"mucosa"	the moist tissue lining various body cavities and passages that communicate with the external environment, such as the nasal cavity, oral cavity, gastrointestinal tract, and respiratory tract; the mucosa consists of epithelial cells, connective tissue, and mucus-secreting glands, and serves to protect underlying tissues, facilitate absorption, and enable secretion
"multi-center"	refers to a clinical study or trial conducted simultaneously at two or more independent investigational sites, following a common protocol and coordinated oversight
"NDA"	New Drug Application, the formal submission made by a pharmaceutical company to the regulatory authority of the relevant jurisdiction for approval to market a new drug in that jurisdiction
"nucleic acid"	a biological macromolecule that carries genetic information and is composed of nucleotide subunits linked in a chain
"neurodegenerative disease"	a disease characterized by the progressive loss of structure or function of neurons, leading to gradual impairment of the nervous system, resulting in declining motor, cognitive, or sensory abilities; common examples include Alzheimer's disease, Parkinson's disease, amyotrophic lateral sclerosis (ALS), and Huntington's disease

GLOSSARY OF TECHNICAL TERMS

"obstructive sleep apnea"	a sleep disorder characterized by repeated episodes of partial or complete obstruction of the upper airway during sleep
"'Off' episode"	a period of re-emergence or worsening of symptoms of Parkinson's disease that occurs when the plasma concentration of medication falls below the therapeutic level, and the effect of medication wears off
"olfactory"	relating to the sense of smell
"olfactory region"	the specialized area located in the upper part of the nasal cavity that contains the olfactory epithelium and sensory neurons responsible for detecting odors; this region provides a direct anatomical connection between the nasal cavity and the brain via the olfactory nerve
"oncology"	branch of medicine that deals with the prevention, diagnosis, and treatment of cancer
"peak plasma concentration"	the maximum concentration of a drug observed in the plasma after administration
"peptide"	a short chain of amino acids linked by peptide bonds, shorter than proteins (typically 2-50 amino acids), that can serve various biological functions including hormones, neurotransmitters, and antimicrobial agents
"peripheral tissue"	the tissues and organs located outside the central nervous system, including muscles, skin, glands, and internal organs
"pharmacodynamics"	the study of how a drug affects an organism, which, together with pharmacokinetics, influences dosing, benefit, and adverse effects of the drug
"pharmacokinetics"	the study of how the body interacts with administered drug over the entire duration of exposure; this field generally examines four key parameters: absorption, distribution, metabolism, and excretion
"Phase I" or "Phase I clinical trial(s)"	study in which a drug is introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion, and if possible, to gain an early indication of its effectiveness. Phase I clinical trials can be divided into Phase Ia and Phase Ib clinical trials. Phase Ia typically involves dose-escalation studies, while Phase Ib generally focuses on combination therapy or dose-expansion studies
"Phase II" or "Phase II clinical trial(s)"	study in which a drug is administered to a limited population to identify possible adverse effects and safety risks, preliminarily evaluate the efficacy of the product for specific targeted diseases and determine dosage tolerance and optimal dosage
"Phase III" or "Phase III clinical trial(s)"	study in which a drug is administered to an expanded patient population generally at geographically dispersed clinical trial sites, in well-controlled clinical trials to generate enough data to statistically evaluate the efficacy and safety of the product for approval, to provide adequate information for the labeling of the product
"placebo"	a medical treatment or preparation with no specific pharmacological activity
"placebo-controlled"	refers to a clinical study design in which the effects of an investigational drug or treatment are compared against a placebo, an inactive substance designed to resemble the test product but without therapeutic effect
"pulmonary"	relating to the lungs or the respiratory system
"QbD"	a systematic approach in pharmaceutical development to ensure product quality by understanding and controlling processes
"receptor"	a region of tissue, or a molecule in a cell membrane, which responds specifically to a particular signal, that is any of a neurotransmitter, hormone, antigen, or other substance

GLOSSARY OF TECHNICAL TERMS

"sedation"	the administration of drugs or agents to induce a state of calmness, relaxation, or reduced awareness, often used to relieve anxiety and facilitate medical or surgical procedures
"SGLT2"	sodium-glucose cotransporter 2, a protein in the kidney which reabsorb glucose back into the bloodstream
"stratum corneum"	the outermost layer of the epidermis, composed primarily of dead, flattened corneocytes embedded in a lipid matrix
"subcutaneous"	refers to the tissue layer beneath the skin (dermis) and above the muscle; in the context of drug administration, it refers to a route where the drug or substance is injected into the tissue layer between the skin and muscle
"superficial dermis"	the upper layer of the skin (dermis) located just beneath the epidermis, composed primarily of loose connective tissue, capillaries, and sensory nerve endings
"suspension"	a pharmaceutical dosage form consisting of fine solid particles dispersed throughout a liquid medium, in which the solid is not fully dissolved
"systemic"	in pharmacology, systemic delivery or exposure occurs when a drug enters the bloodstream and circulates throughout the body
"T_{max}"	the time at which the peak plasma concentration of a drug is observed after administration
"transdermal"	the route of drug delivery across the skin into the systemic circulation, where the drug penetrates the skin layers and enters the bloodstream to produce a systemic therapeutic effect
"trigeminal"	relating to the trigeminal nerve, which is the largest cranial nerve and responsible for sensation in the face and motor functions such as biting and chewing; in drug delivery, the trigeminal pathway refers to the route through which intranasally administered drugs may reach the central nervous system, bypassing the blood–brain barrier
"type II diabetes"	a metabolic disorder characterized by insulin resistance and relative insulin deficiency, leading to elevated blood glucose levels (hyperglycemia); type II diabetes is commonly associated with obesity, sedentary lifestyle, and genetic factors
"vasoconstrictor"	a substance that causes narrowing of blood vessels by contracting the smooth muscle in the vessel walls, resulting in reduced blood flow and increased blood pressure

FORWARD-LOOKING STATEMENTS

This document contains, and the documents incorporated by reference herein may contain, forward-looking statements representing our goals, beliefs, expectations, intentions or predictions for the future which are not historical facts. Forward-looking statements typically can be identified by the use of words such as "aim", "anticipate", "aspire", "believe", "consider", "continue", "could", "estimate", "expect", "forecast", "goals", "intend", "may", "objective", "ought to", "outlook", "plan", "potential", "predict", "project", "schedules", "seek", "should", "target", "vision", "will", "would" and other similar expressions or the negative thereof. Forward-looking statements reflect the current views of the Directors with respect to future events, operations, liquidity and capital resources. Some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including those listed in "Risk Factors", which are beyond our control and may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Our forward-looking statements are based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our operations and business prospects;
- our business plans and operating strategies and our ability to implement such plans and strategies;
- our future business development, financial condition and results of operations;
- our ability to develop and manage our operations and business;
- our ability to control costs and expenses;
- our capital expenditure plans;
- our expectations regarding demand for and market acceptance of our products and services;
- our expectations regarding our relationships with customers, suppliers and other partners to conduct our business;
- our planned **[REDACTED]**;
- future developments, trends, conditions and competitive landscape in the industries and markets in which we operate or intend to operate;
- the actions and developments of our competitors;
- relevant laws, rules, government policies and regulations relating to our industry; and
- capital market developments.

By their nature, certain disclosures relating to these and other risks are only estimates. If one or more of these uncertainties or risks, among others, materialize, or if the underlying assumptions are proved to be incorrect, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results.

In this document, statements of or references to our intentions or those of our Directors are made as of the date of this document. Any such information may change in light of future developments. Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information.

All forward-looking statements in this document are qualified by reference to the cautionary statements in this section as well as the risks and uncertainties discussed in the section headed "Risk Factors" in this document.

An **[REDACTED]** *in our Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an* **[REDACTED]** *in our Shares. Particularly, we are a biotech company seeking to* **[REDACTED]** *on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules. Our operations and the industry in which we operate involve certain risks and uncertainties, some of which are beyond our control and may cause you to lose all your* **[REDACTED]** *in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations and prospects. In any such case, the market price of our Shares could decline, and you may lose all or part of your* **[REDACTED]**.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed "Forward-looking Statements" in this document. You should seek professional advise from your relevant advisers regarding your prospective **[REDACTED]** *in the context of your particular circumstances.*

RISKS RELATING TO THE DEVELOPMENT, CLINICAL TRIALS AND REGULATORY APPROVAL OF OUR PIPELINE PRODUCTS

The efficacy and clinical benefit of our Core Products remain uncertain given their current stage of development and novel delivery mechanisms, and we may fail to obtain regulatory approval.

Our Core Products are in clinical development. As of the Latest Practicable Date, Phase I clinical trials for our Core Products have been completed. Phase I studies are primarily designed to evaluate safety, tolerability and pharmacokinetics, and are not generally designed to establish efficacy. Although conduct of Phase IIa and Phase II clinical studies for certain Core Products have also been completed as of the Latest Practicable Date, the relevant clinical study reports remain pending and the efficacy data from such trials ware therefore not available yet. Accordingly, the clinical efficacy and benefit of our Core Products have not been established, and there is no assurance that the safety, tolerability, pharmacokinetic profile and other data observed to date will be predictive of outcomes in later-stage trials or in broader patient populations.

In addition, our Core Products employ novel delivery mechanisms and formulations that differ from conventional routes of administration used in clinical practice. Such delivery mechanisms may present unique scientific and clinical uncertainties. Further, favorable or comparable pharmacokinetic profile to other administration routes in certain studies demonstrated in our Core Products does not necessarily translate into clinically meaningful efficacy, safety or tolerability outcomes for the intended indications.

Our ability to succeed in the foreseeable future largely depends on successfully completing clinical trials, securing regulatory approvals and commercialising our pipeline products. Any negative results from clinical trials, delays or denial in obtaining regulatory approvals or failure in commercialisation of our pipeline products could significantly impact our ability to generate revenue and overall business outlook.

Our revenue and profitability are substantially dependent on our ability to complete the development of our pipeline products, which are still in clinical or pre-clinical development, obtain requisite regulatory approvals and successfully manufacture and commercialise our pipeline products. We have invested a considerable portion of our efforts and capital resources in the development of our pipeline products, and we expect to incur substantial and increasing expenditures for the development and commercialisation of our pipeline products in the future.

Our commercial success is dependent on numerous factors, including but not limited to:

- the completion of preclinical studies and clinical trials, including extensive preclinical testing and study obligations to obtain the necessary regulatory clearance from NMPA, FDA or other relevant health authorities, and successful patient enrollment;
- the generation of positive safety and efficacy data from our clinical trials;
- the procurement of sufficient supplies for our pipeline products, any necessary combination therapies, or comparator drugs for clinical trials;
- the establishment of scalable commercial manufacturing capabilities;

- the ability of our CROs, clinical study sites, hospitals or other third parties to conduct their work in compliance with our protocols, applicable laws and good clinical practice requirements imposed by the NMPA, the FDA, or other regulatory authorities without compromising data integrity;
- securing, maintaining, and enforcing patent, trademark, trade secret, and other intellectual property protection and regulatory exclusivity;
- avoiding infringement and misappropriation or otherwise violation of the patents, trademarks, trade secrets or other intellectual property rights of third parties and successfully defending against any claims by third parties of such infringement and misappropriation ;
- receipt of regulatory approvals from applicable regulatory authorities;
- successfully launching our products into the market post-approval and achieving sufficient market demand, particularly for our Core Products;
- ensuring our pipeline products continue to demonstrate an acceptable safety profile after regulatory approval; and
- strong commercial manufacturing capabilities upon commercialisation of our pipeline products.

As of the Latest Practicable Date, our Core Products, DHMP, and XJN010 have completed their respective Phase IIa or Phase II clinical studies, although the relevant clinical study reports remain pending, while our other pipeline products are in relatively earlier stage. The process of development, obtain regulatory approvals for and commercialise products is long, complex and costly, with no assured outcome, and we may fail to complete our clinical trials or obtain regulatory approvals. If we experience a delay or failure in completion of our clinical trials or in obtaining regulatory approvals, it may result in us having to deprioritise the development of certain pipeline products or unable to successfully commercialise our pipeline products in accordance with the anticipated timeline. Clinical trials and regulatory approvals delay may also enable our competitors to introduce competing products to the market before we are able to successfully commercialise our products. Any of the above may materially and adversely affect our business and financial condition.

The R&D of our pipeline products involves a lengthy and expensive process with no guaranteed outcome. We may not achieve favourable results for our pipeline products in clinical trials, results of earlier studies and trials may not be predictive of future trial results.

Clinical trial is inherently uncertain, a process marked by substantial costs and multi-year timelines, with the potential for failure at any stage of drug development. Moreover, the results of our pipeline products from preclinical studies or early clinical trials may not reliably predict outcomes in later-stage trials, just as initial or interim results may not forecast a trial's final conclusions. This variability in results can stem from numerous factors, including changes in trial procedures, differences in the size, type, and genetic makeup of patient populations, patient adherence to dosing regimens, and the rate of dropout among participants. Final data of our clinical trials may also materially differ from the interim data published from time to time as preliminary data may be revised during verification procedures and may also change when additional patient data become available as a result of increased patient enrollment. Consequently, results from our future clinical trials may not be favorable based on our currently available preclinical data and clinical data, which could result in delays in the completion of clinical trials, regulatory approvals and commencement of commercialisation of our pipeline products and may ultimately adversely affect our business and prospects.

Our pipeline products are subject to stringent regulations. We may not be able to receive regulatory approval for our pipeline products or may be subject to penalties if we fail to comply with regulatory requirements.

Regulatory approval from authorities typically entails a lengthy process, often extending many years from the commencement of preclinical studies through clinical trials. Furthermore, approval policies, regulations, and the type and volume of clinical data required for approval may evolve during the clinical development of a pipeline products and may also differ across jurisdictions. Consequently, additional time, effort, and expense may be necessary to ensure compliance with diverse international regulatory processes and to bring our approved pipeline products to global markets.

Regulatory authorities may request additional information, including supplementary preclinical or clinical data, to support our applications, which could result in delays to or denial of approval and adversely affect our commercialisation plans. We may also incur additional costs to refine the R&D of our products due to the longer development timeline and in order to fulfill the requirements of the regulatory authorities, and may materially affect our financial position. In the event an approval is granted, regulatory authorities may also approve a pipeline product for a narrower scope of indications

than we have requested, or grant approval contingent upon the successful completion of costly post-marketing clinical studies. Any of the aforementioned outcomes could materially impair the commercial prospects and market potential of our pipeline products.

Furthermore, our products will also be subject to ongoing regulatory obligations and continued regulatory scrutiny pertaining to their manufacturing, labelling, packaging, storage, advertising, promotion, sampling, record-keeping, and the conduct of post-marketing clinical trials. These requirements also extend to the submission of information related to safety, efficacy and their post-marketing data. Any failure to comply with these requirements may result in sanctions or penalties imposed by regulatory authorities that could adversely affect our business, financial condition and results of operations.

We may not be successful in identifying or discovering new pipeline products through our internal research and development, or in pursuing additional therapeutic opportunities through indication expansion, to build and maintain our product pipeline.

We may not be successful in identifying new pipeline products.

Research aimed at developing new indications for our existing candidates and identifying novel pipeline products and targets demands substantial technical, financial, and human resources. Potential indications or candidates which have shown promise in initial research may ultimately fail to yield viable results for clinical development for various reasons. As a result, we may not be able to identify new pipeline products or develop additional therapeutic opportunities for existing ones, a failure that could materially and adversely affect our future growth and prospects. Our strategic focus on certain candidates or programs may result in a concentration of resources on initiatives that ultimately prove to be unsuccessful.

If we face delays or challenges in enrolling patients for our clinical trials, the progress of such clinical trials and our receipt of necessary regulatory approvals could be delayed or adversely affected.

We may be unable to initiate or continue clinical trials for our pipeline products if we cannot locate and enroll a sufficient number of eligible subjects, or if enrollment is delayed due to a competitive clinical trial environment. An inability to recruit enough subjects who meet the applicable criteria outlined in the protocol could result in significant delays to our clinical trials. In addition, some of our competitors may be conducting clinical trials for pipeline products targeting the same indications as ours. Consequently, subjects who would otherwise qualify for our trials may enroll in those of our competitors, which could further delay our enrollment efforts.

Delays in enrollment could lead to increased costs or negatively impact the timing and outcomes of our planned clinical trials. Such delays could delay or prevent the completion of these trials, ultimately adversely affecting our ability to advance our pipeline products.

We may invest substantial resources in research and development of pipeline products, allocate our limited resources to pursue a particular pipeline product or indication and fail to capitalize on pipeline products or indications that may later prove to be more profitable or for which there is a greater likelihood of success.

The global biopharmaceutical market is constantly evolving, and the development of drugs faces many risks and challenges. We must continue to invest significant amounts of human and capital resources to develop or acquire technologies that will allow us to enhance our research and development capabilities. We intend to continue to enhance our technical capabilities in drug discovery and development, which are capital-and-time intensive.

Furthermore, as we have limited financial and managerial resources, we manage development risks and allocate our resources in accordance with different development timelines of our pipeline products for selected indications. As a result, we may forgo or delay pursuit of opportunities with other pipeline products or for other indications that may later prove to have greater commercial potential or a greater likelihood of success. Accordingly, our resource allocation decisions may cause us to fail to capitalize on other viable commercial products or profitable market opportunities. If we cannot accurately evaluate the commercial potential or target market for a particular pipeline product, we may lose the chances to timely commercialize such pipeline products and our prospects may be adversely affected.

We work with various CROs to develop our pipeline products. If we fail to maintain or develop clinical collaborations and relationships with any of the CROs, or if any of the CROs fail to duly perform their contractual obligations or meet expected timelines, we may be unable to secure regulatory approvals for or to commercialize our pipeline products, which in turn may potentially result in significant adverse impacts on our business, financial condition and operation results.

Our R&D strategy and future commercialisation efforts depend significantly on third-party service providers. We engage CROs to monitor, support, and conduct our non-clinical studies and clinical trials for our pipeline products. Clinical trial sites, consultants, principal investigators, physicians and other medical experts involved in such studies and trials are confirmed and determinated by us, but engaged and coordinated by the CROs, and we do not have direct contractual relationships with such parties, and we exert control only over certain aspects of their activities. Nevertheless, we remain responsible for ensuring that all studies are conducted in accordance with applicable protocols, regulatory requirements, and scientific standards. Our collaboration with CROs does not absolve us of our ultimate regulatory responsibilities.

We and our CROs are required to comply with GCP, regulations and guidelines, which are enforced by regulatory authorities such as the NMPA, and the FDA. Non-compliance with GCP standards by any party could render clinical data unreliable, potentially leading regulatory authorities to require us to conduct additional trials before approving our marketing applications. Additionally, our pivotal clinical trials must be conducted with products manufactured under GMP regulations. Any failure to comply with GMP could necessitate the repetition of clinical trials, thereby delaying the regulatory approval process.

Furthermore, our relationships with third-party CROs are subject to termination risk, in the event that these relationships are terminated, we may not be able to secure alternative arrangements on commercially reasonable terms which may affect the execution of our clinical trials and may delay the intended R&D and commercialization timeline of our pipeline products. These CROs are not our employees, and beyond the contractual remedies available to us, we cannot control their dedication of time and resources to our programs. The failure of a CRO to perform its contractual obligations, meet deadlines, adhere to clinical protocols, or provide reliable data could result in significant delays, extensions, or termination of our clinical trials. The above may cause us to incur additional substantial costs and may prevent us from obtaining regulatory approvals or successfully commercialising our pipeline products.

Our pipeline products may cause undesirable or unwanted side effects or have other properties that could delay or prevent regulatory approvals, or restrict the scope of the commercial profile of an approved label, or otherwise lead to significant negative consequences on our ability to launch, market and distribute our pipeline products or maintain market acceptance of such drugs if commercialised.

Undesirable or unwanted side effects stemming from our pipeline products could lead us or regulatory authorities to interrupt, delay, or halt clinical trials, potentially resulting in more restrictive product labels, delays or denial of regulatory approval by the NMPA, the FDA, or other comparable authorities, or significant alterations to our clinical protocol or overall development plan. Trial results might also reveal a high and unacceptable severity or prevalence of certain adverse events. Should this occur, our trials could be suspended or terminated, and the NMPA, the FDA, or other comparable authorities could order us to cease development or deny approval for our pipeline products across some or all targeted indications. Adverse events related to our pipeline products could impede patient recruitment or the ability of enrolled subjects to complete the trial, and might give rise to potential liability claims. Any of these outcomes could materially damage our reputation, business, financial condition, and prospects. Furthermore, if we or others identify undesirable or unwanted side effects in our other pipeline products after they have received regulatory approval, this could trigger potentially significant negative consequences, including, but not limited to, the following:

- we may suspend the marketing of the pipeline products;
- regulatory authorities may withdraw their approvals or revoke the licenses for the pipeline products;
- regulatory authorities may mandate additional warnings on the label;
- the FDA may require the implementation of a REMS, or the NMPA or a comparable authority may require a similar strategy that could, for example, restrict drug distribution and impose onerous implementation requirements on us;
- we may be required to conduct post-marketing studies of a specified nature;

- we could face litigation proceedings and be held liable for harm caused to subjects or patients; and
- our reputation could be negatively affected.

Any of these events could prevent us from achieving or maintaining market acceptance for an approved pipeline products and could materially and adversely affect our business, operating results, and future prospects.

Clinical trials for CNS nasal drug delivery may be discontinued or terminated, which could adversely affect the clinical development of XJN010 and the overall business outlook.

XJN010 is an intranasal drug product for CNS indication and involves a novel delivery mechanism. 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.

If the clinical trials of XJN010 produce negative results, or are discontinued or terminated, the clinical development, regulatory approval and commercialisation of XJN010 may be delayed or may not proceed as planned. This could adversely impact our overall business outlook. For details of the challenges in relation to CNS nasal drug delivery, please refer to the section headed "Industry Overview — Nasal Spray Formulation Market" in this Document.

RISKS RELATING TO MANUFACTURING AND COMMERCIALISATION OF OUR PIPELINE PRODUCTS

The market size of our pipeline products might be smaller than we expected.

Our estimates of the potential market for our pipeline products are based upon a number of factors, including our estimates of the eligible patient population, pricing, available coverage and reimbursement. Our estimated market size may differ materially from the actual market addressable by our pipeline products. Our estimates of both the number of people with the diseases we target, as well as the subset of those patients who may be eligible for treatment with our pipeline products, are based on our beliefs and analysis. These estimates are derived from a variety of sources, including patient foundations and market research, and may prove to be incorrect. Furthermore, new studies may change the estimated incidence or prevalence of the diseases we are targeting, and the number of our target patients may turn out to be lower than we expect. Likewise, the potential addressable patient population for each of our pipeline products may be more limited than we anticipate, or this population may not be receptive to treatment with our pipeline products, and new patients may become increasingly difficult to identify or access. Should the market opportunities for our pipeline products prove to be smaller than we estimate, it could have an adverse effect on our business, financial condition, results of operations and prospects.

For example, one of our Core Products, DHMP, an dissolving microneedle patch has been developed for pre-operative sedation in both pediatric and adult patients. However, given the presence of well-established and varied competing methods for preoperative sedation, including, but not limited to, oral and intranasal administration, as confirmed by F&S, the market potential of the Core Product may be limited. Besides, our other Core Product, 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. Nevertheless, such indications can also be treated by a treatment method in the U.S. market via pulmonary inhalation as confirmed by F&S. Besides, XJN1102, a glucagon-like peptide-1 (GLP-1) microneedle patch, has been developed for the treatment of type II diabetes and for overweight or obese adult weight management. However, it targets the same indications for which established GLP-1 therapies, primarily administered via oral or subcutaneous injection, are already a standard treatment option as confirmed by F&S. Additionally, any preference among patients and physicians for lifestyle-based weight management solutions could reduce the addressable market for our product. As a result, even though the number of patients of our targeted indications may be large, the actual addressable patients of our pipeline products may be limited and smaller than we expected.

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 products, or receive regulatory approval or enter the market ahead of ours, or if our drugs or pipeline products 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.

The development and commercialisation of novel medicinal products is inherently highly competitive. We face competition from major pharmaceutical companies, specialty pharmaceutical companies, and biopharmaceutical companies on a global scale. As confirmed by F&S, a number of large pharmaceutical and biopharmaceutical companies are currently pursuing the development of drugs formulated using microneedle and nasal inhalation technologies. We, in turn, are developing our pipeline products using these same alternative drug delivery platforms. Some of these competitors may possess superior resources and expertise than we do.

Potential competitors also include academic institutions, government agencies, and other public and private research organisations that conduct research, seek patent protection, and establish collaborative arrangements for research, development, manufacturing, and commercialisation. We anticipate that we will face intense and increasing competition as new drugs enter the market and advanced technologies become available.

Our commercial opportunity could be diminished or entirely eliminated if our competitors develop and commercialise drugs that are more effective, have fewer or less severe side effects, are more convenient, or are less expensive than any pipeline products that we may develop or commercialise. Our competitors may also obtain approval from the NMPA, the FDA, or other comparable regulatory authorities for their products more rapidly than we obtain approval for ours, which could result in our competitors establishing a strong market position before we are able to enter the market. They may render our pipeline products obsolete or non-competitive before we can recover the expenses associated with developing and commercialising any of our pipeline products.

Merger and acquisition activity within the biopharmaceutical industry may result in even greater resources being concentrated among a smaller number of our competitors. Smaller and other early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and well-established companies. These third parties compete with us in recruiting and retaining qualified scientific and management personnel, in establishing clinical trial sites and registering patients for clinical trials, and in acquiring technologies that are complementary to, or necessary for, our pipeline products.

The emergence and availability of competing products will affect our ability to appropriately price our products. For instance, hospitals will negotiate lower retail prices depending on the availability of competing products and preferences of physicians and patients, and the emergence of more advanced therapies, particularly those with improved patient compliance or reduced side effects, could exert downward pricing pressure on our products after their commercialisation, all of the above may have a material and adverse effect on our business, financial condition, and future results.

We have limited experience in launching and marketing pipeline products, and successful commercialisation of new products will require additional resources. There is no assurance that we will be able to successfully commercialise our pipeline products.

We rely on our current and future collaborators' willingness and ability to devote resources to the development and commercialisation of our Core Products and other pipeline products and to otherwise support our business as contemplated in our collaboration agreements, and we may not have adequate control over patents and patent applications covering the pipeline products that may involve our current and future collaborators. As none of our pipeline products has reached the commercialisation stage, we have not yet demonstrated an ability to launch and commercialise our pipeline products. Our MAH Business operational experience is not directly comparable with the commercialisation of our pipeline products and may not fully translate to the successful commercialisation of our pipeline products. Given our lack of experience, we may require a longer timeframe or be less cost-efficient in the commercialisation process than a company with more experience launching and marketing medicinal products. This inexperience may expose our business operations to greater risk. We cannot give any assurance that we will succeed in the commercialisation process.

Furthermore, if we are unable to, or decide not to, further develop internal sales, marketing and commercial distribution capabilities for any or all of our pipeline products, we will likely pursue collaborative arrangements regarding the sales and marketing of our pipeline products. However, there can be no assurance that we will be able to establish or maintain such collaborative arrangements, or if we are able to do so, that they will have effective sales forces. Upon pursuing this path, our control over the marketing and sales activities of such third parties will be limited to the terms of our

contractual agreements, which may result in lower product revenues than would have been generated through direct commercialisation by ourselves. We also face competition in our search for third parties to assist us with the sales and marketing efforts for our pipeline products. This competitive environment extends to the recruitment, hiring, training, and retention of qualified marketing and sales personnel, a resource we would not control directly. Our ultimate revenue would, therefore, be contingent upon the commercial efforts of these third parties. As a result, we may not be able to generate the anticipated product sales revenue.

The manufacturing of pharmaceutical products is a highly exacting and complex process. Any disruption, deviation, or failure in manufacturing our products could materially and adversely affect our ability to consistently supply products, which in turn may materially and adversely affect our business.

We possess no prior experience in the commercial-scale manufacture of our products. Moreover, the manufacture of pharmaceutical products is intrinsically complex. Should we elect to undertake the commercial manufacture of our products in the future, a range of problems may arise during the manufacturing process for a variety of reasons.

Products of an unsatisfactory quality may have to be discarded, leading to product shortages or increased expenses. This could result, amongst other things, in heightened costs, lost revenue, damage to customer relationships, and significant time and expense spent investigating the cause. Depending on the nature of the problem, similar losses may be incurred with respect to other batches or products. Furthermore, if quality issues are not identified prior to a product's release to the market, the costs associated with product recalls and product liability may also be incurred.

Manufacturing methods and formulations are frequently altered throughout the developmental lifecycle of a pipeline products from clinical trials, through to approval, and into commercialisation in an effort to optimise manufacturing processes and outcomes. Such alterations carry the risk that they may not achieve their intended objectives. Any such change could cause the pipeline products to perform differently, thereby affecting the results of planned clinical trials or other future trials conducted with the altered materials. This could delay the commercialisation of our pipeline products and necessitate bridging studies or the repetition of one or more clinical trials. In turn, this may result in increased clinical trial costs, delays in regulatory approvals, and jeopardise our ability to commence product sales and generate revenue.

We may also encounter challenges in achieving adequate or clinical-grade products that meet the standards or specifications of the NMPA, the FDA or other comparable regulatory agencies, in maintaining consistent and acceptable production costs, and in securing an adequate supply of qualified personnel, raw materials, or key contractors. In such circumstances, we may be required to delay or suspend our manufacturing activities. We may be unable to secure temporary, alternative manufacturers for our drugs on terms, and with levels of quality and cost, acceptable to us, or at all. Such an event could delay our clinical trials and/or the commercial availability of our products.

Our pipeline products may become subject to national or other third-party insurance coverage, reimbursement practices, healthcare reform initiatives or unfavourable pricing regulations, which could make it difficult for us to sell our pipeline products profitably.

The successful commercialisation of our future approved drugs will, in part, depend on the availability of adequate insurance coverage and reimbursement from government and private payers, as patients frequently rely on such reimbursement to cover a significant portion, or all, of the costs associated with their treatment. Government authorities and private medical insurers determine coverage and reimbursement levels based on their assessment of various factors, including:

- the safety, efficacy and medical necessity of the drug and/or treatment;
- its suitability for specific diseases and/or patient groups;
- whether the drug and/or treatment is considered experimental or investigational; and
- its cost-effectiveness in the context of their respective budgets or profit margins.

Reimbursement may not be available for our future approved drugs and the level of reimbursement may vary. In the PRC, the level of reimbursement for programme participants is

contingent upon the inclusion of our drugs in the National Reimbursement Drug List (the "**NRDL**") or other government-sponsored medical insurance schemes, as well as the specific tier under which a drug is classified. The inclusion or removal of drugs from the NRDL and their tier classification are subject to regular review by the National Healthcare Security Administration, the Ministry of Human Resources and Social Security, and their respective provincial or local counterparts. Our future approved drugs may not be included in the NRDL or other similar government-sponsored medical insurance programmes.

The illegal and/or parallel imports and counterfeit pharmaceutical products may reduce demand for our future approved pipeline products and could have a negative impact on our reputation, sales and business.

The illegal importation of competing products that are not currently approved or marketed in our target territories, or sourced from jurisdictions with government price controls or other market dynamics resulting in lower prices, could adversely affect demand for our future approved drugs. In turn, this may adversely impact our sales and profitability in the PRC, the United States, and other jurisdictions where we plan to commercialise our products.

Furthermore, the phenomenon of cross-border imports from lower-priced markets (known as "**parallel imports**") into higher-priced markets could harm sales of our future approved products and exert downward commercial pressure on pricing within one or more markets. Additionally, competent government authorities may expand the ability of consumers to import lower-priced versions of our future approved products or competing products from outside the PRC, the United States, or other countries where we plan to commercialise. Any future legislation or regulation that increases such access to lower-priced medicines from outside these key jurisdictions could have a material adverse effect on our business.

Certain products distributed or sold in the pharmaceutical market may be manufactured without proper licences or approvals, or may be fraudulently mislabelled as to their content or manufacturer. These products are commonly referred to as "counterfeit pharmaceutical products". The systems for controlling and enforcing against such counterfeits, particularly in developing markets, may prove inadequate to deter or eliminate the manufacture and sale of products imitating our own. As a result, we are exposed to these risks by virtue of our substantial operations within a developing economy. Sincecounterfeit pharmaceutical products often closely resemble the authentic versions in appearance but are typically sold at lower prices, counterfeits of our products could rapidly erode demand for our future approved drugs.

Moreover, counterfeit drugs may differ in their chemical composition, potentially rendering them less effective, entirely ineffective, or more likely to cause severe adverse side effects. This could expose us to negative publicity, reputational damage, fines and other administrative penalties, and may even lead to litigation, including product liability claims. Furthermore, counterfeit pharmaceutical products are not expected to meet our or our collaborators' rigorous manufacturing, testing and inventory standards. A patient who receives a counterfeit pharmaceutical product may face significant health risks. Our reputation, sales and business could suffer harm as a result of counterfeit pharmaceutical products sold under the branding of our Company or our collaborators.

RISKS RELATING TO OUR FINANCIAL PROSPECTS

We have incurred net losses during the Track Record Period. We anticipate that we will continue to incur net losses for the foreseeable future and may not be able to generate sufficient revenue to achieve or maintain profitability.

Investment in the biopharmaceutical industry is inherently uncertain and unpredictable in terms of commercial success. It requires substantial upfront capital investment and carries significant risk that product candidates may fail to obtain regulatory approval or achieve commercial viability. We have incurred net losses during the Track Record Period. For the years ended December 31, 2024 and 2025 and the five months ended May 31, 2026, we recorded net losses of approximately RMB147.1 million, RMB110.9 million and RMB197.2 million, respectively. The majority of our operating losses have been attributable to expenses incurred in connection with our R&D programs and administrative costs associated with our operations.

We expect to continue to incur material expenses and losses in the foreseeable future, and we expect these losses to increase materially as we continue to expand our development of, and seek regulatory approvals for, our pipeline products, and continue to build up our commercialization and sales workforce in anticipation of the future rollout of our pipeline products. The size of our future net losses will depend, in part, on the number and scope of our drug development programs and the associated costs of those programs, the cost of commercializing any approved products, and our ability to generate revenues. Should any of our pipeline products fail to succeed in clinical trials or fail to

obtain regulatory approval, or if approved, fail to achieve market acceptance, we may not become profitable. Our failure to become and remain profitable would decrease the value of our Company and could impair our ability to raise capital, maintain our research and development efforts, expand our business, or continue our operations. Such a decline in the value of our Company may also cause you to incur a substantial loss of your investment.

We had net liabilities, net current liabilities and net operating cash outflows during the Track Record Period, which may continue into the foreseeable future and expose us to liquidity risk.

We had net liabilities of approximately RMB283.2 million, RMB343.6 million and RMB532.8 million as of December 31, 2024 and 2025 and May 31, 2026, respectively. We also had net current liabilities of approximately RMB308.6 million, RMB380.8 million and RMB573.3 million as of December 31, 2024 and 2025 and May 31, 2026, respectively. A net liabilities position and net current liabilities position can expose us to liquidity and financial risks. This in turn could require us to seek financing from external sources such as debt issuance and bank borrowings, which may not be available on terms favorably or commercially reasonable to us, or at all. For further details, please refer to the above paragraph headed "— We may require significant additional financing to support our operations and future expansion, which could dilute the interests of our shareholders or limit our operational flexibility. If we are unable to secure such funding, we may not be able to complete the development or commercialization of our pipeline products."

We had net cash flows used in operating activities of approximately RMB15.3 million, RMB66.5 million and RMB30.8 million for the years ended December 31, 2024 and 2025 and the five months ended May 31, 2026, respectively. For further details, please see the section titled "Financial Information — Liquidity and Capital Resources — Cash Flows of our Group — Net Cash Flows Used in Operating Activities" in this Document. Failure to generateadequate operating cash flow or to obtain sufficient external funding could materially and adversely affect our liquidity, financial condition, and ability to grow our business as planned. If we encounter long-term and continuous net operating cash outflow in the future, we may not have sufficient working capital to cover our operating costs, and our business, financial condition and results of operations may be materially and adversely affected.

We have incurred impairment losses with respect to our trade receivables and contract assets during the Track Record Period. Significant impairment losses with respect to our trade receivables and contract assets may materially and adversely affect our business, financial condition, and results of operations.

We had gross trade receivables and contract assets of approximately RMB17.1 million, RMB28.2 million and RMB25.9 million as of December 31, 2024 and 2025 and May 31, 2026, respectively. We have incurred impairment losses on trade receivables and contract assets on contract assets from the CRO Services for the two years ended December 31, 2024 and 2025 and five months ended May 31, 2026 of approximately RMB0.4 million, RMB0.4 million, and RMB0.8 million, respectively, respectively. In the event that our customers' cash flow, working capital, financial condition or results of operations deteriorates, our customers may not be able to timely pay trade receivables due to us or at all. Delay in a customer's payment obligations or substantial default may materially and adversely affect our business, financial condition and results of operations.

We may require significant additional financing to support our operations and future expansion, which could dilute the interests of our Shareholders or limit our operational flexibility. If we are unable to secure such funding, we may not be able to complete the development or commercialization of our pipeline products.

During the Track Record Period, we financed our operations, including research and development activities for our preclinical studies and clinical trials, primarily through a combination of interest-bearing bank and other borrowings and equity financing. As of December 31, 2024, 2025 and the five months ended May 31, 2026, our interest-bearing bank and other borrowings amounted to approximately RMB12.9, RMB9.8 million and RMB24.7 million, respectively.

We believe that our existing cash and cash equivalents, available debt financing, together with the estimated net **[REDACTED]** from the **[REDACTED]**, will be sufficient to meet at least 125% of our anticipated funding needs for at least the next 12 months from the date of this Document. Going forward, we expect to finance our operations primarily through the capital contributions from the Shareholders, debt financing (including loans from the banks), and the net **[REDACTED]** from this **[REDACTED]**. Following the successful commercialisation of one or more of our pipeline products, we also expect to rely, in part, on revenue generated from product sales to support our operations.

However, changes in our ability to obtain financing or generate sufficient revenue could impact our liquidity, cash flow, and overall financial performance. We may still require significant additional capital to meet our ongoing operational needs, particularly to fund research and development activities, advance the commercialisation of our pipeline products, and expand our manufacturing capabilities.

As our business continues to grow, we may seek additional financing through equity issuances, debt arrangements, licensing, collaboration agreements, or other funding sources. However, such financing may not be available on commercially reasonable or favorable terms, or may not be available at all. If we raise additional capital by issuing equity or convertible debt securities, your ownership interest may be diluted, and such securities may include terms, such as liquidation preferences or other rights, that could adversely affect your interests as a holder of our H Shares.

Taking on additional debt could increase our fixed payment obligations and subject us to restrictive covenants, including limitations on incurring further indebtedness or issuing additional equity, constraints on acquiring or licensing intellectual property, and other operational restrictions that may impair our ability to conduct our business effectively. Our ability to obtain financing will also depend on prevailing financial, economic, and market conditions, as well as our relationships with banks and financial institutions — factors that are largely beyond our control. If sufficient funds are not available when needed, we may be forced to delay, scale back, or discontinue certain preclinical studies, clinical trials, research and development programs, or the commercialization of our pipeline products, any of which could adversely affect our business and growth prospects. Furthermore, if wepursue collaboration or licensing arrangements to raise capital, we may be required to agree to unfavorable terms. These may include granting third parties rights to our technologies or pipeline products under less favorable conditions than we might otherwise obtain, or at an earlier stage than we would prefer, potentially foregoing future opportunities to secure more advantageous arrangements.

We are subject to fluctuations in the fair value of our financial assets measured at fair value through profit or loss ("FVPL") and to uncertainties in their valuation.

As of 31 December 2024 and 2025 and May 31, 2026, our financial assets measured at fair value through profit or loss amounted to approximately nil, RMB1.4 million and RMB8.2 milion, respectively. These financial assets primarily consist of wealth management products and structured deposits issued by various banks in the PRC, which offer floating returns payable together with the principal upon maturity. We may not be able to realise fair value gains on these financial assets, and we may incur fair value losses in the future. The fair value of such assets is subject to fluctuations influenced by factors beyond our control, including changes in macroeconomic and market conditions.

We benefit from government grants, the expiration or modification of these grants could adversely affect our financial condition and results of operations.

During the Track Record Period, we recognised government grants of approximately RMB1.8 million, RMB3.0 million and RMB0.6 million during the two years ended December 31, 2024 and 2025 and the five months ended May 31, 2026, respectively. Certain government financial incentives, grants, or funding are awarded on a project-by-project basis and/or are subject to the fulfillment of specific conditions. These conditions may include compliance with applicable financial incentive agreements, completion of designated projects, and adherence to various requirements, such as maintaining operations or physical facilities.

We may not be able to continue to meet all eligibility requirements relating to government financial incentives, grants and funding. If we fail to satisfy any of these requirements due to changes in our business activities, ownership structure or other circumstances, we may lose our entitlement to, or be required to return, all or part of the relevant government incentives, funding, or grants we currently enjoy.

We may not be able to maintain the existing level of government incentives and support in the future. Any reduction, delay, or termination of such programs due to government budget changes, policy updates or other factors could adversely affect our business, financial condition, and results of operations.

We may experience impairment losses related to our prepayments, other receivables and other assets.

We had gross prepayments, other receivables and other assets of approximately RMB6.6 million, RMB14.7 million and RMB17.5 million as of December 31, 2024 and 2025 and May 31, 2026, respectively. We have incurred impairment losses on prepayments, other receivables and other assets of approximately RMB5,000 for the year ended December 31, 2024, reversal of impairment losses on prepayments, other receivables and other assets of approximately RMB3,000 for the year ended December 31, 2025 and impairment losses on prepayments, other receivables and other assets of approximately RMB2000 for the five months ended May 31, 2026. Our prepayments, other receivables

and other assets primarily consist of prepayments for property, plant and equipment, deposits, prepayment, value-added tax and other taxes recoverable, other receivables and impairment allowance. We are exposed to credit risks associated with these prepayments, other receivables and other assets if our suppliers, service providers, and other third parties fail to timely fulfill their contractual obligations.

The assessment of potential impairment losses involves a significant degree of management judgment and estimation in determining key assumptions. In addition, unforeseen adverse developments could lead to decreases in the value of our prepayments and other receivables. Accordingly, our assumptions and estimates may result in material adjustments to the carrying amounts of these assets in the future, which could give rise to impairment losses. Any material impairment losses on prepayments, other receivables and other assets could adversely affect our business, financial condition, and results of operations.

Share-based payment may cause shareholding dilution to our existing Shareholders and have a negative effect on our financial performance.

We have established an employee incentive platform for the benefit of our employees, Directors and senior management as remuneration for their services provided to us and to incentivize and reward the eligible persons who have contributed to the success of our Company. During the years ended December 31, 2024 and 2025 and the five months ended May 31, 2026, we incurred share-based payment expenses of nil, approximately RMB13.6 million and RMB7.9 million, respectively. For further details of the employee incentive platform, please refer to the section titled "History, Development and Corporate Structure — Employee Incentive Platform."

To further incentivize our employees, we may incur additional share-based payment expenses in the future. Expenses incurred with respect to such share-based payments may also increase our operating expenses and therefore have a negative effect on our financial performance. Issuance of additional H Shares with respect to such share-based payments may dilute the shareholding of our Shareholders and could result in a decline in the value of our H Shares.

RISKS RELATING TO OUR INTELLECTUAL PROPERTY RIGHTS

Our ability to obtain and maintain our patent protection depends on compliance with procedural obligations, timely document submission, fee payments, and other requirements set by patent authorities.

Periodic maintenance, renewal and annuity fees, as well as various other government charges relating to patents and patent applications, must be paid to the China National Intellectual Property Administration ("**CNIPA**"), the United States Patent and Trademark Office ("**USPTO**") and other patent authorities in different jurisdictions at several stages throughout the life of a patent. These authorities also require compliance with a range of procedural, documentary and administrative requirements during the patent application process.

There may be circumstances in which non-compliance is not capable of being remedied by payment of fees or other permitted means under the applicable regulations, and may result in the abandonment, loss of priority or expiry of a patent or patent application. This could lead to the partial or complete loss of patent rights in the relevant jurisdiction. If any of these events occurs, competitors or other third parties may be able to enter the market, which could materially and adversely affect our competitive position, business operations, financial condition and future prospects.

Intellectual property rights may not fully safeguard us from all potential threats to our competitive advantages. If these protections are insufficient or are circumvented, our market position and competitiveness may be materially harmed.

There is inherent uncertainty regarding the degree of protection afforded by our intellectual property rights. Intellectual property rights have their limitations, and may therefore be insufficient to adequately protect our business or enable us to maintain a competitive advantage.

The life of patent protection is limited. Once expired, or if our patent rights are circumvented, third parties may develop and commercialise similar or alternative products and technologies in a non-infringing manner, or products and technologies similar or identical to ours and compete directly against us.

The period of protection afforded by patents is inherently limited. This risk is particularly significant for our product candidates due to the substantial time required for development, clinical testing, and regulatory review, which may cause our patents to expire before or shortly after product launch. We may face challenges in enforcing our rights, and our business, financial condition, and prospects could be materially harmed as a result. Manufacturers of similar or identical products may

initiate proceedings before a patent office or in court to challenge the scope, validity, or enforceability of our patents. We may be unsuccessful in defending these intellectual property rights, which would prevent us from marketing the product exclusively and materially adversely affect its potential sales.

In China, for instance, the standard term of patents is finite, subject to the timely payment of maintenance fees. Invention patents, design patents, and utility model patents have respective maximum terms of 20 years, 15 years, and 10 years from their filing date. The relevant authorities may not grant patent term extensions to our patents or the extension granted may not be as extensive as we may request. In the absence of supplementary protections such as patent term extensions and data exclusivity, the statutory term of a patent may be inadequate to protect our commercial position as we may not be able to enjoy the full patent standard term caused by lengthy regulatory approval of the patent. The expected expiry dates of our pending patent applications are set out in the section "Business — Intellectual Property". Upon their expiration, we will be unable to assert these patent rights against potential competitors, which would have a material adverse effect on our business, financial condition, results of operations, and prospects.

We may from time to time face intellectual property infringement or misappropriation claims or other legal challenges in courts or before the CNIPA, the USPTO, or comparable foreign authority, which could result in costly litigation, significant expenses or substantial damages, limit our R&D activities, and ultimately delay or prevent us from marketing and selling our products. Our patent rights relating to our pipeline products could be found invalid or unenforceable if being challenged.

Our commercial success depends on our ability to develop, manufacture, market and sell our pipeline products without infringing, misappropriating or otherwise violating the intellectual property rights of others. The pharmaceutical industry is known for frequent disputes and litigation concerning patents and other intellectual property rights. Our pipeline products, or their intended uses, may infringe existing third-party patents or other intellectual property rights. It is also possible that we have not identified, or may fail to identify in the future, certain patents or patent applications owned by third parties that relate to our pipeline products. In addition, published patent applications may later be amended, within certain limits, in ways that could encompass our products or their uses.

Third parties may allege that we are infringing their patents, misappropriating their trade secrets, or otherwise violating their intellectual property rights in connection with our research activities, the use or manufacture of our products, or other aspects of our operations. Such parties may initiate legal proceedings against us or against third parties that we have agreed to indemnify. These claims may relate to existing intellectual property or to rights that arise in the future. If infringement, misappropriation or other intellectual property claims are brought against us, the claimants may seek injunctions or other equitable remedies that could prevent us from continuing to develop or commercialise one or more of our pipeline products. Defending against such claims, irrespective of their validity, could involve considerable litigation costs and divert significant management and employee resources from our core business activities. The outcome of such proceedings is uncertain and a court may rule against us on matters such as validity, enforceability, priority or non-infringement. A competent court could determine that the third-party patents are valid, enforceable and infringed, which could materially and adversely affect our ability to commercialise any products or technologies covered by such patents.

To avoid or settle potential disputes relating to third-party patents or other intellectual property rights, we may decide, or be required, to obtain a licence from the relevant patent holder. This could involve paying significant licence fees or royalties, which may be substantial. Such licences may not always be available on terms acceptable to us, or indeed available at all. For instance, these licences might be non-exclusive, allowing competitors to use the same intellectual property and thereby eroding our competitive position. Ultimately, as a result of actual or threatened intellectual property claims, we could be prevented from commercialising approved products or compelled to cease certain or all aspects of our operations, either through court orders or other enforcement measures. We could also be held liable for significant monetary damages, including treble damages and legal costs, if found to have willfully infringed a third party's patent. Defending against claims of patent infringement, misappropriation of trade secrets or other alleged violations of intellectual property rights could be both costly and time-consuming, regardless of the eventual outcome, and may impose substantial and unforeseen adverse effects on our business and financial condition.

We could be unsuccessful in obtaining or maintaining adequate patent protection for one or more of our pipeline products or development pipelines throughout the world, which depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties may compete directly against us.

Our success depends in large part on our ability to protect our technologies and pipeline products from competition by obtaining, maintaining, defending and enforcing our intellectual property rights. We seek to safeguard the pipeline products and technologies that we consider commercially important by filing patent applications in China and the United States. Extending the filing, prosecution, maintenance and defence of patents for our pipeline products to all other countries worldwide could be prohibitively costly. The scope and strength of any intellectual property rights obtained in other jurisdictions may differ from those secured in our target markets. Moreover, the laws of certain jurisdictions provide weaker protection for intellectual property rights than others. Competitors may take advantage of our technologies in jurisdictions where we have not secured patent protection to develop their own products. They may also export products that would otherwise infringe our patents into jurisdictions where our patents are valid and enforceable. We may be unable to prevent third parties from using our inventions in other jurisdictions outside our target markets, or from selling or importing products made using our technologies into our target markets or other regions. Such products could compete with our own pipeline products, and our patents or other intellectual property rights may prove insufficient to prevent or restrict this competition.

A portion of our intellectual property portfolio currently consists of pending patent applications that have not yet matured into granted patents, and if our pending patent applications are eventually rejected or face significant delays, our ability to protect key innovations and maintain competitive differentiation could be compromised, and our business will be adversely affected.

Our business, financial condition, results of operations, and prospects could be materially and adversely affected if we fail to obtain or maintain adequate intellectual property protection for our key assets.

The processes of patent filing, prosecution, maintenance, enforcement, and licensing are inherently expensive, time-consuming, and complex. Accordingly, we may be unable to secure or administer all necessary patents and applications in a timely and cost-effective manner across all desired territories. For instance, in China, the CNIPA may, following substantive examination, require us to amend our applications to narrow their scope, and failure to respond within the prescribed timeframe may result in the application being deemed as withdrawn. As a result, we might be unable to prevent competitors from developing and commercialising competing products in relevant therapeutic areas and jurisdictions.

Confidentiality agreements with employees and third parties may not necessarily prevent unauthorised disclosure of trade secrets and other proprietary information. We may also face claims alleging that our employees, consultants, independent contractors and advisers have wrongfully used or disclosed confidential information and/or alleged trade secrets of their current or former employers or claims asserting ownership of what we regard as our own intellectual property.

We rely on trade secrets and confidential information, including unpatented know-how, technology and other proprietary information, to maintain our competitive advantage and to protect our pipeline products. We seek to safeguard this information in part through confidentiality and non-disclosure agreements with individuals and organisations that have access to it. These parties include our employees, corporate partners, external scientific collaborators, sponsored researchers, contract manufacturers, consultants, advisers, agents and other third parties. However, we may not always be able to prevent the unauthorised use or disclosure of our trade secrets and confidential information by such parties. Monitoring potential misuse or disclosure is challenging, and it is uncertain whether the measures we have implemented will be sufficient to protect our technologies.

Any party that has signed a confidentiality agreement with us could breach or disregard the terms of that agreement and disclose our proprietary information. In such cases, we may be unable to obtain

adequate remedies, and as a result, we could lose valuable trade secrets. Third parties could then use this information to compete with us, which would harm our competitive position. Furthermore, our trade secrets or technologies may be incidentally accessed by certain individual or organisation which we may not have entered into confidentiality agreement with. Pursuing legal action to enforce claims of unauthorised disclosure or misappropriation of trade secrets is often costly, time consuming and unpredictable.

Many of our employees, including members of senior management, previously worked for other pharmaceutical or biopharmaceutical companies, some of which are our competitors or potential competitors. These individuals may have entered into confidentiality, proprietary rights or non-competition agreements with their former employers. We may face allegations or legal proceedings against us that we or our employees have misused or disclosed intellectual property, including trade secrets or proprietary information, belonging to a former employer. The outcome of such proceedings may be unfavourable against us and we could be required to pay damages, relinquish valuable intellectual property rights or obtain licences on terms that may be commercially unfavourable or unavailable. Any of these outcomes could harm our business or hinder the successful commercialisation of our pipeline products.

We may face intellectual property disputes with our business partners or other third parties.

We may be subject to claims that former employees, business partners or other third parties have an interest in our owned patents or other intellectual property. If we are unsuccessful in any interference proceedings or other priority or validity disputes to which we or they are subject, we may lose valuable intellectual property rights, such as loss of one or more patents or exclusive ownership, or our patent claims' being narrowed, invalidated, or held unenforceable. We may also incur substantial costs in such interference proceedings or other similar priority or inventorship disputes, regardless of the outcome.

Changes in patent law in the jurisdictions where we conduct business could diminish the value of patents in general, thereby impairing our ability to protect our pipeline products and future products.

As with other companies in the pharmaceutical and biopharmaceutical industries, our success depends heavily on our ability to obtain, maintain, protect and defend our intellectual property, particularly our patents. Securing and enforcing patents in these sectors involves both technological and legal complexity and is often costly, time consuming and uncertain. Changes to patent legislation or its interpretation in China or other jurisdictions may increase the difficulty and cost of obtaining or enforcing patents, limit our ability to safeguard our inventions and intellectual property, or reduce the overall value and scope of our patent rights.

We may not be able to protect and enforce our trademarks and trade names, or build name recognition in our markets of interest thereby harming our competitive position.

We currently own a number of registered trademarks, any of which could become the subject of an objection from a government authority or a third party, potentially preventing their continued validity. Trademark applications we submit in the future may not be approved. During the registration process, our applications may be rejected, and we might not succeed in overcoming such rejections. In proceedings before the CNIPA and similar authorities in other jurisdictions, third parties may oppose our pending applications or seek to cancel existing registrations. If opposition or cancellation actions are filed against our trademarks, we may be unable to defend them successfully. Failure to secure trademark protection for our key brands could require us to change brand names, which could have a material adverse effect on our business. Our trademarks and trade names may also be challenged, infringed, circumvented or deemed generic, or found to infringe the rights of others. We may not always be able to protect our rights to these marks, which are essential for establishing brand recognition among potential partners and customers in our target markets. At times, competitors or other parties may use trade names or trademarks similar to ours, which could hinder our efforts to build a distinct brand identity and create confusion in the marketplace. Over time, if we fail to establish or maintain recognition based on our trademarks and trade names, we may find it difficult to compete effectively, which could adversely affect our business.

RISKS RELATING TO OUR OPERATIONS

We may encounter difficulties in managing our growth and expanding our operations successfully.

As confirmed by our Directors, business growth strategy has been focused on organic development since our inception. As we progress our pipeline products through the clinical trial

pipeline and prepare for the potential commercial launch of multiple products in the future, we will be required to materially expand our internal development and manufacturing capabilities. Furthermore, we intend to establish strategic partnerships to facilitate the sales and marketing of our future approved drug products.

This anticipated growth will impose significant additional demands on our management and operational infrastructure. Key areas of focus will include: (i) identifying, recruiting, and effectively integrating additional qualified personnel to support our development plan; (ii) managing our internal development functions, including the clinical and regulatory review processes for our pipeline products, while simultaneously ensuring compliance with our contractual obligations to various third-party collaborators; and (iii) strengthening our operational, financial, and internal controls, as well as our reporting systems and procedures. The establishment and management of strategic relationships, will also place considerable strain on our management resources.

We may not be able to effectively execute our growth strategy. Our future prospects are, in part, subject to external factors beyond our control, including changes in the general economic and political conditions in China, the overall biopharmaceutical industry landscape, and relevant government regulations. It is inherently difficult to extrapolate future performance from our historical experience, and you should not rely solely on past operating results to assess future prospects or the likelihood of our growth plan being realised.

If we fail to maintain and optimise an effective distribution network for our product or encounter problems with our distributors, our operations, revenue and profitability could be adversely affected.

We have not yet demonstrated an ability to launch and commercialize any of our pipeline products. Our ability to successfully commercialize our pipeline products may involve more inherent risk, take longer, and cost more than it would if we were a company with experience launching and marketing drug products. Furthermore, we will face stiff competition with other biopharmaceutical companies to attract, recruit, train, and retain commercial personnel.

We may plan to form partnerships with established third-party commercial teams to facilitate rapid market entry. However, we may not be able to establish or maintain such arrangements, or establish effective sales forces and distribution networks. We would exercise limited or no control over their marketing and sales efforts, and our product sales revenues might be lower than if we were to commercialise the products ourselves. We will also face competition in seeking reputable third parties to assist with the commercialization of our pipeline products. Furthermore, we may not be able to build in-house sales and marketing capabilities or establish or maintain successful relationships with collaborators, and as a result, we may be unable to generate any product sales revenue.

Failure to retain the services of our senior management and key scientific personnel could severely disrupt our business and growth.

The success of our business is highly dependent on the continued expertise, leadership and strategic insights of our senior management and key scientific personnel. Furthermore, the successful recruitment, retention and motivation of qualified scientific, clinical, manufacturing and commercial personnel will be critical to our future development and commercial objectives. The loss of the services of any of our senior management or key scientific personnel could impair our ability to maintain current development timelines, advance our pipeline products through clinical trials, or achieve our planned commercialisation goals. The pool of suitably qualified candidates is inherently limited and we may face difficulties and competition in attracting or retaining qualified employees within the pharmaceutical and life sciences sectors.

Furthermore, as we build and expand our commercialisation capabilities in anticipation of future product launches, we will be required to hire additional personnel. We may not be able to attract and retain such qualified employees on acceptable terms, if at all. Any failure to secure necessary personnel could hinder our commercialisation strategy and have a materially adverse effect on our business.

We may not be able to develop our manufacturing capacity at our Microneedle Formulation Industrial Base in Lianyungang and Nasal Inhalation Formulation Industrial Base in Zhuhai, or obtain approval from regulators for our manufacturing facilities, or avoid damage or interruption to our manufacturing facilities.

We intend to develop our own manufacturing capacity by building a Microneedle Formulation Industrial Base in Lianyungang and a Nasal Inhalation Formulation Industrial Base in Zhuhai. These sites must meet the stringent quality standards imposed by regulatory authorities worldwide. The development of our capabilities could be adversely impacted if the enhancement or construction of these facilities is materially delayed by events such as the COVID-19 pandemic or similar public health crises. Furthermore, should regulatory or other difficulties, including potential breaches of contract,

necessitate the suspension or abandonment of the Zhuhai and Liangyungang facility projects, we will be unable to develop our manufacturing capacity as planned, which would have a material adverse effect on our business, financial condition, results of operations and prospects. Once operational, our facilities and equipment could be significantly damaged or destroyed by events such as fire, flood, power failure, or other similar occurrences. We may not be able to replace such a facility quickly or inexpensively. In the event of a temporary or prolonged loss of a facility, we might be unable to transfer manufacturing operations to a third party; any transfer of manufacturing operations may also likely be expensive and time-consuming, especially given the extensive regulatory requirements the replacement process could entail.

Moreover, our manufacturing facilities will be required to obtain and maintain various regulatory approvals, a process that involves undergoing periodic inspections by the NMPA and other comparable bodies to ensure continued compliance with GMP regulations. Consequently, we must continue to expend significant time, monetary resources, and effort to ensure compliance across all areas of our manufacturing, production, and quality control operations. We may not be able to consistently adhere to, and adequately document compliance with, GMP and other regulatory requirements.

We are exposed to product and professional liability and other liability claims or lawsuits, which may cause us to incur substantial liabilities.

As a consequence of our clinical testing and any future commercialisation of our pipeline products both within and outside China, we face inherent risks of product and professional liability. For instance, we may become subject to legal claims if our pipeline products are alleged to have caused or to be perceived to have caused personal injury, or are otherwise deemed unsuitable for use, at any stage from clinical development and manufacturing through to marketing and sale. Such product liability claims could include allegations of manufacturing defects, design defects, failure to warn of inherent dangers, negligence, strict liability, or breach of statutory or implied warranties. Claims might also be brought against us under applicable consumer protection legislation.

We may be unable to successfully defend against such claims, which could result in significant liabilities or compel us to restrict the commercialisation of our pipeline products. The process of defending against such claims would require significant outlays of financial and management resources. Regardless of their ultimate merits or outcome, liability claims may lead to:

- material harm to our reputation and brand leading to diminished demand for our products;
- withdrawal of clinical trial participants, potentially preventing the continuation of clinical trials;
- the initiation of investigations by regulatory authorities;
- financial loss including loss of revenue and substantial costs associated with defending related litigation;
- a diversion of management attention and corporate resources;
- product recalls, withdrawals, or restrictions on labelling, marketing, or promotion;
- exhaustion of available insurance coverage and our capital resources; and
- a decline in the market price of our H Shares.

In the event that a successful product liability claim, or a series of such claims, is brought against us for uninsured liabilities or for amounts that exceed the insured limits, our assets may prove insufficient to cover such liabilities, our business operations could be seriously impaired, and we may face material adverse consequences.

Our Controlling Shareholder Group has and will continue to have substantial influence over the outcome of shareholder actions in our Company. The interests of our Controlling Shareholder Group may not necessarily be aligned with the interests of our other Shareholders.

Immediately before the **[REDACTED]**, our Controlling Shareholder Group will be entitled to exercise approximately [51.01%] voting rights in our Company (assuming the **[REDACTED]** is not exercised). As a result, our Controlling Shareholder Group is, in the aggregate, entitled to exercise approximately [38.26%] of the voting rights in our Company upon completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised). This affords them significant influence over our business, including decisions pertaining to mergers, consolidations, liquidations, the sale of all or substantially all of our assets, the election of directors, and other significant corporate actions.

Our Controlling Shareholder Group may exercise their influence in a manner that is not in the best interests of our Company or our other Shareholders. The concentration of ownership may discourage, delay or prevent a change of control of our Company. This outcome could have the effect of depriving out other Shareholders of the opportunity to receive a premium for their shares that might be available in the event of a sale of our Company and may also depress the market price of our H Shares. Such

concentrated control will also limit your ability to influence corporate matters and may discourage potential third parties from pursuing any merger or takeover offer that other Shareholders might consider to be attractive.

We depend on a stable and adequate supply of quality materials, including raw materials and consumables from our suppliers, and price increases or interruptions of such supply could have an adverse impact on our business.

During the Track Record Period, we have procured raw materials, consumables and our contract manufacturing services. For further details, please see "Business — Raw Materials" in this Document. We have supply agreements in place with manufacturers and suppliers that we believe possess sufficient capacity to meet our current and anticipated demands. We also believe that adequate alternative sources for these supplies exist. However, there is a risk that if the supply of materials is interrupted, we may be unable to secure alternative supplies on a timely or commercially reasonable basis, or at all. Any such failure would materially harm our business.

Furthermore, the volume of materials required for our pipeline products is expected to increase significantly upon the commencement of commercial production following the granting of marketing approvals. Our current suppliers may not have the capacity to meet this increased demand. Any delay in the receipt of materials in the required quantities and to the required quality could delay the completion of our clinical trials, the regulatory approval of our pipeline products, or our ability to satisfy market demand for our commercialised products, as applicable. In the event of significant price increases for such materials, we may not be able to offset this by increasing the prices of our future drug products sufficiently. Consequently, any significant price increase in our essential materials could have an adverse effect on our profitability.

Additionally, our suppliers may fail to maintain the requisite quality of the services, materials, and equipment we require. Suboptimal or deficient supplies of services, materials, and equipment could hinder the development of our pipeline products, subject us to product liability claims, or otherwise have a material adverse effect on our operations.

If our products and supplies are not stored and shipped properly, the products and supplies could be damaged, which could negatively affect us.

Our supplies may become rendered unusable or unsafe for their intended purpose when exposed to adverse environmental conditions, or due to improper storage or shipping. A failure by us or any third-party logistics provider to provide and maintain adequate storage and shipping conditions for our research and development supplies, ingredients, or pipeline products could render such products unsuitable for use in our operations. This, in turn, could lead to costly replacement orders and delays in our operating activities, potentially resulting in a material adverse effect on our business, financial condition, and results of operations.

Our investment in R&D for the development, enhancement or adaptation of new technologies and methodologies may not be successful.

The global biopharmaceutical sector is characterised by rapid and continuous evolution. To maintain and enhance our competitive position, we must keep pace with emerging technologies and methodologies. For the two years ended December 31, 2024 and 2025 and the five months ended May 31, 2026, our R&D expenditures were approximately RMB16.4 million, RMB38.2 million and RMB19.0 million, respectively.

We intend to continue to invest in strengthening our technical and methodological capabilities in the development and manufacture of our pipeline products, however, such endeavours require substantial capital and time. We may not be able to successfully develop, adopt or adapt to new technologies and methodologies, identify new technological opportunities, or develop and bring to market new or enhanced products, or secure sufficient intellectual property protection for such products in a timely or cost-effective manner. Any failure to achieve these objectives could render our existing platforms and pipeline products obsolete, which would likely impair the competitiveness of our technology platforms and pipeline products and could have a material adverse effect on our business and future prospects.

Increased labour costs could slow our growth and affect our profitability.

All of our workforce is based in China. As confirmed by F&S, over recent years, average labour costs in China have risen steadily, reflecting government-mandated wage increases and evolving legislative requirements. During the years ended December 31, 2024 and 2025 and the five months ended May 31, 2026, we incurred staff costs of approximately RMB39.2 million, RMB58.4 million and RMB25.3 million, respectively. Future legislative or regulatory changes promulgated by the Chinese authorities may impose additional burdens on employers, which could materially and adversely affect

our operations. We anticipate that this upward trend in labour costs will continue in line with China's economic growth. However, this trend, coupled with competition for qualified talent, may require us to offer higher wages and benefits, leading to increased labour expenditure.

Changes in government regulations or practices relating to the biopharmaceutical industry may increase the complexity and cost of existing obligations and introduce additional compliance risks, which may have a material adverse impact on us.

The policies of the relevant regulatory authorities are subject to change, and new government regulations may be enacted that could prevent, delay or limit the regulatory approval of our product candidates, impose restrictions on post-approval activities, and adversely affect prospects for our commercial success and profitability. We are unable to predict the likelihood, nature, or extent of future governmental policies or regulations which may arise from legislative or administrative action in the jurisdictions in which we operate.

Failure to obtain or renew certain approvals, licences, permits and certificates required for our business operations may lead to operational disruptions, legal penalties, or restrictions on our ability to conduct business, thereby materially and adversely affecting our business, financial conditions and operation results.

We are required to obtain, maintain and renew the approvals, licences, permits and certificates we have obtained from various regulatory and governmental authorities. Certain of these authorisations are subject to periodic renewal and reassessment by the relevant authorities, and the applicable standards for such processes may be subject to change over time. Any failure to obtain or successfully renew any material authorisation necessary for our operations could result in enforcement actions by the relevant authorities. These actions may include orders to take remedial steps, the suspension of our operations, or the imposition of significant fines and penalties. Any such event could materially and adversely affect our business, financial condition, results of operations, and prospects.

In China, a drug MAH may manufacture products either through its own facilities or through a CMO. In the latter case, the CMO must hold a valid pharmaceutical manufacturing permit and ensure each production facility complies with the requisite GMP standards stipulated by the NMPA and its branches. Moreover, pursuant to the Measures for the Supervision and Administration of Drug Production (《藥品生產監督管理辦法》), which have been in effect since 1 July 2020, the MAH that entrusts a CMO must also apply for its own pharmaceutical manufacturing permit. For distribution activities, we or our commercial partners will require a pharmaceutical distribution permit from the NMPA and its branches, and must operate in compliance with the requirements of good supply practice.

Furthermore, we are subject to the risk that changes in the interpretation or enforcement of existing regulations, or the introduction of new legislation, could render some of our existing authorisations insufficient or require us to obtain new or additional approvals, licences, permits or certificates. We may not be able to obtain any such additional authorisations on a timely basis, or at all.

We, our management and directors may be involved in litigations, legal disputes, claims, arbitration or administrative proceedings in the ordinary course of business which could be costly and time-consuming to resolve.

From time to time, we, our management or directors may become party to litigations, legal disputes, claims, arbitration or administrative proceedings arising in the ordinary course of our business. These may relate to, among others, product liability, environmental issues, breaches of contract, employment or labour disputes, and intellectual property rights.

Our involvement in legal proceedings and litigation can divert management's and directors' attention and consume significant time and resources. If we are unsuccessful in defending against such claims, we may become liable for substantial damages or be required to curtail the commercialisation of our pipeline products. Additionally, negative publicity associated with any such proceedings may damage our reputation and adversely affect the perception of our brands and products. Any of these outcomes could have a material adverse effect on our business, financial condition, and results of operations.

If we are found to have violated laws protecting the confidentiality of patients and other covered information, we could be subject to civil or criminal penalties, which could increase our liabilities, damage our reputation and harm our business.

We may be subject to patient privacy regulations imposed by governments in the jurisdictions where we conduct business or clinical trials. Various laws in these jurisdictions protect the confidentiality of individually identifiable patient health information and restrict the use and disclosure of such protected information. Failure in our information security efforts could expose us to

enforcement actions, investigations, regulatory penalties, and significant legal liability under local and international laws. As these data protection regimes continue to evolve, growing public scrutiny, increasing enforcement action, sanctions, and higher compliance costs could be resulted.

The Personal Information Protection Law (PIPL, effective November 2021) (《中華人民共和國個人信息保護法》) governs the processing of personal information, defining its scope, legal basis, and consent requirements.

Determining whether protected information complies with applicable laws or contractual obligations may require complex analysis and is subject to evolving interpretations. Mishandling, unauthorised access, breaches, or loss of information could trigger legal claims, reputational harm, and liability under information protection laws, potentially causing a material adverse effect on our business, financial condition, or results of operations.

If we engage in acquisitions or strategic partnerships, this may increase our capital requirements, cause us to incur debt or assume contingent liabilities, and subject us to other risks.

To support our growth strategy, we may from time to time evaluate potential acquisitions and strategic partnerships. Such opportunities may be pursued to enhance our product development, technological advancement, or distribution network. However, completing or pursuing acquisitions or strategic partnerships may involve significant risks.

We may be unable to identify or successfully conclude attractive acquisitions. The integration of an acquired company, its intellectual property, or its technology into our own operations is a complex, resource-intensive, and expensive process. Successful integration may require, among other things, the consolidation of business and corporate cultures, the integration and retention of key personnel, the alignment of our technologies and services from both an engineering and a commercial perspective, the management of pre-existing supplier, distribution, and customer relationships, the coordination of research and development activities, and the rationalisation of duplicated facilities and functions. The success of such an integration is subject to significant risks and uncertainties, which may be exacerbated by geographic distance, the complexity of the assets being integrated, and disparities in corporate culture.

Fluctuations in exchange rates may expose us to exchange rate volatility.

Fluctuations in exchange rates may have a material adverse effect on our results of operations and financial performance. The value of the Renminbi against the US dollar and other currencies is subject to a range of factors, including changes in regulation and developments in the PRC's and international political and economic landscapes. As the majority of our cash and cash equivalents are held in Renminbi, any appreciation of the Renminbi against the U.S. dollar could result in a reduction in the value of our foreign currency-denominated assets. During the Track Record Period, we recorded no gain or loss in foreign exchange rate changes for the year ended December 31, 2024, a gain in foreign exchange rate changes of approximately RMB0.06 million and RMB0.2 million for the year ended December 31, 2025 and five months ended May 31, 2026, respectively.

The **[REDACTED]** from the **[REDACTED]** will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the U.S. dollar, the Hong Kong dollar or any other foreign currencies may result in a decrease in the value of our **[REDACTED]** from the **[REDACTED]**. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our H Shares in foreign currency. Furthermore, we are also currently required to complete applicable filings with the State Administration of Foreign Exchange of the PRC (SAFE) before converting significant sums of foreign currencies into Renminbi.

Our business and operations may be adversely affected by natural disasters, health pandemics or epidemics, acts of war, terrorism or other unforeseen catastrophic events or force majeure events that are beyond our control, which may have a material adverse effect on our business, financial condition, operation results and prospects.

Our business and operations could be disrupted by a variety of events beyond our control, including natural disasters, such as floods, earthquakes, sandstorms, and other extreme weather events. A serious natural disaster could result in loss of life, personal injury, the destruction of physical assets, and a material disruption of our business and operations. Furthermore, our business is exposed to the risk posed by epidemics and pandemics. Outbreaks of infectious diseases, could cause severe disruption to our day-to-day operations. Such events may even necessitate a temporary closure of our offices, laboratories, or other critical facilities. The increasing frequency of global epidemic outbreaks in recent years heightens this risk. Similarly, acts of war or terrorism could lead to injury or loss of life among

our employees, disrupt our supply chain and business network, and destroy our key markets. Other risks include fires, prolonged shortages of essential utilities or fuel, failures or malfunctions of our information technology systems, unexpected equipment downtime, or geopolitical events such as war or terrorism.

The occurrence of any such event, or other external factors not within our control, could adversely affect the general business environment, create significant uncertainty in the regions in which we operate, and cause our business to suffer in ways that cannot be presently predicted, thereby materially and adversely affecting our business, financial condition, and results of operations.

We have limited insurance coverage, and any claims beyond our insurance coverage may result in us incurring substantial costs and a diversion of resources.

We maintain a portfolio of insurance policies, both as mandated by applicable laws and regulations and in accordance with our operational needs and prevailing industry practice. For details, please see "Business — Insurance" in this Document. However, the coverage of insurance policies maintained by us may not be adequate in all circumstances, or that this coverage will continue to be available to us on commercially reasonable terms, or at all. The defence and settlement of a claim brought against us that is uninsured or only partially covered could materially harm our business, financial condition and results of operations.

Furthermore, our existing insurance coverage may be insufficient to cover certain potential claims, including those relating to product liability, damage to our fixed assets, or employee injuries.

Our reputation is key to our business success. Negative news or publicity about us, our Controlling Shareholder Group, Directors, our management, officers, employees and/or business partners may adversely affect our recognition and reputation, which in turn may materially and adversely affect our business, financial condition, operation results and growth prospects.

We, our Shareholders, Directors, officers, employees and business partners may from time to time be subject to negative media coverage and publicity. Any negative publicity concerning us, our affiliates, our Shareholders, Directors, officers, employees or business partners could adversely affect our reputation and business prospects. Such negative coverage could damage the public perception of our brand. Furthermore, should our Shareholders, Directors, officers, employees or business partners be found to be non-compliant with any laws or regulations, or become involved in litigation, disputes or other legal proceedings, or be subject to administrative measures, penalties or investigations by regulatory authorities, we may also suffer adverse publicity and reputational harm. As a result, we may be required to expend significant management time and incur substantial costs in responding to allegations and managing negative publicity. Moreover, referrals and industry reputation are crucial for establishing new partnerships.

RISKS RELATING TO DOING BUSINESS IN JURISDICTIONS WHERE WE OPERATE

Changes in geopolitical relationships, healthcare and drug approvals policies and regulations, and international trade policies such as tariffs and export control, particularly those involving the PRC, may adversely impact our business and operating results.

During the Track Record Period, we carried out the R&D and manufacturing of our pipeline products in the PRC. As substantial part of our R&D capacity and manufacturing facilities are currently located in the PRC and that our products are intended to be commercialised and distributed in both the PRC and other jurisdictions, including the U.S., accordingly, changes in geopolitical relationships, healthcare and drug approvals policies and regulations, and international trade policies such as tariffs and export control may affect the demand for our products or our ability to export products to such foreign jurisdictions at all, and may adversely affect our business, financial conditions and results of operations.

Recent years have seen significant shifts in the trade policies of the United States and intensified trade frictions between the U.S. and the PRC, including the imposition of tariffs on certain products originating from the PRC. For instance, the U.S. government has announced a significant tariff increase on imports from the PRC in February 2025, and between February 2025 and April 2025, the U.S. government has cumulatively imposed additional 145% tariffs on PRC imports, the U.S. government subsequently reduced the rate of tariff on PRC imports and announced that the U.S. will maintain its suspension of heightened reciprocal tariffs on PRC imports until November 10, 2026. The future direction of U.S. trade policy remains uncertain, and it is unclear what actions the U.S. government may take with respect to existing international trade agreements, or whether, and to what extent, new tariffs or other regulatory measures will be adopted. The potential impact of any such future actions on our business and the wider industry is also unknown.

The implementation of unfavourable government policies, such as capital controls or the imposition of tariffs, could adversely affect our future business. Such policies could impact the demand for and competitive position of our future drug products, hinder our ability to hire key scientific and R&D personnel, impede the import or export of raw materials critical to drug development, or prevent our future products from being commercialised in certain countries. If new tariffs, legislation, or regulations are implemented, or if existing trade agreements are renegotiated — particularly in response to retaliatory U.S. trade actions — our business, financial condition, and results of operations could be materially and adversely affected.

Governments or regulators of markets in which our Company may be commercialised and distributed, such as the U.S., may impose healthcare and drug approvals policies and regulations targeted at foreign biotechnology companies, including the PRC. For example, the U.S. BIOSECURE Act which was enacted on 18 December 2025, prohibits the procurement and grants involving biotechnology products or services by any of the "biotechnology companies of concern" (BCCs) and that executive agencies of the U.S. federal government are prohibited from extending loans or granting funds to procure biotechnology equipment or services produced or provided by any of the BCCs, and during the Track Record Period and up to the Latest Practicable Date, we are not included in the lists of BCCs, and during the Track Record Period and up to June 30, 2026, we have not engaged in business dealings with any of the BCCs. However, in the event that we are listed as one of the BCCs or that we are engaged in business dealings with any of the BCCs, or the U.S. or any other jurisdictions tightens or introduces regulatory policies against PRC biotechnology companies, our ability to commercialise and distribute products in these markets could be materially and adversely affected.

Furthermore, existing trade disputes and geopolitical tensions may escalate in the future, which could render certain goods, such as advanced R&D equipment and materials, significantly more expensive to procure from overseas suppliers or even subject to export bans. Our existing or potential service providers, or collaboration partners, may alter their perception of or preference for us as a result of adverse changes in the relationship between the PRC and relevant foreign countries or regions. Consequently, the geopolitical relationship between the PRC and other countries and the changes in healthcare and drug approvals policies and regulations, and international trade policies, may materially and adversely impact our business, financial condition, results of operations, cash flows, and prospects.

Changes in economic and social developments, laws, rules, regulations and licensing requirements in jurisdictions where we operate could have a material effect on us.

Most of our assets and operations are conducted in the PRC. As such, our business, financial conditions, results of operations and prospects depend heavily on the overall economic and social conditions in the PRC.

China's economy has grown significantly over the past few decades, and we expect that growth to continue. Various measures have been implemented to boost economic development. While some of these measures may benefit the Chinese economy as a whole, they may influence how we conduct our business operations, and therefore have impacts on our business, financial conditions, results of operations and prospects. It may be difficult for us to predict all the risks that we could face as a result of the current economic and social developments and failure to respond to such development and risks could materially affect our business operations and financial performance.

Future new laws or regulations promulgated or interpretations of the laws and regulations in the future may materially affect our business, financial condition, operation results and prospects. Failure to timely respond to changes and development with respect to PRC laws, rules and regulations of the jurisdictions where we operate could expose us to compliance risks, operational disruptions or reputational harm.

Regulatory authorities may alter their policies, and new government regulations could be introduced that may hinder, restrict, or delay the approval of our product candidates, impose limitations on post-approval activities, and affect our capacity to market our products profitably. We are unable to predict the likelihood, scope, or nature of future legislation or administrative measures in jurisdictions where we operate that may give rise to such policies or regulations.

Given our extensive operations in the PRC, our business, financial position, operating results and future prospects are subject to the impact of changes in PRC legislation. Laws, rules and regulations concerning economic matters are introduced from time to time, including those relating to foreign investment, corporate structure and governance, commerce, taxation, finance, foreign exchange and trade.

Moreover, the interpretation and enforcement of laws and regulations governing the pharmaceutical sector also evolve periodically, we may be deemed to be in breach of or non-compliant with existing laws and regulations under revised interpretation, accordingly, which may result in enforcement or disciplinary actions and may materially and adversely affect our operations.

There may be difficulties or uncertainties in effecting service of legal process on us or our management who reside in the PRC or enforcing judgements obtained from foreign courts against us or our management.

We are incorporated under PRC law and the majority of our assets are located within the PRC. In addition, most of our Directors and senior management reside in the PRC, and substantially all of their assets are also located there. Consequently, investors may find it difficult to serve legal process on us or on our Directors and senior management in China.

In July 2006, the Supreme People's Court of the PRC and the Government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "**Arrangement**"). Under this Arrangement, where a designated PRC or Hong Kong court has issued a final and enforceable judgment requiring monetary payment in a civil or commercial case under a written choice of court agreement, either party may apply to the relevant PRC or Hong Kong court for recognition and enforcement of that judgment. A written choice of court agreement refers to an agreement entered into after the Arrangement took effect, expressly designating either a Hong Kong or PRC court as having exclusive jurisdiction over the dispute. Accordingly, if no such agreement exists, a judgment rendered by a Hong Kong court may not be enforceable in the PRC. This could make it difficult or impossible for investors to enforce judgments against our assets or Directors in China.

On 18 January 2019, the Supreme People's Court of the PRC and Hong Kong entered into a new arrangement concerning the recognition and enforcement of civil and commercial judgments (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**New Arrangement**"). The New Arrangement came into effect on 29 January 2024 in both China and Hong Kong, replacing the prior Arrangement. Under the New Arrangement, jurisdiction may be exercised by the court where the judgment was sought, in accordance with the rules set out in the New Arrangement, without the need for a prior agreement between the parties. However, the practical outcome and enforceability of any action brought under the New Arrangement remain uncertain, a valid judgment rendered in accordance with the New Arrangement may not be recognised and enforced by a PRC court.

Required procedures on the remittance of Renminbi into and out of the PRC may affect our ability to pay dividends and other obligations, and affect the value of your [REDACTED].

The convertibility of Renminbi into foreign currencies and, in certain circumstances, the remittance of funds into and out of China are governed by PRC foreign exchange regulations. As a significant majority of our future revenue is expected to be denominated in Renminbi, we will need to convert such revenue into foreign currencies in order to pay dividends, if any, to holders of our H Shares. A shortage in the availability of foreign currency may limit our ability to remit adequate amounts to pay dividends or meet other payment obligations denominated in foreign currencies.

Under China's existing foreign exchange control regime, our foreign exchange transactions under the current account do not require prior approval from SAFE. However, we must provide the relevant supporting documentation for such transactions and carry them out through designated foreign exchange banks within China that are licensed to conduct such business. Approval from the relevant government authorities is required where Renminbi is to be converted into foreign currency and remitted outside China for capital account purposes, such as the repayment of foreign currency-denominated loans. If we are unable to obtain sufficient foreign currency under the current regime to meet our needs, we may be unable to distribute dividends in foreign currencies to our Shareholders. Moreover, new regulations may be introduced in the future that could impose further restrictions on the remittance of Renminbi into or out of China.

We may be subject to additional social insurance fund, housing provident fund contributions and late fees or fines imposed by relevant regulatory authorities.

Under PRC laws and regulations, employers are required to contribute to social insurance and the housing provident fund on behalf of their employees. During the Track Record Period and up to the Latest Practicable Date, we had made contributions to social insurance and the housing provident fund for our employees. However, we did not make full contributions to social insurance and housing provident fund for certain employees. Pursuant to the applicable regulations, if the relevant social insurance authorities determine that our contributions are insufficient, they may order us to settle the

outstanding balance within a prescribed period, together with a late payment surcharge of 0.05% per day of the unpaid amount. Failure to comply within the specified timeframe could result in fines ranging from one to three times the total outstanding balance. In addition, if we fail to pay the housing provident fund within the prescribed time limit, we could be subject to compulsory enforcement from the courts if the payment is not made within the time limit prescribed by the competent authorities. Pursuant to the Notice on Implementing Several Measures to Further Support and Serve the Development of the Private Economy (《關於實施進一步支援和服務民營經濟發展若干措施的通知》) issued by the State Administration of Taxation on November 16, 2018, tax collection authorities shall not, on their own initiative, organize any centralized collection of payment arrears from previous years owed by payers, including private enterprises.

The potential maximum penalty with respect to fines that we may be exposed to due to shortfall of social insurance contributions during the Track Record Period would be approximately RMB22.1 million. In addition, in the case that if the relevant authority makes an application to relevant courts for enforcement, the amount of maximum potential enforcement due to shortfall of housing provident fund contributions during the Track Record Period would be approximately RMB0.4 million. As of the LatestPracticable Date, based on (i) the credit reports of our Group companies, and (ii) the public search results showing that we have not been subject to any penalties from the relevant authorities on the relevant websites of competent government authorities, (iii) the Ministry of Human Resources and Social Security and the State Administration of Taxation have strictly prohibited the centralized collection of historical shortfalls for social insurance, and (iv) the feedback our PRC Legal Advisor obtained from telephone consultation and on-site interview regarding housing provident fund policies and implementation indicating that they will not actively carry out a large-scale recovery of housing provident fund contributions from the enterprise. We had not received any administrative penalties, claims or notices from government authorities regarding inadequate contributions. We have confirmed to comply promptly with any requirement from the competent authorities to make outstanding contributions and late payments in the future, if any. Our PRC Legal Advisor are therefore of the view that 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 that we would be subject to material administrative penalties or centralized collection due to our failure to provide full social insurance and housing provident fund contributions is remote. Nevertheless, we may be required by local authorities to settle the outstanding amounts within a specified period or impose late payment charges or fines, which could adversely affect our results of operations and financial condition.

We are subject to risks associated with our leased properties.

As of the Latest Practicable Date, we leased 9 properties in China with a total gross floor area of approximately 21,251.48 sq.m. Upon the expiry of these leases, we will need to negotiate renewals, which may involve higher rental costs. We may not be able to renew the leases on favourable or otherwise acceptable terms, or at all. Should we fail to renew any lease, or if any lease is terminated, or if we are otherwise unable to continue using a leased property, we may be required to secure alternative premises and incur relocation expenses. Our operations and business activities could also be disrupted, or even suspended, if we are unable to complete such relocation, including the reconstruction of necessary facilities, in a timely manner. Pursuant to PRC laws, both lessors and lessees are required to file the lease agreements with relevant authorities for record and obtain property leasing filing certificates for their leases. As of the Latest Practicable Date, one of our lease agreements had not been filed with competent governmental authority. The potential maximum penalty that we may be subject to for failing to file and obtain property leasing filing certificate for such lease within the prescribed time period required by the relevant PRC government authorities, as required under PRC laws, is RMB10,000 as advised by our PRC legal Advisor. We may not be able to defend this lease against bona fide third parties, which may affect our ability to operate our business covered under this lease.

The ownership certificate or other similar proof of one leased property has not been provided to us by the relevant lessor. Therefore, such lessor may not be entitled to lease the relevant real property to us. If the lessor is not entitled to lease the real property to us and the owner of such real property decline to ratify the lease agreement between us and the respective lessor, we may not be able to enforce our rights to lease such property under the respective lease agreement against the owner. If our lease agreement is claimed as null and void by third parties who are the real owners of such leased real property, we could be required to vacate the property, in the event of which we could only initiate the claim against the lessors under relevant lease agreement for indemnities for its breach of the relevant leasing agreement.

RISKS RELATED TO THE [REDACTED]

There has been no prior public market for our H Shares.

No public market currently exists for our H Share. The initial **[REDACTED]** for our H Shares to the public will be the result of negotiations between our Company and the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**), which may not be indicative of the price at which our H Shares will be traded following the completion of the **[REDACTED]**. We have applied to the Hong Kong Stock Exchange for the **[REDACTED]** of, and permission to deal in, the H Shares. A **[REDACTED]** on the Stock Exchange, however, does not guarantee that an active and liquid trading market for our Shares will develop, or if it does develop, that it will be sustained following the **[REDACTED]**, or that the market price of the H Shares will rise following the **[REDACTED]**.

The price of our H Shares when trading begins could be lower than the [REDACTED].

The **[REDACTED]** for our H Shares is ranging from HK$**[REDACTED]** to HK$**[REDACTED]**, unless announced otherwise. However, trading of our H Shares on the Stock Exchange will not begin until they are delivered. As a result, investors will be unable to sell or otherwise deal in our H Shares before the commencement of trading. This exposes holders of our H Shares to the risk that the trading price may be lower than the **[REDACTED]** due to unfavourable market conditions or other unfavourable developments that may arise between the sale and the commencement of trading.

Furthermore, any future sales, or even the perception of potential sales, of a significant number of our H Shares in the public market after the **[REDACTED]** could have a material adverse impact on the price of our H Shares and our ability to raise additional capital in the future, potentially leading to dilution of your shareholding.

The trading volume and market price of our H Shares may be volatile, which may result in substantial losses for investors subscribing for or purchasing our H Shares pursuant to the [REDACTED].

The trading volume and the market price of our H Shares may experience significant volatility due to various factors beyond our control, including general market conditions for securities in Hong Kong and globally. Specifically, the business performance and market prices of other companies engaged in similar industries may influence the price and trading volume of our H Shares.

In addition to market and industry factors, our H Shares may be highly volatile for specific business reasons, such as the outcomes of clinical trials for our pipeline products, the results of our regulatory approval applications, regulatory developments impacting the biopharmaceutical industry, healthcare, health insurance, and related matters, as well as fluctuations in our revenue, earnings, cash flows, investments, and expenditures. Other influencing factors include our relationships with suppliers, the movements or activities of key personnel, and actions taken by competitors.

Furthermore, shares of other companies listed on the Stock Exchange with material operations and assets in China have historically experienced price volatility. Consequently, it is possible that our H Shares may undergo price changes not directly tied to our performance.

You will incur immediate and significant dilution and may face further dilution if we issue additional Shares in the future.

The **[REDACTED]** of the **[REDACTED]** is higher than the net tangible asset value per Share immediately prior to the **[REDACTED]**. Therefore, purchasers of the **[REDACTED]** in the **[REDACTED]** will experience an immediate dilution in **[REDACTED]** consolidated net tangible asset book value. Moreover, in order to expand our business, we may consider offering and issuing additional Shares inthe future. Purchasers of the **[REDACTED]** may experience dilution in the net tangible asset value per share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time.

Our H Shares may not remain [REDACTED] on the Stock Exchange.

There is no guarantee of the continued **[REDACTED]** of the H Shares. Among other factors, our Company may not continue to satisfy the **[REDACTED]** requirements of the Stock Exchange. Holders of our H Shares would not be able to sell their H Shares through trading on the Stock Exchange if the H Shares were no longer **[REDACTED]** on the Stock Exchange.

Since we do not expect to pay dividends in the foreseeable future after the [REDACTED], there is no assurance whether and when we will pay dividends. You must rely on price appreciation of our H Shares for a return on your [REDACTED].

Under PRC law and regulations, we may only pay dividends out of distributable profits. Distributable profits are our after-tax profits, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including in periods for which our financial statements indicate we are profitable. Any distributable profit not distributed in a given year is retained and available for distribution in subsequent years. Accordingly, we may not receive sufficient distributions from our subsidiaries for us to pay dividends. Failure by our operating subsidiaries to pay us dividends could adversely impact our ability to make dividend distributions to our Shareholders and our cash flow, including periods in which we are profitable.

In addition, we currently intend to retain most, if not all, of our available funds and any future earnings after the **[REDACTED]** to fund the R&D of our pipeline products and the continued growth of our business. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an **[REDACTED]** in our H Shares as a source for any future dividend income. Accordingly, the return on **[REDACTED]** in our H Shares, if any, will likely depend entirely upon any future price appreciation of the H Shares. Our H Shares may not appreciate in value or even maintain the price at which the holders of our H Shares are purchased. The holders of our Shares may not realise a return on their **[REDACTED]** in our H Shares and may even lose their entire **[REDACTED]** in the H Shares.

Information and statistics from official government sources contained in this Document have not been independently verified.

This Document contains information and statistics from official government sources that have not been independently verified by the Company, the Sole Sponsor, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, any of our or their respective directors, officers or representatives or any other person involved in the **[REDACTED]** and no representation is given as to their accuracy. In any event, you should consider carefully the importance placed on such information or statistics.

You should read the entire document and only rely on the information included in this document to make your [REDACTED] decision, and should exercise caution when relying on any information contained in press articles or other media coverage relating to us, our H Shares or the [REDACTED].

Subsequent to the date of this Document but prior to the completion of the **[REDACTED]**, there may be press and media coverage regarding us and the **[REDACTED]**, which may contain, among other things, certain financial information, projections, valuations and other forward-lookinginformation about us and the **[REDACTED]**. We do not have sufficient control over the press and media coverage, and analysts might issue negative views or recommendations on us, which could have an adverse effect on the market price of H Shares. We have not authorised the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this Document, we disclaim responsibility for them. Accordingly, **[REDACTED]** are cautioned to make their **[REDACTED]** decisions on the basis of the information contained in this Document only and should not rely on any other information.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

In preparation for the **[REDACTED]**, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemption from strict compliance with the relevant provisions of the Companies (Winding up and Miscellaneous Provisions) Ordinance:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 and Rule 19A.15 of the Listing Rules, a new applicant applying for a primary **[REDACTED]** on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 may be waived by having regard to, among other considerations, the new applicant's arrangements for maintaining regular communication with the Stock Exchange.

Our management headquarters, senior management, business operations and assets are primarily based in the PRC and outside Hong Kong. Besides, the executive Directors are not or will not be ordinarily resident in Hong Kong upon the proposed **[REDACTED]** but are based in the PRC as the Board considers it more practical and efficient for them to operate from the region where the Company's significant operations and key business activities are located. The Directors consider that relocating our existing executive Directors or appointing additional executive Directors who are ordinarily resident in Hong Kong will be costly for the Company and would not be beneficial to, or appropriate for, our Group, and therefore, would not be in the best interests of our Company or the Shareholders as a whole. Accordingly, we do not have a sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 and Rule 19A.15 of the Listing Rules.

As such, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules, on the following conditions:

(a) pursuant to Rule 3.05 of the Listing Rules, we have appointed Dr. Wu Chuanbin and Mr. Ho Wai Lok, as our authorized representatives (the "**Authorized Representatives**"), who will act as our principal channel of communication with the Stock Exchange. Mr. Ho is situated and based in Hong Kong. Each of the Authorized Representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone and email to deal promptly with enquiries from the Stock Exchange. Our Company has provided contact details of the Authorized Representatives to the Stock Exchange and will inform the Stock Exchange promptly in respect of any change in the Authorized Representatives;

(b) both Authorized Representatives have means to contact all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the Directors on any matters, including means to communicate with the Directors when they are travelling;

(c) pursuant to Rule 3.20 of the Listing Rules, each Director has provided his/her contact information to the Stock Exchange and to the Authorized Representatives. This will ensure that the Stock Exchange and the Authorized Representatives to have means for contacting all Directors promptly at all times as and when required;

(d) all our Directors who are not ordinarily resident in Hong Kong have confirmed that they possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with relevant members of the Stock Exchange in Hong Kong within a reasonable period upon reasonable notice, when required;

(e) pursuant to Rule 3A.19 of the Listing Rules, we have appointed Guotai Junan Capital Limited as the Compliance Advisor, which will have access at all times to the Authorized Representatives, Directors and senior management of the Company, and will act as an additional channel of communication with the Stock Exchange and will be available to respond to enquiries from the Stock Exchange for the period commencing on the **[REDACTED]** and ending on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the **[REDACTED]**. The contact details of the Compliance Advisor have been provided to the Stock Exchange and we will inform the Stock Exchange as soon as practicable in respect of any change of Authorized Representatives and/or the Compliance Advisor;

(f) the Authorized Representatives, Directors and other officers of our Company will promptly provide such information and assistance as the Compliance Advisor may reasonably require in connection with the performance of the Compliance Advisor's duties as set forth in Chapter 3A of the Listing Rules; and

(g) we will appoint other professional advisors (including legal advisors in Hong Kong) after the **[REDACTED]** to assist us in dealing with any questions which may be raised by the Stock Exchange and to ensure that there will be prompt and effective communication with the Stock Exchange.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules and Chapter 3.10 of the Guide for New Listing Applicants, a issuer must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Chartered Governance Institute;

(b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following factors in assessing the "relevant experience" of the individual:

(a) length of employment with the issuer and other issuers and the roles he/she played;

(b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (WUMP) Ordinance and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

Paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants provides that the Stock Exchange will consider waiver applications in relation to Rules 3.28 and 8.17 of the Listing Rules based on the factors including: (a) whether the applicant has principal business activities primarily outside Hong Kong; (b) whether the applicant is able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) nor Relevant Experience (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) as a company secretary; and (c) why the directors consider the proposed company secretary to be suitable to act as the applicant's company secretary.

Our Company has appointed Mr. Rao Hangzhou and Mr. Ho Wai Lok as our joint company secretaries. Please refer to the paragraph headed "Directors and Senior Management — Joint Company Secretaries" for their biographical details.

The Group's principal business operations are in the PRC. The Company considers that in addition to being able to meet the professional qualification or the relevant experience requirements under the Listing Rules, its company secretary also needs to have (i) experience relevant to the Company's operations; (ii) nexus to the Board; and (iii) close working relationship with the management of the Company, in order to perform the function of a company secretary and to take the necessary actions in an effective and efficient manner. It is for the benefit of the Company to appoint a person who is familiar with the Company's business and affairs as a company secretary.

Mr. Rao Hangzhou joined our Group in July 2020. Mr. Rao is currently our head of the office of the Board, prior to that he was our head of investment and financing. He has extensive experience in corporate governance and compliance, capital strategy and financing execution and risk management. The Company believes that it would be in the best interests of the Company and the corporate governance of the Group to have a person such as Mr. Rao as its joint company secretary, who has knowledge of the Company's day-to-day affairs. Mr. Rao has the necessary nexus to the Board and close working relationship with management of the Company in order to perform the function of a joint

company secretary and to take the necessary actions in the most effective and efficient manner. However, Mr. Rao presently does not possess any of the qualifications under Rule 3.28 and Rule 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Mr. Ho Wai Lok, who is a certified public accountant and fully meets the requirements stipulated under Rule 3.28 and Rule 8.17 of the Listing Rules to act as the other joint company secretary of the Company and to provide assistance to Mr. Rao for an initial period of three years from the **[REDACTED]** to enable Mr. Rao to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rule 3.28 and Rule 8.17 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rule 3.28 and Rule 8.17 of the Listing Rules such that Mr. Rao Hangzhou may be appointed as a joint company secretary of our Company.

The waiver is valid for an initial period of three years from the **[REDACTED]**, and is granted on the condition that Mr. Ho Wai Lok, as a joint company secretary of our Company, will work closely with Mr. Rao Hangzhou to jointly discharge the duties and responsibilities as company secretaries and assist Mr. Rao in acquiring the relevant experience as required under Rule 3.28 and Rule 8.17 of the Listing Rules. Mr. Ho will also assist Mr. Rao in organizing Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Mr. Ho is expected to work closely with Mr. Rao and will maintain regular contact with Mr. Rao, the Directors and the senior management of our Company. In addition, Mr. Rao will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance his knowledge of the Listing Rules during the three-year period from the **[REDACTED]**. Mr. Rao will also be assisted by (a) the Compliance Advisor, particularly in relation to compliance with the Listing Rules; and (b) the legal advisors of our Company as to the Hong Kong laws, on matters concerning our Company's ongoing compliance with the Listing Rules and the applicable laws and regulations.

Pursuant to Chapter 3.10 of the Guide for New Listing Applicants, the waiver will be revoked immediately if Mr. Ho ceases to provide assistance to Mr. Rao as a joint company secretary for the three-year period after the **[REDACTED]** or where there are material breaches of the Listing Rules by our Company.

Prior to the expiration of the initial three-year period, the qualifications and experience of Mr. Rao Hangzhou will be re-evaluated to determine whether the requirements as stipulated in Rule 3.28 and Rule 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will demonstrate to and seek confirmation from the Stock Exchange that Mr. Rao, having had the benefit of the assistance from Mr. Ho Wai Lok during the three years, has acquired the skills necessary to discharge the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

EXEMPTION FROM STRICT COMPLIANCE WITH SECTION 342(1)(b) OF THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE IN RELATION TO PARAGRAPH 27 OF PART I AND PARAGRAPH 31 OF PART II OF THE THIRD SCHEDULE TO THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provision) Ordinance provides that all prospectuses shall include matters specified in Part I of the Third Schedule thereto (the "**Third Schedule**") and set out the reports specified in Part II of the Third Schedule.

Paragraph 27 of Part I of the Third Schedule requires a listing applicant to include in its document a statement as to the gross trading income or sales turnover (as the case may be) of the company during each of the three financial years immediately preceding the issue of the document, including an explanation of the method used for the computation of such income or turnover and a reasonable breakdown between the more important trading activities.

Paragraph 31 of Part II of the Third Schedule provides that a listing applicant shall include in its document a report by the auditors of the company with respect to the profits and losses of the company for each of the three financial years immediately preceding the issue of the document and the assets and liabilities of the company of each of the three financial years immediately preceding the issue of the document.

Section 342A(1) of the Companies (Winding Up and Miscellaneous Provision) Ordinance provides that the SFC may issue, subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from compliance with the relevant requirements under the Companies (Winding Up and

Miscellaneous Provision) Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interest of the investing public and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or is otherwise unnecessary or inappropriate.

Rule 4.04(1) of the Listing Rules provides that the consolidated results of the issuer and its subsidiaries in respect of each of the three financial years immediately preceding the issue of the listing document or such shorter period as may be acceptable to the Stock Exchange be included in the accountants' report to the document.

Our Company is a biotech company as defined under Chapter 18A of the Listing Rules and is seeking a listing under Chapter 18A of the Listing Rules. Rule 18A.03(3) of the Listing Rules provides that a biotech company must have been in operation in its current line of business for at least two financial years prior to listing under substantially the same management. Rule 18A.06 of the Listing Rules provides that a biotech company must comply with Rule 4.04 of the Listing Rules modified so that references to "three financial years" or "three years" in Rule 4.04 shall instead be references to "two financial years" or "two years," as the case may be. Further, pursuant to Rule 8.06 of the Listing Rules, the latest financial period reported on by the reporting accountants for a new applicant must not have ended more than six months from the date of the listing document.

We have applied for and the SFC [has granted], a certificate of exemption from strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to requirements of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule regarding the inclusion of the accountants' report covering the full three financial years immediately preceding the issue of this document on the following grounds:

(a) our Company falls within the scope of biotech company as defined under Chapter 18A of the Listing Rules. Our Company is seeking a **[REDACTED]** under Chapter 18A of the Listing Rules and will fulfil the additional conditions for **[REDACTED]** as required under Chapter 18A of the Listing Rules;

(b) our Company has included in Appendix I to this document the Accountant's Report covering the financial years ended December 31, 2024 and 2025 and the five months ended May 31, 2026 in compliance with Rule 18A.06 of the Listing Rules;

(c) given that Chapter 18A of the Listing Rules provides that the minimum track record period for biotech companies in terms of financial disclosure is two years, strict compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance and paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would be unduly burdensome for our Company;

(d) notwithstanding that the financial results set out in this document are only for the two financial years ended December 31, 2024 and 2025 and the five months ended May 31, 2026 in accordance with Chapter 18A of the Listing Rules, other information required to be disclosed under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance has been adequately disclosed in this document pursuant to the relevant requirements; and

(e) our Company is of the view that the Accountant's Report covering the financial years ended December 31, 2024 and 2025 and the five months ended May 31, 2026, as set out in Appendix I to this document, together with other disclosures in this document, has already provided potential **[REDACTED]** with adequate and reasonably up-to-date information in the circumstances to form a view on the track record and earnings trend of our Group. The Directors confirm that all information which is necessary for the investing public to make an informed assessment of the activities, assets and liabilities, financial position, trading position, management and prospects of our Group has been included in this document. Therefore, the waiver and exemption would not prejudice the interests of the investing public.

The SFC [has granted] a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provision) Ordinance from strict compliance with the requirements of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule on the conditions that (a) particulars of the exemption shall be set out in this document; (b) this document shall be issued on or before **[REDACTED]**.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Residential address	Nationality
Executive Directors		
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Non-executive Directors		
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Independent Non-Executive Directors		
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Ms. Chow Yin Kwan Yvonne (周諺筠)	Flat C, 28/F., Block 2, Holmantin Hillside 8 Wai Yin Path Hunghom, Kowloon Hong Kong	Chinese

Please refer to the section headed "Directors and Senior Management" in this document for further details of our Directors.

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Sole Sponsor

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	As to PRC law: **Sundial Law Firm** 11/F, 12/F, Taiping Financial Building, No. 6001 Yitian Road, Futian District, Shenzhen PRC *As to U.S. law:* **TsingLaw NY LLP** 1943 West 9th Street, Brooklyn, NY U.S.
Legal advisers to the Sole Sponsor and the [REDACTED]	*As to Hong Kong law:* **Eric Chow & Co. in Association with Commerce & Finance Law Offices** 3401, Alexandra House 18 Chater Road Central Hong Kong *As to PRC law:* **Han Kun Law Offices** 20/F, Kerry Plaza Tower 3 1-1 Zhongxinsi Road, Futian District Shenzhen 518048 Guangdong, PRC

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Industry consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Suite 2504 Wheelock Square 1717 Nanjing West Road Shanghai China
Intellectual property legal advisor	**Liu Shen & Associates** 10/F, Hanhai Plaza, 10 Caihefang Road, Haidian District, Beijing China

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CORPORATE INFORMATION

Registered office in the PRC	1001 No. 245 Kexue Dadao Huangpu District Guangzhou PRC
Headquarter in the PRC	Room 301 No. 245 Kexue Dadao Huangpu District Guangzhou PRC
Principal place of business in PRC	Block A2, No. 1078 Xingye Avenue East, Panyu District Guangzhou PRC
Principal place of business in Hong Kong	Unit 17, 6/F, Houston Centre, 63 Mody Road, Tsim Sha Tsui, Hong Kong
Company's website	**www.novaken.com** *(Note: Information contained in this website does not form part of this document.)*
Joint company secretaries	Mr. Rao Hangzhou (饒杭州) Block A2, No. 1078 Xingye Avenue East Panyu District Guangzhou PRC Mr. Ho Wai Lok (何偉樂) Unit 17, 6/F Houston Centre 63 Mody Road Tsim Sha Tsui Hong Kong
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Audit Committee	Ms. Chow Yin Kwan Yvonne (周諺筠) *(Chairperson)* Dr. Cheng Guohua (程國華) Dr. Zuo Zhong (左中)
Remuneration and Appraisal Committee	Dr. Cheng Guohua (程國華) *(Chairperson)* Dr. Wu Chuanbin (吳傳斌) Ms. Chow Yin Kwan Yvonne (周諺筠)
Nomination Committee	Dr. Wu Chuanbin (吳傳斌) *(Chairperson)* Dr. Cheng Guohua (程國華) Dr. Zuo Zhong (左中)
Strategy & ESG Committee	Dr. Wu Chuanbin (吳傳斌) *(Chairperson)* Dr. Pan Xin (潘昕) Mr. Li Jie (李潔) Mr. Yu Kepeng (于科鵬) Dr. Cheng Guohua (程國華)

[REDACTED]

CORPORATE INFORMATION

Principal bank

Bank of China Limited, Guangzhou Panyu University Town Sub-branch
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Guangdong Province, China

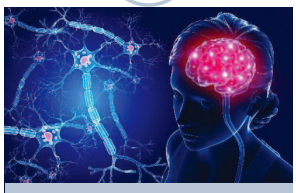
The information and statistics set out in this section and other sections of this document were extracted from the report prepared by an independent third party source, F&S, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged F&S to prepare the F&S Report, an independent industry report, in connection with the **[REDACTED]**. *The information from official government sources has not been independently verified by us, the Sole Sponsor, the* **[REDACTED]**, *the* **[REDACTED]**, *the* **[REDACTED]**, *the* **[REDACTED]**, *the* **[REDACTED]**, *the* **[REDACTED]**, *any of their respective directors and advisers, or any other persons or parties involved in the* **[REDACTED]**, *and no representation is given as to its accuracy, fairness and completeness.*

GLOBAL AND CHINA MODIFIED NEW DRUGS MARKET

Overview

Modified new drugs are pharmaceutical products that, without altering the active pharmaceutical ingredient (API) of an already marketed pharmaceutical product, employs advanced drug delivery technologies and dosage form innovations to achieve significant improvements in efficacy, safety, patient compliance and other key aspects. Consequently, it is approved as a "new drug" by regulatory authorities (e.g., FDA, EMA, NMPA).

Modified new drugs have shown broad application prospects in multiple therapeutic areas and lifestyle health. By utilizing diverse drug delivery technologies, such drugs aim to achieve precise, safe, and efficient treatment experiences, meeting the dual demands of modern medicine for improved efficacy and patient compliance. Their main application scenarios include: treatment of neurological diseases, chronic disease management, large-molecule drug delivery.



Treatment of neurological disorders

- sprays bypass the BBB (Blood-Brain Barrier) for rapid treatment of Parkinson's, Alzheimer's, and epilepsy, with products like diazepam nasal spray and midazolam nasal spray. Compared with conventional oral or injectable formulations, intranasal delivery offers advantages including non-invasive administration and timely symptom control in acute or episodic settings.



Chronic disease management

- Microneedle patches provide a minimally invasive, painless, and user-friendly drug delivery option for daily chronic care, improving treatment adherence compared with conventional injections. Their ease of self-administration and reduced reliance on medical professionals make them particularly suitable for elderly and pediatric populations, as well as for long-term management of chronic conditions.



Large-molecular drug delivery

- Modified new drugs are enabling broader clinical applications beyond traditional injections. Innovations such as transdermal or intranasal systems are being developed to overcome challenges of poor stability, limited permeability, and frequent dosing. These technologies can protect macromolecules from degradation, enhance absorption or enable localized targeting, and support more convenient, patient-friendly, at-home administration.

The Characteristic of Modified New Drugs

The core value of modified new drugs lies not in the discovery of new molecules, but in reshaping the pharmacokinetic profiles of known active ingredients through innovative dosage forms to achieve new clinical benefits or maximize therapeutic potential. With the rise of precision medicine and patient-centric care, innovative drug products with new drug delivery system are transforming drug development. Drug delivery technologies like microneedles, nasal sprays, and controlled-release systems overcome limitations of traditional drugs by enabling targeted delivery, enhanced absorption, and improved patient compliance. These advances not only boost treatment outcomes but also improve patient experiences. Widely applicable in fields such as neurology, chronic diseases management, oncology, and skincare, these modified new drugs with new drug delivery system or new route of administration are reshaping the pharmaceutical value chain.

Administration Route	Typical Indications	Bioavailability	Patient Comfort/ Compliance	Typical Use Cases & Settings	Advantages	Limitations
Intravenous	Acute critical illnesses, drugs requiring rapid onset	100%	Low comfort	Hospitalized patients, preoperative/intraoperative, emergency rescue	Fastest onset, precise dosing, no first-pass effect, controllable blood concentration	Highly invasive, requires professional operation, potential vascular damage
Oral	Common chronic diseases (e.g., hypertension, diabetes, chronic inflammation)	<100%	Highest	Outpatient preoperative preparation, long-term management	Convenient, low cost, suitable for long-term management	Affected by gastric pH, enzymes, motility; significant first-pass effect for some drugs; contraindicated for patients with gastrointestinal disorders
Transdermal Patch (Non-Microneedle)	Continuous pain management, hormone replacement, chronic disease management	Higher bioavailability than oral	High	Outpatient preoperative preparation, long-term management	Bypasses first-pass metabolism, provides stable blood concentration	Limited by drug lipophilicity, dosage limitations, requires a longer time (hours to days) to achieve steady-state
Transdermal Patch (Microneedle)	Preoperative sedation, adult type 2 diabetes, and weight management	Superior to oral, comparable to or better than subcutaneous injection	High	Outpatient preoperative preparation, long-term management	Solves injection pain and subcutaneous tissue damage, efficient delivery	Complex manufacturing process, high stability requirements for drugs, limited comfort for long-term wear
Nasal Spray (Local Nasal Indications)	Allergic rhinitis, nasal congestion, nasal polyps	Extremely low, mainly local effect	High	Outpatient preoperative/preventive use, high frequency in children	Rapid onset, high local concentration, avoids systemic side effects	Dose limited by small volume, affected by nasal clearance mechanisms, long-term use may cause mucosal atrophy
Nasal Spray (Systemic CNS Indications)	Central analgesia, sedation, migraine, depression/anxiety requiring systemic CNS absorption	Varies; generally superior to oral	High	Outpatient preoperative/preventive use, high frequency in children	Rapid onset, bypasses blood-brain barrier, avoids gastrointestinal degradation	Dose limited, difficult to deliver large protein molecules, requires specific formulations (e.g., liposomes, nanoparticles)
Nasal Spray (Nose-to-Brain/Intranasal CNS Indications)	Chemotherapy-related nausea and vomiting, traumatic brain injury, alzheimer's disease, parkinson's disease ("Off" episodes)	Superior to other systemic routes, can directly deliver to brain tissue	High; suitable for long-term chronic disease patients	Used for long-term management in outpatients (e.g., chronic pain, cognitive disorders)	Direct delivery to CNS, rapid and targeted, minimal systemic side effects	Dose limited, drug stability issues, delivery efficiency limited by mucosal absorption and neural pathway utilization

Source: Literature Review, Frost & Sullivan

Challenges and threats of the modified new drugs market

Market Access and Commercialization Challenges.

Although the market for improved drugs holds considerable promise, it encounters several significant challenges during actual implementation. Firstly, despite the capacity of technological innovations to overcome traditional delivery barriers, the development of new delivery platforms (such as microneedles and nasal sprays) involves high R&D costs and complex manufacturing processes, resulting in a protracted and uncertain commercialization pathway. Secondly, the market education cycle is lengthy; both patients and healthcare institutions often exhibit low acceptance of these novel dosage forms, and their willingness to pay is constrained by drug pricing and healthcare insurance policies. Lastly, uncertainties in regulatory approvals and ongoing technological iterations require companies to possess exceptional technical expertise and substantial capital, thereby creating high barriers to market entry.

Regulatory Compliance and Market Access Barriers

Although regulatory bodies such as the FDA, EMA, and NMPA have categorized improved drugs under the "new drug" classification, their approval processes remain stringent and uncertain. Companies must provide comprehensive clinical evidence, demonstrating significant improvements in efficacy, safety, or patient adherence due to the new delivery technology, without altering the active pharmaceutical ingredient (API). Furthermore, regulatory agencies maintain high long-term safety standards for innovative delivery platforms (e.g., microneedles and nasal sprays), which not only extends clinical trial timelines but also adds to post-market regulatory responsibilities. Failure to meet these rigorous regulatory criteria can lead to substantial R&D resource loss and potential reputational damage.

Capital Return and Commercialization Balance

The development of improved drugs and the optimization of manufacturing processes typically demand significant capital investment. The production of modified new drugs with new drug delivery system such as microneedle patches requires specialized equipment and high-purity excipients, thereby imposing heightened technical and financial demands on scaling up production. While these new dosage forms can significantly enhance patient experiences, their relatively higher development and manufacturing costs may be reflected in the final pricing to a certain extent.

Additionally, the scope of healthcare coverage and reimbursement levels directly influence patients' willingness to pay. If insurance reimbursement proves challenging, the market penetration of these products may encounter certain constraints.

Drivers and Entry Barrier in Modified New Drugs Market

The development of modified new drugs are being synergistically driven by multiple factors, generating sustained growth momentum. The aging population and rising prevalence of chronic diseases are fueling sustained demand for long-acting, safe, and convenient dosage forms, particularly products suitable for home management, such as transdermal systems (including innovative forms like microneedle patches) and nasal sprays.

Concurrently, increasing patient focus on minimally invasive and personalized medication experiences is driving the rapid development of formulations tailored for specific populations, such as pediatric, geriatric, and neurological patients. Technologically, innovative delivery platforms are continuously breaking through delivery barriers for challenging drugs, accelerating industry advancement. Furthermore, policy encouragement and capital investment form a dual engine of "innovation substitution" and "high-barrier investment," significantly shortening product development cycles. Under the promotion of the national innovation substitution strategy, regulatory agencies guide resources towards the field of innovative formulations through accelerated approval and incentives for generic drug innovation. The capital market favors pharmaceutical companies with long-term return characteristics. With the increasing demand for long-term safe medication among chronic disease patients, high barrier investment not only guarantees research and development funds, but also shortens the research and development cycle, accelerates the launch of improved new drugs, and quickly meets the actual needs of patients.

Overall, modified new drugs are currently in a phase of multi-factor resonance, characterized by "demand pull, technological drive, policy support, and capital backing," indicating promising future growth prospects.

Modified new drugs face multiple market barriers. On one hand, their high technical barriers involve deep integration across multiple disciplines such as pharmaceutics, medicinal chemistry, and biotechnology, making R&D highly challenging. Simultaneously, the process scale-up and quality control of high-end formulations present significant difficulties, demanding stringent productioncapabilities and technological expertise. Furthermore, the lengthy market education cycle, coupled with relatively low acceptance and willingness to pay for new dosage forms among patients and healthcare institutions, also limits market penetration to some extent.

Future Trend in Modified New Drugs Market

1. Policy Drivers and Market Expansion

The National Medical Products Administration (NMPA) is improving approval efficiency and creating fast-track pathways for innovative drugs. Healthcare insurance policies and volume-based procurement mechanisms are increasingly favoring genuinely innovative products. China's "14th Five-Year Plan" encourages the development of original new drugs and breakthroughs in advanced delivery technologies. Over the next 5–10 years, sustained policy support is expected to drive robust and sustainable market growth.

2. International Collaboration and Industry Chain Integration

Chinese modified new drugs are accelerating their "going global" strategies by monetizing innovation through license-out agreements and expanding global reach, supported by international clinical trials. Mergers, acquisitions, and technical collaborations (e.g., overseas technical alliances or joint R&D) are helping to bridge innovation gaps. The localization of supply chains for key excipients and equipment is reducing costs and enhancing resilience.

3. Technological Iteration and Differentiated Competition

Technological iteration for modified new drugs is evolving from macroscopic controlled release to microscopic precision delivery, with microneedles and nasal sprays being prime examples. Microneedle formulations create a minimally invasive transdermal channel, enabling efficient delivery of macromolecular drugs such as ADCs, nucleic acids, and proteins/peptides. Their differentiation lies in converting injectable drugs into self-administerable patch forms, significantly enhancing patient compliance. Nasal sprays leverage the nose-to-brain pathway to bypass the blood-brain barrier, offering targeted therapy for central nervous system disorders. Both technology platforms feature flexible manufacturing characteristics, enabling adaptation to individual dosing needs through adjustments in microneedle array density, drug loading combinations, or nasal spray formulations, thereby advancing personalized medicine and ultimately creating unique competitiveness in the fields of biologics delivery and precision medicine.

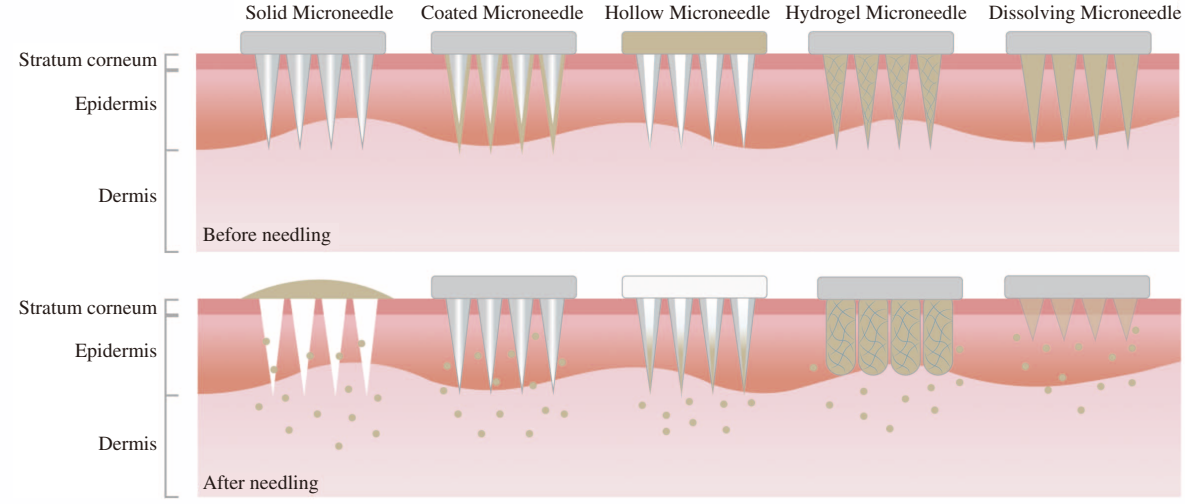
4. Clinical Needs and Untapped Market Opportunities

The aging population and increasing burden of chronic diseases are creating urgent demand for safer, more convenient therapies. Future priorities include: 1) Developing precision platforms such as nose-to-brain delivery and targeted formulations for traditionally difficult-to-treat areas such as brain disorders and cancer; 2) Providing efficient and minimally invasive delivery solutions (e.g., microneedles) for biologics (e.g., proteins, nucleic acid drugs) to enhance patient compliance; 3) Enabling personalized dosing through flexible dosage form design. Ultimately, modified new drugs will transcend their role as mere "delivery tools" and become a core driver in addressing critical clinical challenges and pioneering new treatment paradigms.

GLOBAL AND CHINESE MICRONEEDLE FORMULATION MARKET

Overview

Microneedle formulations significantly enhance skin permeability by creating micron-sized channels on the skin surface, enabling effective transdermal delivery of large-molecule drugs. Microneedles typically have a diameter of several micrometers and lengths ranging from hundreds of micrometers to the millimeter scale. They can instantly establish drug delivery channels, enabling drugs to rapidly reach subcutaneous tissue and enter the bloodstream. With advancements in materials science, microneedles can be manufactured from various materials such as silicon, polymers, and metals, and can be designed to be biodegradable, exhibiting excellent biocompatibility and supporting diverse formulation formats. This delivery system offers an alternative to traditional transdermal drugadministration, particularly suited for the minimally invasive administration of large-molecule biopharmaceuticals, vaccines, and poorly absorbable drugs, representing an important development direction for modified new drugs.



Challenges and Threats in the Global, U.S. and China Microneedle Market

The global microneedle market is constrained by high costs of precision manufacturing, divergent regulatory standards across countries, and insufficient long-term safety validation.

- **Manufacturing and Technical Barriers:** The production process of microneedles is extremely sophisticated, involving micrometer-scale structural processing that is complex and costly to manufacture, requiring companies to invest substantial resources in process control and product consistency.
- **Regulatory and Market Access Challenges:** Microneedles are typically classified as medical devices, with significant variations in regulatory policies across different countries. The stringent global regulatory approval systems present companies with difficulties in cross-border market access, high compliance costs, and ongoing regulatory risks.

The U.S. market presents even greater challenges due to stringent FDA reviews, high-end pricing competition, and tariff-driven supply chain restructuring pressures.

- **High Market Entry Costs:** The United States imposes extremely strict regulations on microneedle products, particularly those involving drug delivery, which must undergo rigorous FDA review with lengthy approval processes and substantial costs.

- **Geopolitical and Supply Chain Risks:** Affected by U.S. tariff policies, exports of microneedle raw materials and finished products from China and other countries face surging cost risks, creating significant pressure for supply chain restructuring and requiring companies to reconfigure their global supply chains to address uncertainties.

The Chinese market is constrained by fragmented regulatory pathways for borderline products, clinical translation bottlenecks, and intense domestic cost competition.

- **Regulatory Classification and Attribute Definition Risks:** In China, microneedle products often cross the boundaries of cosmetics, medical devices, and pharmaceuticals. The National Medical Products Administration (NMPA) has continuously tightened its classification definitions and review standards, presenting companies with prolonged registration cycles, high compliance costs, and shifting regulatory hurdles.
- **Clinical Translation and Local Supply Chain Bottlenecks:** The transition of microneedles from laboratory prototypes to large-scale industrial manufacturing remains a major bottleneck. The domestic supply chain still faces limitations in localized high-precision micro-machining equipment and medical-grade raw materials, which restricts companies' ability to maintain product consistency and scale production efficiently.

Drivers and entry barriers

The growth of global market microneedle market is expected to continue being driven by the following factors:

- **Expanding Healthcare and Aesthetic Demands for Minimally Invasive Delivery:** The global market is heavily propelled by a widespread clinical and consumer shift toward minimally invasive therapies. This is characterized by surging demands in dermatology and cosmetic treatments, a rapidly growing market for transdermal drug delivery systems, rising needs for infectious disease vaccine platforms, and heightened public awareness regarding homebased self-medication and self-health monitoring.
- Technological and Material Innovations Coupled with Macro Policy Support: Rapid breakthroughs in manufacturing and material sciences including 3D printing, nanotechnology, smart microneedles, and advanced soluble materials which are evolving microneedles into sophisticated composite systems. This technological leap is heavily reinforced by rising global healthcare expenditures, economic growth.

New entrants to the microneedle market primarily face the following barriers:

- **Divergent Global Regulatory Standards and High Compliance Costs:** Cross-border market access remains highly complex due to significant variations in how different nations classify and evaluate microneedles (often crossing lines between medical devices, cosmetics, and pharmaceuticals). This fragmentation subjects companies to prolonged registration cycles, immense regulatory risks, and redundant, high-cost compliance hurdles.
- **Extreme Sophistication in Precision Manufacturing and Structural Consistency:** The production of microneedles requires intricate, micrometer-scale structural processing that is exceptionally complex to scale. Transitioning from laboratory prototypes to automated, large-scale industrial manufacturing demands massive initial capital and deep technical expertise to guarantee strict product consistency, quality control, and long-term safety validation.

The growth of U.S. market microneedle market is expected to continue being driven by the following factors:

- **Robust Market Expansion and Diverse Therapeutic Applications:** The U.S. firmly commands the largest global market share, fueled by surging domestic and global demands for clinical microinfusing platforms. This growth is sustained across diverse specialized medical sectors, including widespread commercial adoption in high-volume vaccine deployment, rapidly growing pipelines for dissolvable transdermal drug delivery systems, and expanding aesthetic and clinical dermatological therapies.
- **Favorable FDA Environment Coupled with Mature Institutional R&D Investment:** The market benefits from active regulatory backing, highlighted by a notable increase in FDA recognized transdermal patch approvals, which directly signals higher regulatory acceptance. This predictable framework encourages massive R&D capital injection from mature, leading North American pharmaceutical and biotechnology enterprises into non-invasive and minimally invasive medical delivery technologies.

New entrants to the microneedle market primarily face the following barriers:

- **Exorbitant Financial Commitments and High-Risk R&D Environments:** Developing clinically viable formulations creates a severe financial hurdle, with typical product development costs highly prior to regulatory submission with no guarantee of final approval. These staggering capital requirements and prolonged investment cycles effectively exclude cash constrained small to medium enterprises, consolidating market dominance among a small circle of well-funded, top pharmaceutical and medical device giants. Stringent FDA Regulatory Pathways and Dense Competitive Intellectual Property Webs: New types of combination products must navigate a complex and high-stakes regulatory classification system in the United States. The rules within this system vary widely --some only require demonstrating that the product is similar to an existing one, while others demand extremely detailed proof of safety and biocompatibility. Furthermore, established leading companies in the field, leveraging their carefully arranged core technology barriers and cost advantages from large-scale production, create significant challenges for new entrants. These include the constant risk of facing patent infringement lawsuits and the substantial difficulty of actually penetrating the market.

The growth of China's microneedle market is expected to continue being driven by the following factors:

- **Patient compliance and medication experience requirements continue to rise**: With the intensification of population aging and the expansion of chronic disease patients, traditional injection therapy has become an important means of chronic disease management. Micro needle technology, with its "minimally invasive" characteristics, has become an important solution in this field. Research has shown that the penetration ability of microneedle drugs far exceeds that of ordinary skin administration methods. Due to its depth of action only reaching the superficial dermis, the vast majority of patients experience minimally invasive during the treatment process, significantly improving their medication adherence. Traditional injectable formulations have limitations in terms of pain sensation, operational complexity, and feasibility for home administration. Microneedles offer advantages such as minimally invasive procedures, low pain levels, and ease of use, thereby enhancing patient compliance.
- **Policy direction is clear**: Under the backdrop of national incentive policies, microneedle technology, as one of the key forms of transdermal drug delivery, aligns with the development trend toward patient-friendly administration methods and enjoys robust policy support. The 'Opinions on Encouraging Drug Innovation and Implementing Priority Review and Approval' proposes that drug registration applications should incorporate alternative formulations technologies, innovative therapeutic approaches, and demonstrate significant therapeutic advantages. Based on the macro policy direction of the 2026 Government Work Report, which elevated biomedicine to a strategic emerging pillar industry, and the relevant detailed industry documents, microneedle technology, as a disruptive innovation in the fields of biomedicine and high-end medical devices, is receiving a series of targeted policy benefits.
- **Unmet clinical needs drive the adoption of novel drug delivery methods**: In certain therapeutic areas, traditional oral or injectable drug delivery methods face limitations regarding onset time, first-pass effect, patient compliance, or long-term tolerability. Microneedle drug delivery systems offer a novel alternative for relevant indications and demonstrate significant potential for clinical application. Microneedles are not only drug delivery tools, but also innovative solutions to break through the bottleneck of drug delivery. Large molecule drugs and vaccines are difficult to orally absorb due to their large volume, susceptibility to gastric acid damage, or first pass effects. Microneedles achieve efficient transdermal absorption of difficult to deliver drugs by physically penetrating the stratum corneum, expanding the routes of medication.

New entrants to the microneedle market primarily face the following barriers:

- **High technical development requirements**: Microneedle products involve multidisciplinary integration, placing high demands on R&D. The transition from laboratory development to large-scale production requires a lengthy accumulation of technical expertise.
- **The collaborative development of drugs and microneedle drug delivery systems presents significant challenges**: Microneedle drug requires a high degree of compatibility between the drug formulation and the microneedle delivery system, imposing stringent demands on drug stability, loading efficiency, release kinetics, and intradermal absorption characteristics.

- **Indications require stringent screening criteria**: Microneedles are not suitable for all drugs or indications; they require targeted development based on the physicochemical properties of the drug, administration frequency, and clinical needs. Companies must possess the ability to comprehensively assess clinical requirements, market size, and payment capacity.

Future Development Trend

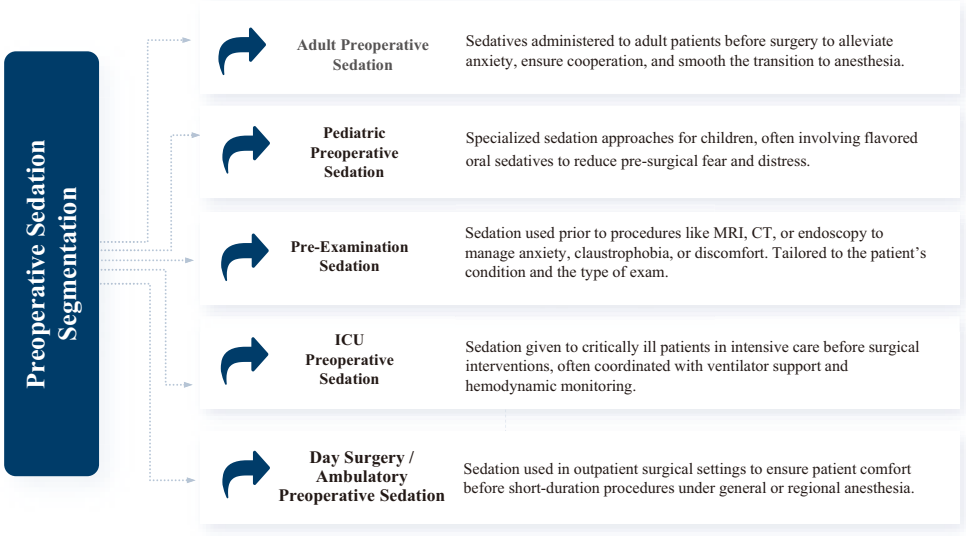
Microneedle technology is breaking through the limitations of traditional transdermal formulations through systematic upgrades in drug penetration capacity, delivery precision, and release control, providing more efficient, safer, and more user-friendly treatment solutions for multiple indications.

1. **Achieving iterative development in the treatment approach for traditional transdermal formulations:** Traditional transdermal formulations (such as patches and gels) are constrained by the barrier function of the skin's stratum corneum, limiting their delivery to small-molecule drugs. They exhibit slow transdermal rates and low bioavailability, restricting their clinical applications. In contrast, microneedle technology creates controlled microchannels tens to hundreds of micrometers deep in the skin's surface layer, effectively overcoming the stratum corneum barrier. This not only enables rapid onset of action for small-molecule drugs but also extends to efficient delivery of macromolecules, peptides, vaccines, and nucleic acid-based therapeutics. Furthermore, combined with dissolving materials and targeted drug loading designs, microneedles can precisely control drug release rates and locations, opening new pathways for therapeutic applications in endocrinology, tumor immunotherapy, and vaccination.
2. **Maintain the convenience of transdermal formulations:** Like traditional transdermal patches, microneedles retain the advantages of simple application and no reliance on professional administration, making them suitable for chronic disease management and home treatment settings. Building on this foundation, microneedles — being self-administered and delivering rapid onset of action — further enhance the patient experience, offering clinicians a more patient-centered treatment option.

Preoperative Sedation Market

Preoperative sedation is the application of sedative medications prior to a surgical or diagnostic procedure to reduce patient anxiety and facilitate induction of anesthesia, improving patient perioperative experience. It is often used in combination with analgesics or anesthetics and is tailored to the patient's physical and psychological status.

Preoperative Sedation Market

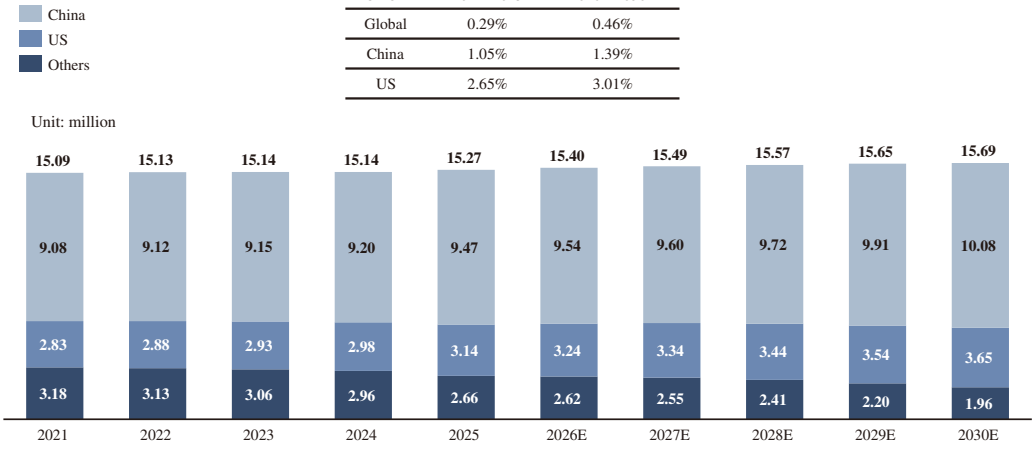


The scale of pediatric sedation patients in the U.S. is expected to increase slightly from 2.83 million in 2021 to 3.65 million in 2030E, reflecting stable demand. The market shows steady growth, with a CAGR of 2.65% from 2021 to 2025 and 3.01% from 2026 to 2030E. Globally, the total number

of pediatric sedation patients is projected to rise modestly from 15.09 million to 15.69 million, with a CAGR of 0.29% and 0.46% across the two periods. Overall, future market growth is expected to be driven mainly by the U.S. and China, while other regions show a declining trend.

The Scale of Pediatric Sedation Patients, 2021–2030E

CAGR	2021 -2025	2026E-2030E
Global	0.29%	0.46%
China	1.05%	1.39%
US	2.65%	3.01%

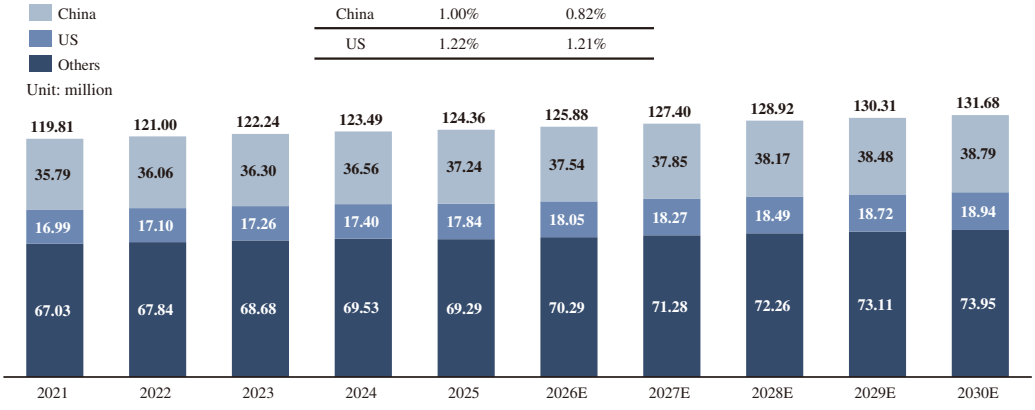


Source: Frost & Sullivan (based on annual reports of relevant companies, literature review and expert interviews)

The scale of adult sedation patients in the U.S. is expected to maintain steady growth, increasing from 16.99 million in 2021 to 18.94 million in 2030E. The market demonstrates stable expansion momentum, with a CAGR of 1.22% from 2021 to 2025 and 1.21% from 2026 to 2030E. Globally, the total number of adult sedation patients is projected to rise from 119.81 million to 131.68 million, with a CAGR of 0.94% in 2021–2025 and 1.13% in 2026–2030E. Overall, the adult sedation market reflects a stable upward trend across the forecast period.

The Scale of Adult Sedation Patients, 2021–2030E

CAGR	2021 -2025	2026E-2030E
Global	0.94%	1.13%
China	1.00%	0.82%
US	1.22%	1.21%



Source: Frost & Sullivan (based on annual reports of relevant companies, literature review and expert interviews)

China Market

The Scale of Pediatric and Adult Sedation Patients in China

The scale of pediatric sedation patients in China is expected to increase from 9.08 million in 2021 to 10.08 million by 2030. The CAGR increase from 1.05% (2021-2025) to 1.39% (2026E–2030E). The primary growth drivers stem from the continuous strengthening of policies such as "pain-free medical care" and "child-friendly hospitals," which have spurred medical institutions to expand their sedation service capabilities, thereby enhancing patient compliance and clinical efficiency. The "Measures for Accelerating the Improvement of the Fertility Support Policy System and Promoting the Construction of a Fertility-Friendly Society" includes painless delivery in the scope of medical insurance reimbursement, clarifying that analgesic delivery is a choice for mothers. The promotion of painless

delivery in the policy stimulates the research and development demand for obstetric microneedle patches (used for prolactin secretion and hormone delivery), thereby promoting the application of microneedles in the field of reproductive health. The usage rate of sedative medication among children in China is 76% in outpatient settings, and 84% in inpatient settings. The proportion of children aged 2–6 who cannot tolerate intravenous sedation exceeds 60%.

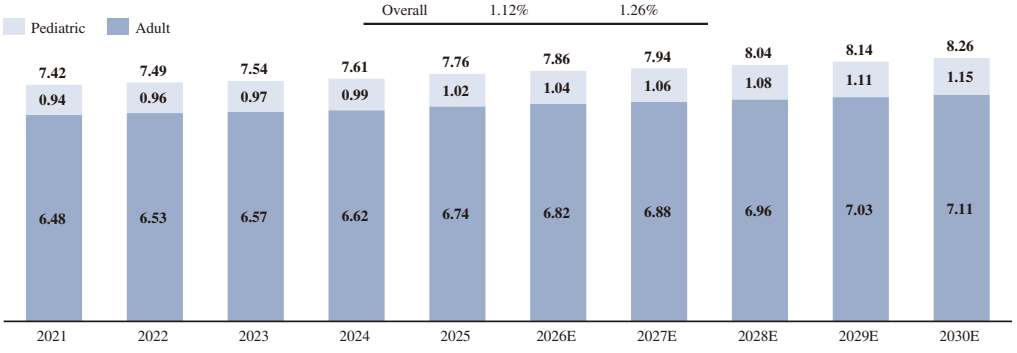
From 2021–2030, the number of adult sedation patients in China is projected to grow from 35.79 million to 38.79 million, reflecting a modest yet steady increase. The CAGR is expected to slightly rise over time — from 1.00% during 2021–2025 to 0.82% in 2026–2030 — indicating a gradually saturating market. This stable trend highlights consistent clinical demand but also suggests limited room for rapid expansion, urging stakeholders to focus on value-added services, quality improvement, and innovation in sedation practices. The proportion of dexmedetomidine hydrochloride usage for sedation in Chinese adults is 50.8%, while the proportion fornon-dexmedetomidine hydrochloride sedatives is 49.2%. The proportion of adult patients in China who use sedative medications is 75% in outpatient settings and 78% after hospitalization. the proportion of adults who cannot tolerate intravenous sedation is approximately 30%.

China Sedation Market Size

China's preoperative sedation market is undergoing steady expansion. In 2021, the overall market size reached approximately RMB7.42 billion, with adult sedation drugs accounting for RMB6.48 billion and pediatric sedation drugs amounting to approximately RMB0.94 billion. Benefiting from rising surgical volumes, increased demand for comfort-oriented medical care, and expanded indications for sedation, the market is projected to exceed RMB7.76 billion by 2025, reach RMB7.85 billion by 2026, and grow to approximately RMB8.26 billion by 2030, with a CAGR of about 1.26% from 2026 to 2030. The pediatric sedation segment is growing significantly faster than the adult segment, with a projected CAGR of 2.57% from 2026 to 2030E, becoming the core driver of overall market expansion.

China Sedation Market Size, 2021–2030E

CAGR	2021 -2025	2026E -2030E
Pediatric	2.07%	2.57%
Adult	0.98%	1.06%
Overall	1.12%	1.26%



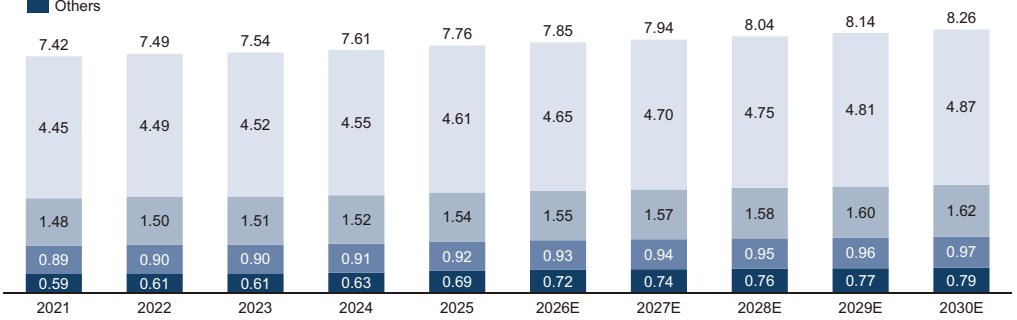
Source: *Frost & Sullivan (based on annual reports of relevant companies, literature review and expert interviews)*

Notes: The estimated market size for preoperative sedation in China is based on the following assumptions: (i) Market value = Average sedative drug price × Number of patients receiving treatment × Patient compliance. By 2026, the number of pediatric and adult patients undergoing preoperative sedation in China is projected to reach 9.37 million and 37.24 million, respectively, increasing to 10.33 million and 39.43 million by 2030; For details, refer to the subsection "Number of Pediatric and Adult Patients in China" above. (ii) Price assumptions are based on the catalog prices of marketed drugs. (iii) The average price of pediatric sedation drugs in China is approximately RMB300 (including single-use inhalers and intravenous drugs), while the average price for adult sedation drugs is approximately RMB500. Future price erosion will follow industry trends. (iv) Academic promotion and patient education activities will continue to intensify. (v) The patient population requiring treatment continues to expand rapidly. (vi) Significant unmet clinical needs exist; the preoperative sedation drug market will expand substantially as treatment volumes increase. Consequently, China's preoperative sedation drug market is projected to reach RMB7.68 billion by 2026 and RMB8.24 billion by 2030.

China's sedation market is undergoing steady expansion. In 2021, the overall market size reached approximately RMB7.42 billion. Growth has been supported by gradually increasing procedure volumes and the broader clinical adoption of sedation. By 2025, the market size rose to around RMB7.76 billion. It is expected to continue trending upward, reaching RMB7.85 billion by 2026E and approximately RMB8.26 billion by 2030E. In terms of growth pace, the CAGR is about 1.26% for 2026E–2030E, compared with 1.12% for 2021–2025. Overall, the market is expanding at a stable, incremental rate, reflecting modest upside momentum on top of a mature demand base.

China Sedation Market Size, 2021-2030E

CAGR	2021-2025	2026E-2030E
Overall	1.12%	1.26%



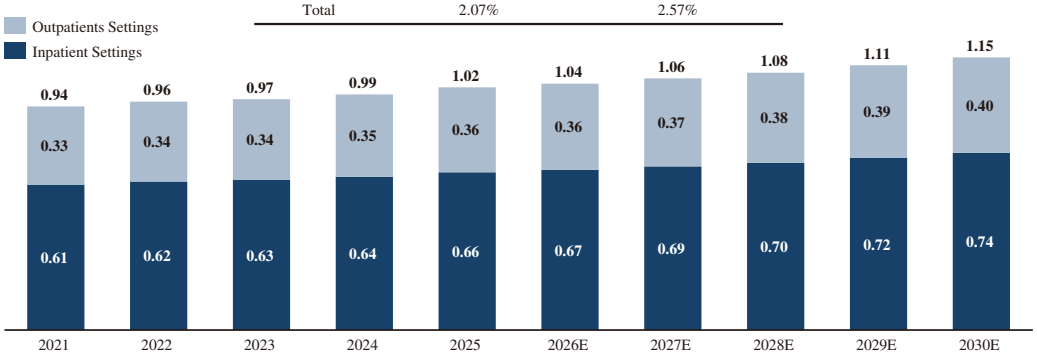
Source: Frost & Sullivan (based on annual reports of relevant companies, literature review and expert interviews)

The pediatric sedation market size in China increased steadily from 0.94 billion CNY in 2021 to 1.02 billion CNY in 2025, and is projected to further grow to 1.15 billion CNY by 2030. The market is expected to expand at a CAGR of 2.07% from 2021 to 2025, accelerating slightly to 2.57% during 2026 to 2030.

By segment, in 2025, outpatient settings reached 0.36 billion CNY, while inpatient settings accounted for 0.66 billion CNY, with inpatient continuing to dominate the market.

The Market Size of Pediatric Sedation in China, 2021–2030E

CAGR	2021 -2025	2026E -2030E
Outpatients	2.07%	2.57%
Inpatient	2.07%	2.57%
Total	2.07%	2.57%



Source: Frost & Sullivan (based on annual reports of relevant companies, literature review and expert interviews)

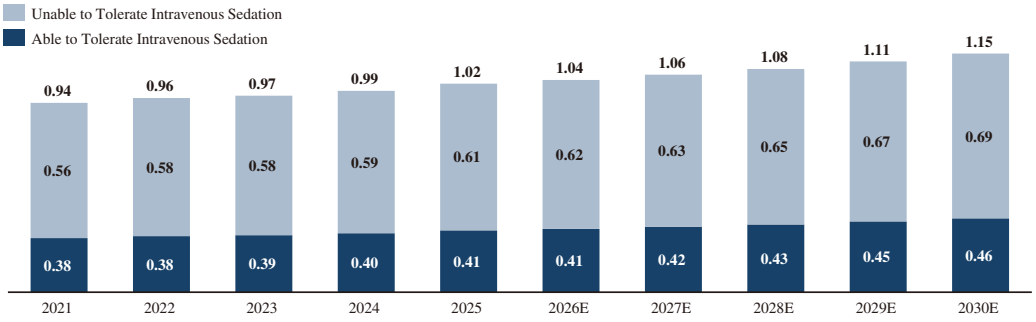
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By segment, in 2025, patients unable to tolerate intravenous sedation accounted for 0.61 billion CNY, while those able to tolerate intravenous sedation reached 0.41 billion CNY, with the former continuing to dominate.

The Market Size of Pediatric Sedation in China, 2021-2030E

Unit: billion CNY

CAGR	2021 -2025	2026E -2030E
Able to Tolerate Intravenous sedation	2.07%	2.57%
Unable to Tolerate Intravenous Sedation	2.07%	2.57%
Total	2.07%	2.57%



Source: Frost & Sullivan (based on annual reports of relevant companies, literature review and expert interviews)

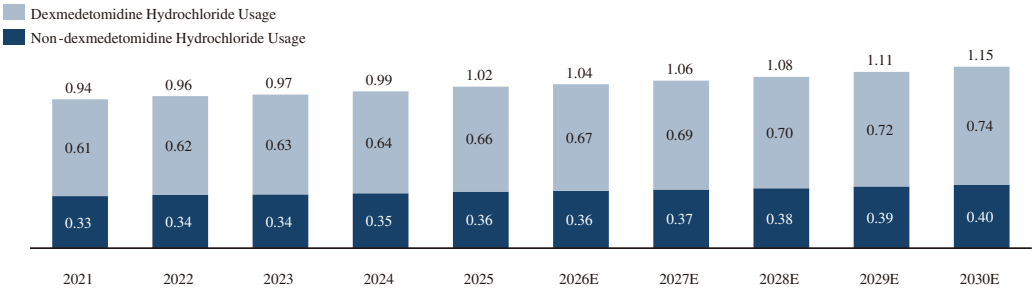
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By segment, in 2025, dexmedetomidine hydrochloride usage accounted for 0.66 billion CNY, while non-dexmedetomidine hydrochloride usage reached 0.36 billion CNY, with dexmedetomidine continuing to dominate.

The Market Size of Pediatric Sedation in China, 2021-2030E

Unit: billion CNY

CAGR	2021 -2025	2026E -2030E
Dexmedetomidine Hydrochloride Usage	2.07%	2.57%
Non-dexmedetomidine Hydrochloride Usage	2.07%	2.57%
Total	2.07%	2.57%



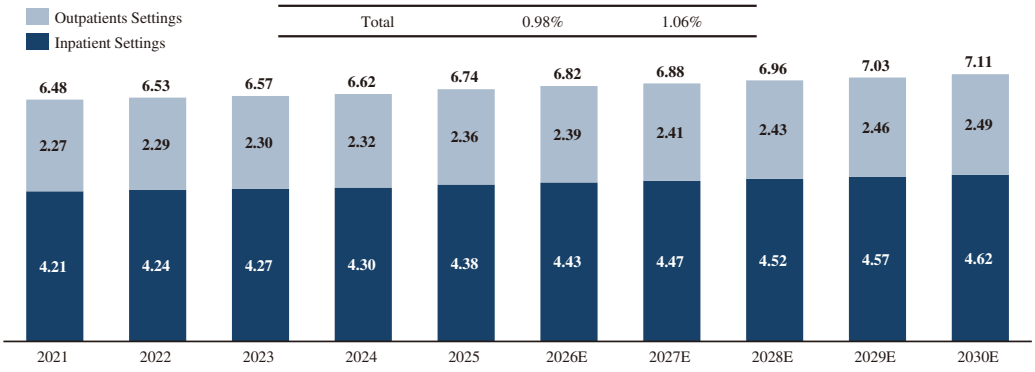
Source: Frost & Sullivan (based on annual reports of relevant companies, literature review and expert interviews)

The adult sedation patient scale in China increased steadily from 6.48 billion CNY in 2021 to 6.74 billion CNY in 2025, and is projected to reach 7.11 billion CNY by 2030. The market is expected to grow at a CAGR of 0.98% from 2021 to 2025, with a slight acceleration to 1.06% during 2026 to 2030.

By segment, in 2025, inpatient settings sedation accounted for 4.38 billion CNY, while those outpatients settings sedation reached 2.36 billion CNY, with the former continuing to dominate.

The Market Size of Adult Sedation in China, 2021-2030E

CAGR	2021 -2025	2026E -2030E
Outpatients	0.98%	1.06%
Inpatient	0.98%	1.06%
Total	0.98%	1.06%



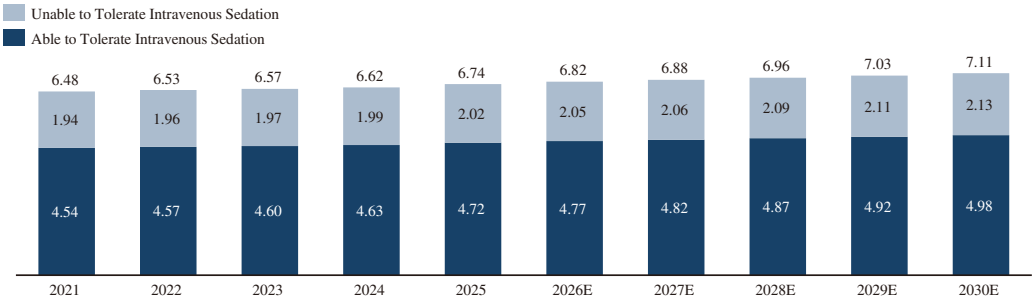
Source: Frost & Sullivan (based on annual reports of relevant companies, literature review and expert interviews)

The adult sedation patient scale in China increased from 6.48 billion CNY in 2021 to 6.74 billion CNY in 2025, and is projected to reach 7.11 billion CNY by 2030. The market is expected to grow at a CAGR of 0.98% from 2021 to 2025, slightly accelerating to 1.06% during 2026 to 2030.

By segment, in 2025, patients able to tolerate intravenous sedation accounted for 4.72 billion CNY, while those unable to tolerate intravenous sedation reached 2.02 billion CNY, with the former remaining dominant.

The Market Size of Adult Sedation in China, 2021-2030E

CAGR	2021 -2025	2026E -2030E
Able to Tolerate Intravenous sedation	0.98%	1.06%
Unable to Tolerate Intravenous Sedation	0.98%	1.06%
Total	0.98%	1.06%



Source: Frost & Sullivan (based on annual reports of relevant companies, literature review and expert interviews)

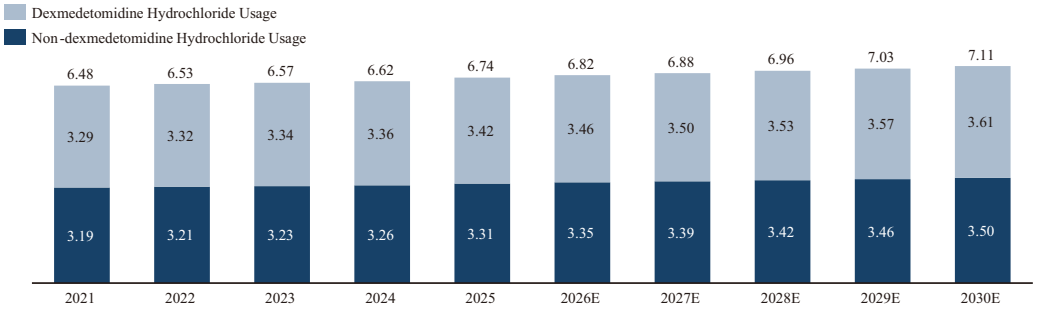
The adult sedation patient scale in China increased from 6.48 billion CNY in 2021 to 6.74 billion CNY in 2025, and is projected to reach 7.11 billion CNY by 2030. The market is expected to grow at a CAGR of 0.98% from 2021 to 2025, slightly accelerating to 1.06% during 2026 to 2030.

By segment, in 2025, spending by patients who used dexmedetomidine hydrochloride reached 3.42 billion CNY, while that of patients who did not use it reached 3.31 billion CNY, with the former remaining dominant.

The Market Size of Adult Sedation in China, 2021-2030E

Unit: billion CNY

CAGR	2021 -2025	2026E -2030E
Dexmedetomidine Hydrochloride Usage	0.98%	1.06%
Non-dexmedetomidine Hydrochloride Usage	0.98%	1.06%
Total	0.98%	1.06%



Source: Frost & Sullivan (based on annual reports of relevant companies, literature review and expert interviews)

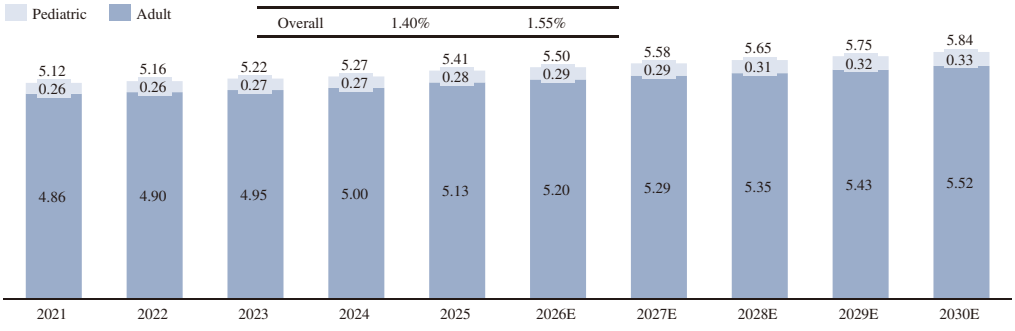
U.S. Sedation Market Size

The U.S. sedation market is projected to grow from USD5.12 billion in 2021 to USD5.84 billion in 2030, with an CAGR from 1.40% during 2021–2025 to nearly 1.55% between 2026–2030. 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.

U.S. Sedation Market Size, 2021–2030E

Unit: billion USD

CAGR	2021 -2025	2026E -2030E
Pediatric	2.12%	2.62%
Adult	1.37%	1.49%
Overall	1.40%	1.55%

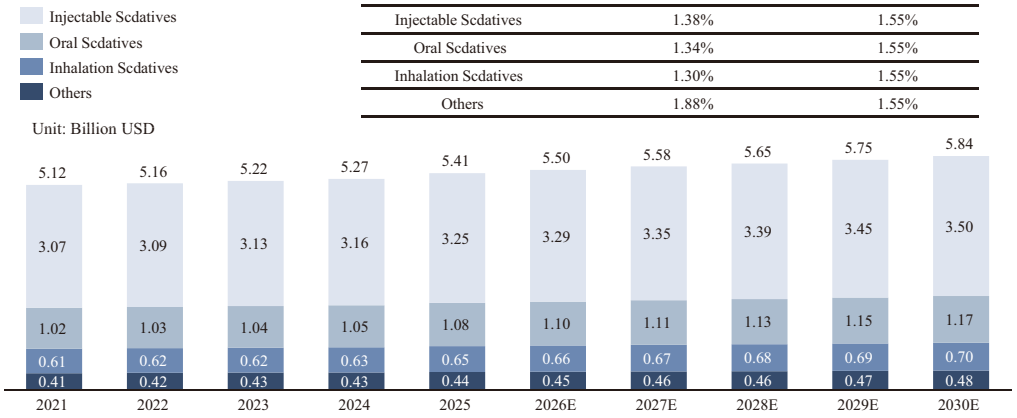


Source: Frost & Sullivan (based on annual reports of relevant companies, literature review and expert interviews)

The US sedation market is projected to grow steadily from 2021 to 2030E. The total market size increases from USD 5.12 billion in 2021 to USD 5.84 billion in 2030E. Injectable sedatives remain the largest segment throughout the period, rising from USD 3.07 billion in 2021 to USD 3.50 billion in 2030E. Oral sedatives also show stable growth, increasing from USD 1.02 billion to USD 1.17 billion, while inhalation sedatives rise from USD 0.61 billion to USD 0.70 billion. The "others" category remains the smallest segment, growing slightly from USD 0.41 billion in 2021 to USD 0.48 billion in 2030E. In terms of growth rate, injectable sedatives record a CAGR of 1.38% in 2021–2025 and 1.55% in 2026–2030E, while oral sedatives increase from 1.34% to 1.55%, inhalation sedatives from 1.30% to 1.55%, and others from 1.88% to 1.55%. Overall, the chart indicates moderate and continuous expansion in the US sedation market over the forecast period.

US Sedation Market Size, 2021–2030E

CAGR	2021 -2025	2026E-2030E
Injectable Scdatives	1.38%	1.55%
Oral Scdatives	1.34%	1.55%
Inhalation Scdatives	1.30%	1.55%
Others	1.88%	1.55%

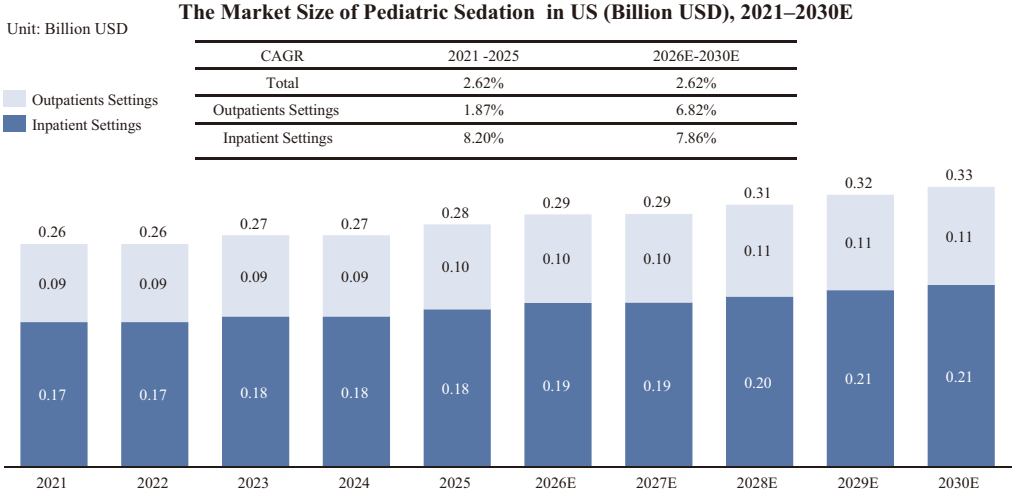


Source: Frost & Sullivan (based on annual reports of relevant companies, literature review and expert interviews)

The US pediatric sedation patient market is expected to grow steadily from 0.26 billion USD in 2021 to 0.33 billion USD by 2030. Overall growth remains moderate and stable, with a consistent CAGR of 2.62% across both 2021–2025 and 2026–2030. Segment-wise, inpatient settings continue to dominate the market, supported by relatively strong and sustained growth, while outpatient settings exhibit a notable acceleration in the later period, with CAGR rising to 6.82%. Despite this improvement, outpatient demand remains smaller in scale. Overall, the market reflects gradual expansion with a stable structure and limited volatility.

The Market Size of Pediatric Sedation in US (Billion USD), 2021–2030E

CAGR	2021 -2025	2026E-2030E
Total	2.62%	2.62%
Outpatients Settings	1.87%	6.82%
Inpatient Settings	8.20%	7.86%



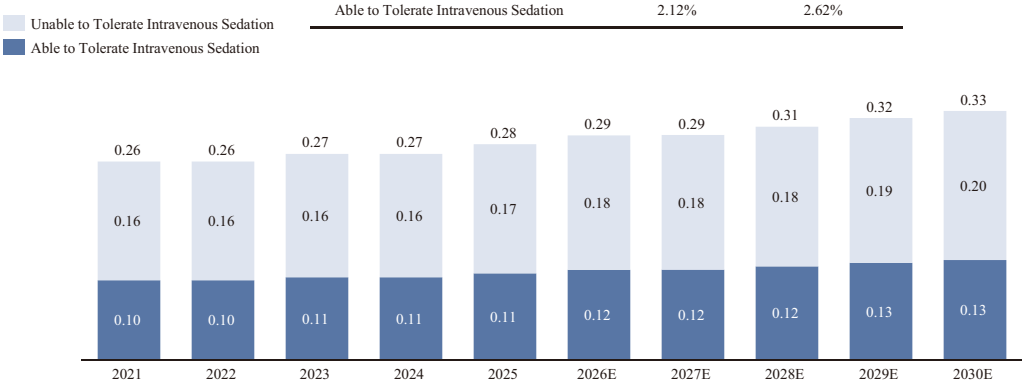
Source: Frost & Sullivan (based on annual reports of relevant companies, literature review and expert interviews)

The US pediatric sedation patient market is projected to increase steadily from 0.26 billion USD in 2021 to 0.33 billion USD by 2030. Overall growth remains moderate, with CAGR rising slightly from 2.12% in 2021–2025 to 2.62% in 2026–2030. Segment-wise, patients unable to tolerate intravenous sedation account for a larger share throughout the period, while those able to tolerate intravenous sedation represent a smaller but steadily growing segment. Both categories follow a similar growth trajectory, indicating a stable structural distribution. Overall, the market shows gradual expansion with balanced segment contributions and limited volatility over time.

The Market Size of Pediatric Sedation in US (Billion USD), 2021–2030E

Unit: Billion USD

CAGR	2021 -2025	2026E-2030E
Total	2.12%	2.62%
Unable to Tolerate Intravenous Sedation	2.12%	2.62%
Able to Tolerate Intravenous Sedation	2.12%	2.62%



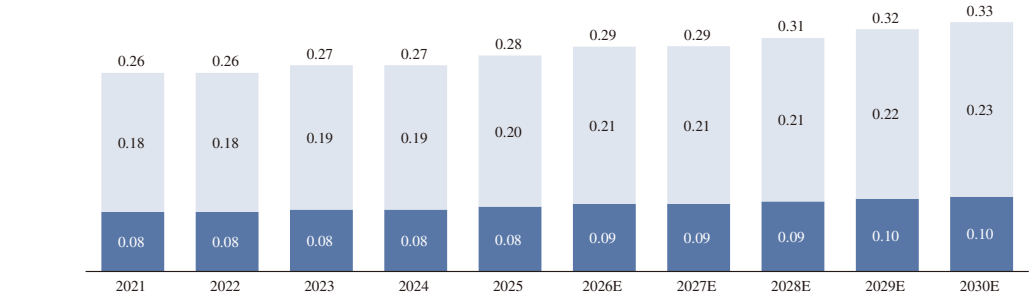
Source: Frost & Sullivan (based on annual reports of relevant companies, literature review and expert interviews)

The US pediatric sedation patient market is projected to increase steadily from 0.26 billion USD in 2021 to 0.33 billion USD by 2030. Overall growth remains moderate, with CAGR rising slightly from 2.12% in 2021–2025 to 2.62% in 2026–2030. Segment-wise, patients Dexmedetomidine Hydrochloride sedation account for a larger share throughout the period, while those non-dexmedetomidine hydrochloride sedation represent a smaller but steadily growing segment. Both categories follow a similar growth trajectory, indicating a stable structural distribution. Overall, the market shows gradual expansion with balanced segment contributions and limited volatility over time.

The Market Size of Pediatric Sedation in US (Billion USD), 2021-2030E

Unit: Billion USD

CAGR	2021-2025	2026-2030E
Total	2.12%	2.62%
Dexmedetomidine Hydrochloride Usage	2.12%	2.62%
Non-dexmedetomidine Hydrochloride Usage	2.12%	2.62%



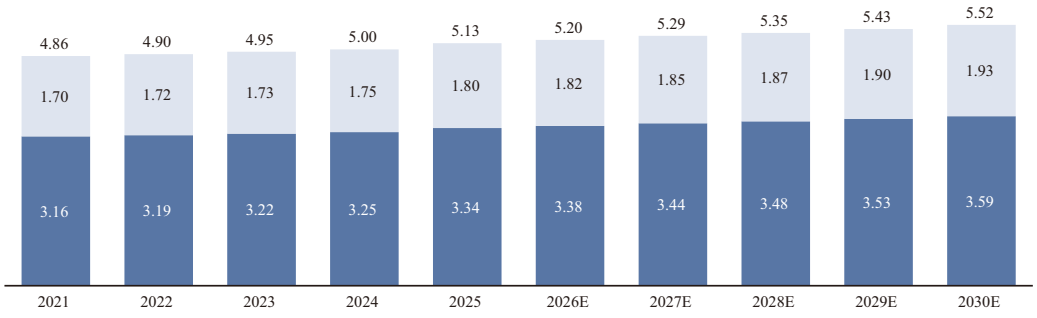
Source: Literature Review, Frost & Sullivan

The US adult sedation market is expected to grow modestly from 4.86 billion USD in 2021 to 5.52 billion USD by 2030. Overall expansion remains slow, with CAGR increasing slightly from 1.37% in 2021–2025 to 1.49% in 2026–2030, indicating a stable but mature market. Segment-wise, inpatient settings consistently account for the majority of demand, while outpatient settings represent a smaller yet steadily growing share. Both segments follow similar growth patterns, suggesting limited structural change over time. Overall, the market reflects gradual expansion with low volatility and a stable distribution across care settings.

The Market Size of Adults Sedation in US (Billion USD), 2021–2030E

Unit: Billion USD

CAGR	2021 -2025	2026E-2030E
Total	1.37%	1.49%
Outpatients Settings	1.37%	1.49%
Inpatient Settings	1.37%	1.49%



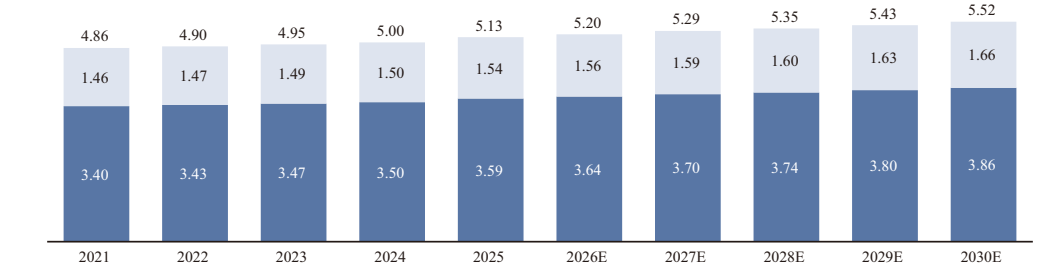
Source: Frost & Sullivan (based on annual reports of relevant companies, literature review and expert interviews)

The US adult sedation market is projected to grow gradually from 4.86 billion USD in 2021 to 5.52 billion USD by 2030. Overall growth remains modest, with CAGR rising slightly from 1.37% in 2021–2025 to 1.49% in 2026–2030, indicating a stable and mature market environment. Segment-wise, patients able to tolerate intravenous sedation consistently represent the larger share, while those unable to tolerate intravenous sedation account for a smaller portion. Both segments exhibit similar growth trends over time, suggesting limited structural change. Overall, the market reflects steady expansion with balanced segment dynamics and low volatility.

The Market Size of Adult Sedation in US (Billion USD), 2021–2030E

Unit: Billion USD

CAGR	2021 -2025	2026E-2030E
Total	1.37%	1.49%
Unable to Tolerate Intravenous Sedation	1.37%	1.49%
Able to Tolerate Intravenous Sedation	1.37%	1.49%

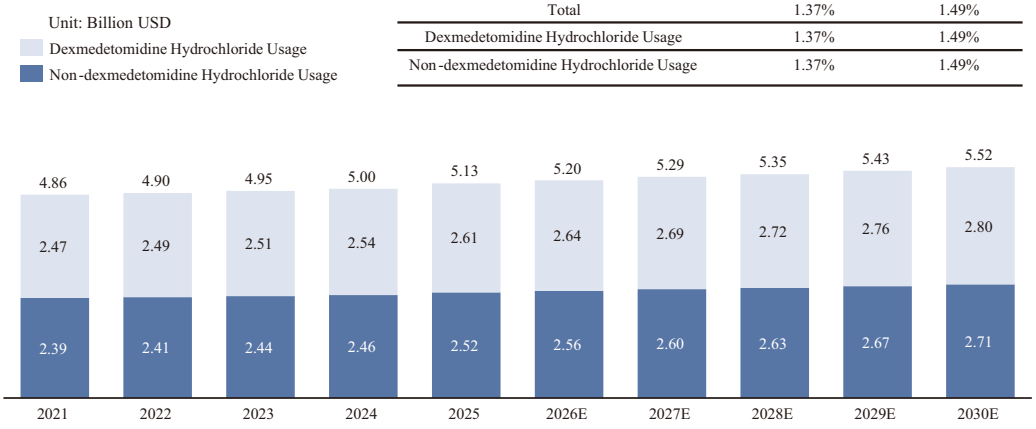


Source: Frost & Sullivan (based on annual reports of relevant companies, literature review and expert interviews)

The US adult sedation market is projected to grow gradually from 4.86 billion USD in 2021 to 5.52 billion USD by 2030. Overall growth remains modest, with CAGR increasing slightly from 1.37% in 2021–2025 to 1.49% in 2026–2030, reflecting a stable and mature market. Segment-wise, dexmedetomidine hydrochloride usage consistently accounts for a slightly larger share compared to non-dexmedetomidine usage, though both segments remain closely balanced in size. Growth trends are similar across both categories, indicating limited structural change over time. Overall, the market shows steady expansion with balanced segment contributions and low volatility.

The Market Size of Adult Sedation in US (Billion USD), 2021–2030E

CAGR	2021 -2025	2026E-2030E
Total	1.37%	1.49%
Dexmedetomidine Hydrochloride Usage	1.37%	1.49%
Non-dexmedetomidine Hydrochloride Usage	1.37%	1.49%



Source: Frost & Sullivan (based on annual reports of relevant companies, literature review and expert interviews)

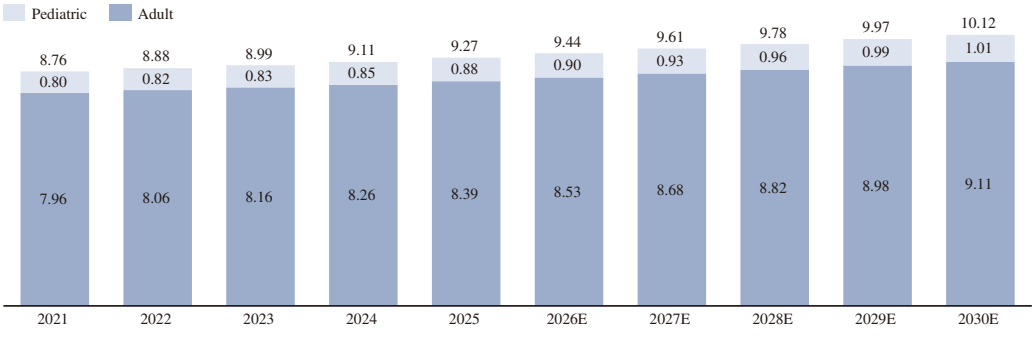
Global Market

The global Sedation market is in a steady expansion phase. From 2021–2025, the overall market size grew from USD8.76 billion to USD9.27 billion, with a CAGR of 1.43%; it is expected to accelerate to 1.78% from 2026 to 2030, with the overall market expected to reach USD10.12 billion by 2030. Among these, adult sedation remains the dominant segment, with a market size of approximately USD8.39 billion in 2025, while the pediatric the pediatric sedation market reaches USD0.88 billion during the same period. However, the growth rate of pediatric sedation exceeds that of adult sedation, reflecting a smaller baseline but accelerating demand release.

Global Sedation Market Size, 2021–2030E

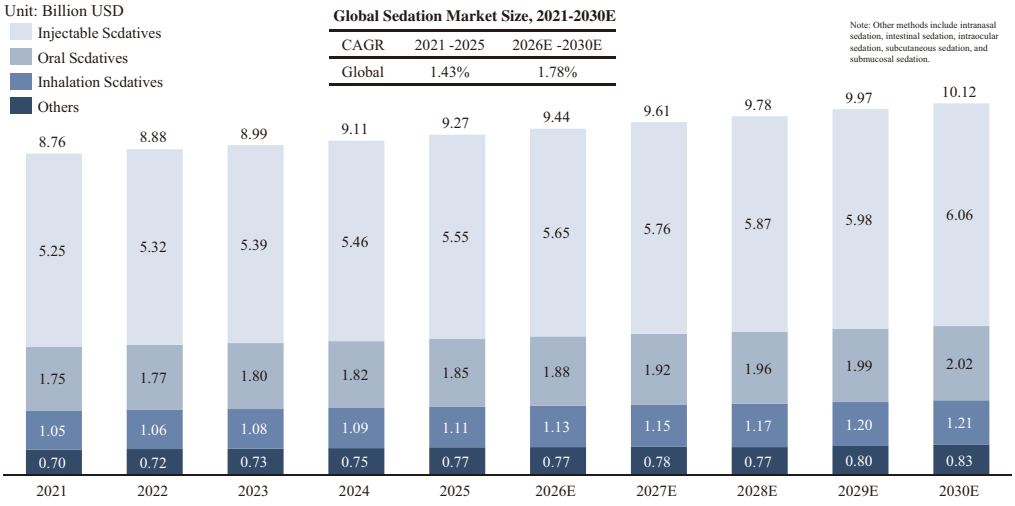
Unit: Billion USD

CAGR	2021 -2025	2026E -2030E
Pediatric	2.37%	2.95%
Adult	1.33%	1.65%
Overall	1.43%	1.78%



Source: Frost & Sullivan (based on annual reports of relevant companies, literature review and expert interviews)

The global sedation market grew steadily from approximately USD8.76 billion in 2021 to USD9.27 billion in 2025, and is projected to reach USD10.12 billion by 2030, representing a CAGR of approximately 1.78% over the forecast period. In terms of market segments, injectable sedatives hold the largest market share, with approximately USD5.55 billion in 2025, and are expected to maintain their dominant position throughout the forecast period. Oral sedatives and inhalation sedatives represent relatively smaller market segments, with approximately USD1.85 billion and USD1.11 billion in 2025, respectively, and exhibit relatively flat growth trends. Overall, the global sedation market demonstrates a steady but moderate growth trajectory, with oral formulations being the primary driver of market growth.

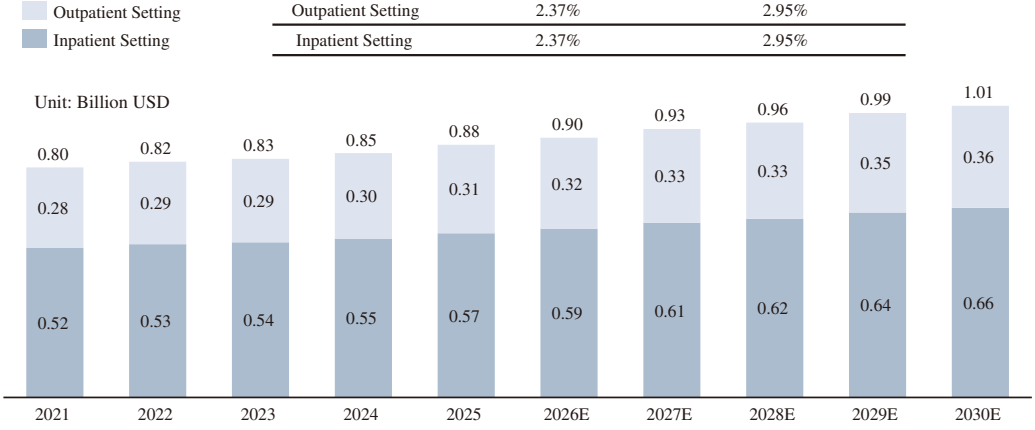


Source: Frost & Sullivan (based on annual reports of relevant companies, literature review and expert interviews)

The global pediatric sedation market shows a steady upward trend from 2021 to 2030E. The total market size increases from USD 0.80 billion in 2021 to USD 1.01 billion in 2030E. Among the two segments, inpatient setting account for the larger share throughout the period, rising from USD 0.52 billion in 2021 to USD 0.66 billion in 2030E. Outpatient setting also grow gradually, from USD 0.28 billion to USD 0.36 billion. In terms of growth rate, the market records a CAGR of 2.37% during 2021–2025, which is expected to accelerate slightly to 2.95% in 2026E–2030E. Overall, the chart indicates stable and moderate growth in the global pediatric sedation market, with inpatient setting remaining the dominant product category.

Global Pediatric Sedation Market Size, 2021-2030E

CAGR	2021 -2025	2026E-2030E
Total	2.37%	2.95%
Outpatient Setting	2.37%	2.95%
Inpatient Setting	2.37%	2.95%

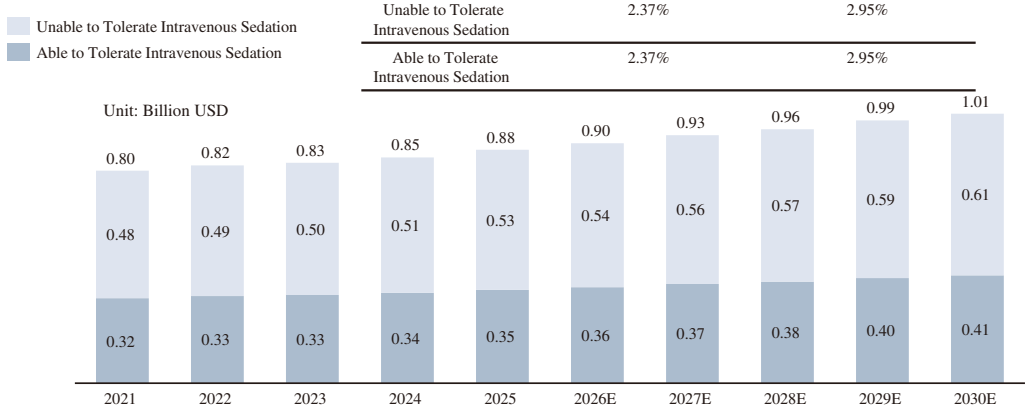


Source: Frost & Sullivan (based on annual reports of relevant companies, literature review and expert interviews)

The global pediatric sedation market shows a stable upward trend from 2021 to 2030E, with total market size increasing from USD 0.80 billion to USD 1.01 billion. Patients unable to tolerate intravenous sedation remain the dominant segment, while both segments grow steadily over time. The market CAGR is expected to rise from 2.37% in 2021–2025 to 2.95% in 2026E–2030E, indicating moderate but continuous market expansion.

Global Pediatric Sedation Market Size, 2021-2030E

CAGR	2021 -2025	2026E-2030E
Total	2.37%	2.95%
Unable to Tolerate Intravenous Sedation	2.37%	2.95%
Able to Tolerate Intravenous Sedation	2.37%	2.95%

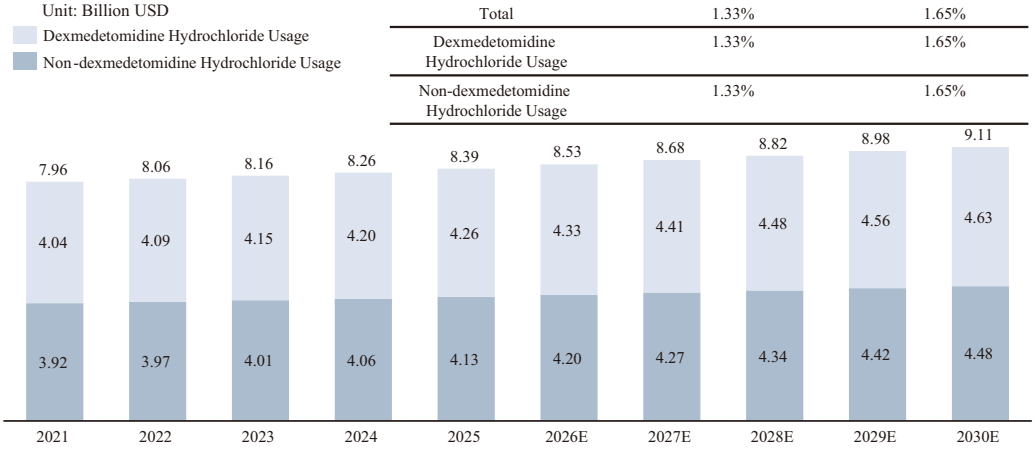


Source: Frost & Sullivan (based on annual reports of relevant companies, literature review and expert interviews)

The global adult sedation market is projected to grow gradually from 7.96 billion USD in 2021 to 9.11 billion USD by 2030. Overall growth remains modest, with CAGR increasing slightly from 1.33% in 2021–2025 to 1.65% in 2026–2030, reflecting a stable and mature market. Segment-wise, dexmedetomidine hydrochloride usage consistently accounts for a slightly larger share compared to non-dexmedetomidine usage, though both segments remain closely balanced in size. Growth trends are similar across both categories, indicating limited structural change over time. Overall, the market shows steady expansion with balanced segment contributions and low volatility.

Global Adult Sedation Market Size, 2021–2030E

CAGR	2021 -2025	2026E-2030E
Total	1.33%	1.65%
Dexmedetomidine Hydrochloride Usage	1.33%	1.65%
Non-dexmedetomidine Hydrochloride Usage	1.33%	1.65%



Source: Frost & Sullivan (based on annual reports of relevant companies, literature review and expert interviews)

Preoperative Sedation Major Treatment

Preoperative medications is a crucial component of surgical preparation, designed to ensure the smooth progression of anesthesia. These drugs serve to calm patients, enhance cooperation, mitigate adverse reactions to certain anesthetics, and suppress unfavorable neural reflexes, thereby regulating autonomic nervous function (particularly vagal reflexes), and alleviate preoperative pain. Currently, commonly used pediatric sedatives include midazolam, dexmedetomidine, and chloral hydrate. Midazolam, a benzodiazepine, offers excellent anxiolytic and amnesic effects and is clinically convenient to administer. However, it may cause respiratory depression and may potentially have an adverse effect on pediatric neurodevelopment, leading to increasingly cautious use. Chloral hydrate, a traditional oral sedative, is simple to administer but is associated with poor safety profiles due to slow onset, prolonged duration, and susceptibility to respiratory depression and gastrointestinal irritation. Its use has declined in recent years.

In contrast, dexmedetomidine is an α_2 adrenergic receptor that induces a sedation state resembling natural sleep. It is well-tolerated by pediatric patients, rarely causes respiratory depression, and offers exceptional safety. Its effects on the circulatory system are minimal, while it provides analgesia, anxiolysis, and reduces delirium incidence. However, intravenous administration of dexmedetomidine injection is challenging to perform and may cause patient anxiety. Additionally, it is used off-label, posing safety risks. DHMP holds promise for meeting clinical needs such as comfortable and convenient administration, low safety risks, and on-label application.

Preoperative Sedation Approved Medication

Currently, all innovative drugs approved for preoperative sedation are injectable formulations. The first two are imported drugs, while the rest are domestically produced. In the Chinese Mainland, the U.S. and other major global markets, current clinical practice for preoperative sedation still primarily relies on injectable sedative agents, which remain the prevailing route of administration in this field. The Company's core product, dexmedetomidine hydrochloride microneedle patch (DHMP), is being developed as a dissolving microneedle patch for preoperative sedation. It enables painless, needle-free transdermal drug delivery and is distinct from oral, injectable, or inhalation routes. DHMP offers rapid onset like injection and the convenience of oral administration, while avoiding first-pass metabolism. Compared with conventional injectable formulations currently used in clinical practice, the microneedle patch is intended to provide a non-injectable administration option, which may be particularly relevant in pediatric settings where fear of needles and injection-related distress can adversely affect patient cooperation and perioperative experience. As such, if approved, DHMP may complement existing clinical practice in the Chinese Mainland by offering an alternative route of administration. It targets the pediatric and adult preoperative sedation market in mainland China , and is especially suitable for patients with needle phobia or poor venous access. The company has initiated preparations for its U.S. clinical trials and plans to expand into the U.S. and global preoperative sedation markets in the future. The company's DHMP is suitable for both outpatient and inpatient settings.

Preoperative Sedation Approved Medication

Drug	Company	Approval date	Route of Administration	Average End-Use Price	Registration Authority	Limitation
Nimbex / Cisatracurium Besylate Injection	Aspen Pharmacare	2021-06-11	Injection	90-120RMB / dose	NMPA	Contraindicated in patients with known hypersensitivity to the product or any of its components, and caution is advised for the risk of hypotension or shock; it is also contraindicated in pregnant and lactating women.
Propofol Fresenius / Propofol Injection	Fresenius Kabi	2021-11-04	Injection	40RMB / dose	NMPA	Contraindicated in patients allergic to the product or its emulsifier; it should be used with caution in patients with hypotension or shock, and is contraindicated for anesthesia in children under 3 years old, as well as in pregnant and lactating women.
Ciprofol Injection	Haisco Pharmaceutical	2022-07-12	Injection	100RMB / dose	NMPA	Contraindicated in patients with known hypersensitivity to the product or its excipients (such as soy); it should be used with caution in patients with severe heart failure, and pregnant or lactating women should use it cautiously after weighing the benefits and risks.
Ruibeining / Remimazolam Tosylate Injection	Hengrui Pharmaceuticals	2024-10-24	Injection	100RMB / dose	NMPA	Due to the lack of established safety and efficacy data, it is not recommended for use in children; elderly patients are more sensitive to its effects, and strict monitoring of respiratory and circulatory status is required during use.
Ruima / Remimazolam Besylate Injection	Humanwell Pharmaceutical	2025-07-14	Injection	120RMB / dose	NMPA	Contraindicated in children; elderly patients should be aware of increased drug sensitivity, and the use of this medication requires the availability of monitoring and resuscitation equipment to manage potential respiratory depression or hypotension.
BYFAVO	Acacia Pharma	2020-07-02	Injection	45USD / dose (20mg)	FDA	It is only indicated for short procedures lasting 30 minutes or less, and is limited to adult use only, not for pediatric patients or longer surgical procedures.
PRECEDEX	Hospira	1999-12-17	Injection	11.2USD / dose (200mcg/2ml)	FDA	When used in the intensive care unit (ICU) setting, continuous infusion should not exceed 24 hours; the pediatric indication is limited to non-invasive procedures only, excluding invasive surgeries.
ATIVAN	Hikma Pharmaceuticals	1980-07-25	Injection	2.28USD / dose (2mg)	FDA	It is only approved for adult patients as preanesthetic medication, lacking evidence for pediatric preoperative sedation; additionally, as a benzodiazepine, it carries risks of respiratory depression and excessive sedation.

Source: Clinicaltrials.gov, Frost & Sullivan

Preoperative Sedation Clinical Pipeline

Current clinical research in the field of preoperative sedation primarily focuses on modifying existing first-line drug formulations. The core objective is to accelerate onset, improve patient compliance, and enhance safety through novel delivery routes such as microneedle patches and nasal spray formulations. Outside of China and the United States, there are currently 101 ongoing clinical trials worldwide.

Drug	Applicant	Locations	Indication	Phase	Status	Initial date	Clinical No.	Registration Authority	Route of Administration	Limitation
Dexmedetomidine Hydrochloride (Microneedle Patch)	Guangzhou Novaken Pharm Co., Ltd.	China	Preoperative Sedation for Children Aged 2–6 Years	PHASE 2	In progress	Aug 2025	CTR20253327	NMPA	Dissolving Microneedles	Although microneedle technology can enhance transdermal drug delivery efficiency, it faces dual limitations of skin irritation reactions and limited drug loading capacity
SH081012	Shandong Bestcomm Pharmaceutical Co., Ltd/Shandong Langnuo Pharmaceutical Co., Ltd.,	China	Sedation for Pediatric Examinations and Procedures	PHASE 1	In progress	Aug 2025	CTR20253105	NMPA	Oral Solution	The formulation faces dual challenges of strong taste irritation and poor stability: the former affects patient compliance, while the latter requires reliance on key excipient control to ensure product quality.
Midazolam + fentanyl (IV sedation)	Brigham and Women's Hospital	United States	Personalized pre-procedural sedation vs. reassurance for adult patients undergoing regional anesthesia (nerve block)	PHASE 1	Completed	Oct 2022	NCT05579509	FDA	Intravenous Infusion	Co-administration may induce respiratory depression and hypotension risks, requiring close monitoring of vital signs and precise dose titration based on patient pain response to avoid excessive sedation
Midazolam + Dexmedetomidine	University of Mississippi Medical Center	United States	Premedication for Older Children Undergoing General Anesthesia for Dental Rehabilitation	PHASE 3	Completed	Jul 2017	NCT02250703	FDA	Dexmedetomidine Nasal Spray Combined with Midazolam Oral Solution	Dexmedetomidine may cause hypertension or hypotension as well as bradycardia, necessitating careful hemodynamic monitoring during co-administration
Dexmedetomidine + Midazolam	Cairo University	Egypt	Preoperative Anxiety Experienced by the Pediatric Patient	PHASE 2	In progress	May 2025	NCT06979791	FDA	Intravenous Infusion	Dexmedetomidine commonly causes hypotension and bradycardia requiring monitoring during co-administration, and its hepatic metabolism to active metabolites may increase drug interaction risks
SHR0302 Alkali Gel	Jiangsu HengRui Medicine Co., Ltd.	China	Preoperative Sedation of Adults	PHASE1	Completed	Aug 2025	NCT07098117	FDA	Topical Gel	may cause skin irritation or allergic reactions, and its stability is susceptible to temperature and light exposure, requiring special storage conditions
Dexmedetomidine Hydrochloride nasal spray	Yichang Humanwell Pharmaceutical Co., Ltd	China	Preoperative Sedation for Adults and Children	PHASE1	Terminated	July 2022	CTR20221669	NMPA	Nasal Spray	As a highly selective α_2-adrenergic receptor agonist, this drug carries safety risks including respiratory depression, hypotension, and bradycardia, requires precise dose titration, and faces intense market competition as well as technical barriers of nasal spray formulations, limiting its extensive clinical application.

Challenges and Threats in the Global and China Preoperative Sedation Market

The global preoperative sedation market faces a triple challenge of safety risks (respiratory depression, hemodynamic instability, and postoperative delirium), cost pressures, and increasing industry consolidation

- **Safety and Adverse Reaction Risks:** Respiratory depression caused by oversedation, hemodynamic instability, and postoperative delirium represent major clinical challenges.
- **Evolving Competitive Landscape:** Large pharmaceutical companies are strengthening market dominance through mergers, acquisitions, and internal R&D, while small and medium-sized enterprises face risks of being acquired or squeezed out of the market.

The China market, meanwhile, is constrained by clinical implementation barriers, intensifying competition from domestic brands, and tightening regulations, putting international brands under significant pressure regarding market share and compliance costs.

- **Clinical Practice Barriers:** Chinese academia indicates that preoperative sedation implementation is primarily influenced by surgical decisions and patient conditions; however, clinicians' concerns about complications (such as respiratory depression), lack of standardized protocols, and insufficient staffing constitute major obstacles.
- **Strengthened Safety Regulations:** In response to adverse incidents caused by preoperative sedation (such as injuries from oversedation), regulatory authorities may tighten review standards, increasing compliance costs.

Drivers and Entry Barriers in the Global Preoperative Sedation Market

Stable Demand from Specific Patient Groups for Non-Invasive Alternatives: While the broader market shows steady growth, localized demand remains resilient due to prevalent needle phobia among children and anxious adults. Non-invasive alternatives, such as needle-free sedation platforms, primarily sustain their market footprint by addressing anxiety during routine pediatric procedures, dental numbing, and phlebotomy.

Incremental Market Expansion via Cross-Specialty Utilization: Market momentum relies on a gradual shift from centralized operating rooms to diverse clinical settings, including venous access and outpatient dental anesthesia. This gentle cross-specialty adoption expands the total addressable market and helps justify long-term investments despite lower overall growth rates.

New entrants to the global preoperative sedation market primarily face the following barriers:

Drug-loading ceiling: Current dissolving microneedles hold only tens of milligrams — fine for topical anaesthetics, not yet enough for systemic sedatives.

Manufacturing complexity & cost: Precision moulding, sterility assurance, and cold-chain stability keep costs above standard topical formulations.

Regulatory learning curve: Few precedents at FDA/EMA for combination "drug-device" microneedle sedatives; patch yields and dose uniformity are key hurdles.

Unproven systemic pipeline: No late-stage programs delivering midazolam, propofol or dexmedetomidine via microneedles — commercial upside remains speculative.

Drivers and Entry Barriers in the China Preoperative Sedation Market

Gradual Infiltration into the Primary Care Landscape: China's ongoing healthcare system reforms continue to moderately elevate the service capacities of primary medical institutions. The expansion of community hospitals and primary care clinics yields steady incremental demand for safe preoperative screening and outpatient sedation solutions.

Technology-Driven Upgrades in Local Pharmaceutical Manufacturing: Gradual advancements by domestic pharmaceutical enterprises in drug delivery technologies provide solid foundational support for novel sedatives. This ongoing development satisfies routine domestic clinical requirements and drives a cost-effective product substitution across the existing healthcare infrastructure.

New entrants to the China preoperative sedation market primarily face the following barriers:

Stringent Regulatory Environment: China's drug approval process is strict, particularly regarding safety assessments for sedative drugs, increasing the difficulty of market entry.

R&D Costs and Return Cycle: Although R&D costs in China are relatively low, substantial resources are still required from clinical trials to market launch, with extended return cycles.

High Clinical Trial and Quality Control Costs: New drugs must undergo rigorous clinical trial validation, requiring massive investment in R&D and testing expenses. Meanwhile, pharmaceutical production must comply with GMP standards, with quality control costs remaining high — creating a significant economic burden for small enterprises or new entrants.

Future Trend

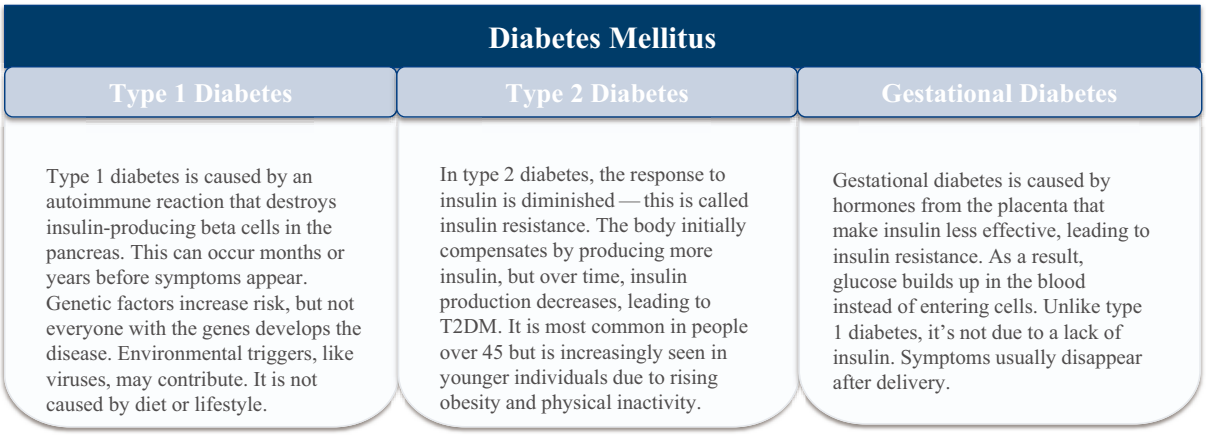
The preoperative sedation market is evolving from traditional adjunctive medications to sophisticated perioperative management tools, exhibiting trends toward "expanded scenarios, refined patient targeting, and convenient clinical use." Against a backdrop of strong demand, high usage, and diverse applications, market acceptance of next-generation sedation drugs and delivery methods continues to rise. Future industry development will focus on: more precise efficacy regulation

mechanisms, safer short-acting drug structures, and innovative high-compliance formulations. This will provide solutions that balance standardization and personalization for different patient groups and scenarios, establishing a new ecosystem for preoperative sedation.

1. **Rigid demand for enhanced comfort in preoperative sedation settings continues to grow.** Preoperative sedation is gradually expanding beyond traditional surgical procedures to encompass a broader range of clinical procedures, including dental treatments, orthopedic day surgeries, imaging examinations (such as MRI/CT), endoscopic procedures, and interventional diagnostics — covering multiple high-frequency departments and medical scenarios. Particularly among pediatric patients, who are more prone to preoperative anxiety and tension, preoperative sedation not only alleviates anxiety and improves compliance but also serves as a critical means to enhance perioperative comfort and ensure smooth clinical procedures. With the ongoing rise in outpatient minimally invasive procedures and day surgery rates, patient demand for comfort-focused care continues to grow. As a cross-departmental, cross-age auxiliary measure, the application scope of sedation is continually expanding. It demonstrates stable clinical demand and exhibits greater therapeutic value in pediatric drug usage.
2. **Child-friendly policies drive the development of preoperative sedation products**. Children constitute a key demographic for preoperative sedation, exhibiting high rates of preoperative anxiety and significant resistance to injection routes and complex procedures, which can impede smooth clinical care. Addressing these challenges, novel pain-free, rapid-acting, and user-friendly administration methods are recognized as enhancing compliance, improving perioperative experiences, and advancing child-friendly healthcare environments such as "no-cry operating rooms." At the policy level, the "Opinions on Promoting the Development of Child-Friendly Hospitals" issued by six departments including the National Health Commission explicitly advocate a "child-centered" service philosophy and encourages enhancing the safety and comfort of pediatric medical services. Concurrently, the nation continues to advance the research, development, and supply of pediatric-specific medications. Driven by these combined factors, innovative preoperative sedation products suitable for children are poised to gain increased attention in the future.

Diabetes Market

Diabetes mellitus is a chronic metabolic disease of high blood glucose, leading over time to damage in the heart, blood vessels, eyes, kidneys, and nerves. It is classified mainly into Type 1 diabetes, an autoimmune disease where the immune system destroys the pancreas's insulin-producing beta cells, and Type 2 diabetes is a disorder of insulin resistance with a relative insulin deficiency.



Source: John Hopkins Medicine, CDC, NIH

Global Market

The Scale of Diabetes Mellitus Patients Global

From 2021 to 2030, the number of diabetes patients is projected to rise from 136.81 million to 168.5 million in China (with CAGRs of 2.73% from 2021–2025 and 1.83% from 2026–2030), and from 38.66 million to 56.02 million in the U.S. (with CAGRs of 4.52% and 3.96%, respectively). Globally, the diabetic population is expected to grow from 547.35 million in 2021 to 603.67 million by 2025 and 661.3 million by 2030, with a gradually slowing pace of expansion.

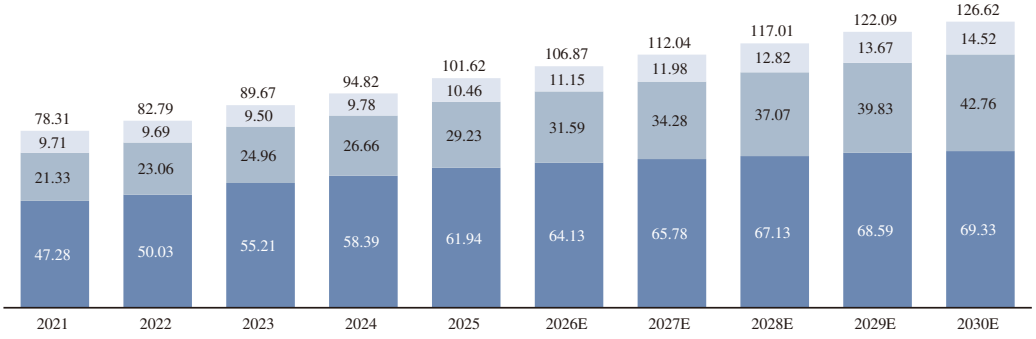
Global type 2 Diabetes Mellitus Market Size

From 2021 to 2030, the type 2 diabetes market is projected to grow from $9.71 billion to $14.52 billion in China (with CAGRs of 1.87% from 2021–2025 and 6.82% from 2026–2030), and from $21.33 billion to $42.76 billion in the U.S. (with CAGRs of 8.20% and 7.86%, respectively). Globally, the market is expected to expand from $78.31 billion in 2021 to $126.62 billion by 2030, maintaining high single-digit growth but at a notably slower pace.

Unit: Billion USD

Global type 2 Diabetes Mellitus Market Size, 2021–2030E

CAGR	2021 -2025	2026E-2030E
Global	6.57%	4.34%
China	1.87%	6.82%
US	8.20%	7.86%



Source: Frost & Sullivan (based on annual reports of relevant companies, literature review and expert interviews)

Notes: The estimation of China's Type 2 diabetes market size is based on the following assumptions: (i) Market value = Average annual treatment cost for diabetes × Number of patients receiving treatment. In 2026, the number of Type 2 diabetes patients in China is expected to reach 156.73 million, projected to increase to 168.50 million by 2030. (ii) Price assumptions are based on the list prices of drugs already marketed for this indication. (iii) Type 2 diabetes treatment drugs expected to be launched during the forecast period are not included in China's national or provincial volume-based procurement plans. (iv) By 2029, the consultation rate for Type 2 diabetes patients in China is approximately 50%, the treatment ratio is approximately 34%-51%, and patient adherence is approximately 56%; the corresponding average annual treatment cost range is approximately RMB 5,000, with future price erosion following industry trends. (v) Academic promotion and patient education activities continue to be strengthened. (vi) The scale of treatable patient populations continues to expand rapidly. (vii) There is currently enormous unmet clinical demand; as treatment volume grows in parallel, the Type 2 diabetes therapy market within this indication will expand significantly. Therefore, China's Type 2 diabetes drug market is expected to reach USD 11.15 billion in 2026 and USD 14.52 billion by 2030.

Major Treatment Method

The primary treatment goals for modern diabetes management focus on three key areas: first, restoring or enhancing insulin action; second, achieving safe and stable blood glucose control; and third, preventing and delaying long-term vascular and organ complications. Treatment strategies vary significantly depending on the type of diabetes. For type 1 diabetes, where patients experience near-total loss of pancreatic beta cell function, treatment centers on exogenous insulin replacement to mimic physiological secretion rhythms. This is often supplemented with insulin analogues, glucagon-like peptide-1 (GLP-1) receptor agonists, and other adjunct medications to reduce postprandial blood glucose fluctuations. In contrast, type 2 diabetes management follows a stepwise approach: early treatment centers on improving insulin sensitivity (e.g., metformin) or suppressing hepatic glucose output; as the disease progresses, medications that enhance endogenous insulin secretion (such as sulfonylureas or DPP-4 inhibitors) or increase urinary glucose excretion (SGLT-2 inhibitors) may be added. When pancreatic beta-cell function reserves are gradually depleted, exogenous insulin therapy becomes necessary.

In recent years, GLP-1 receptor agonists have emerged as a significant breakthrough in the treatment of type 2 diabetes due to their unique mechanism and favorable clinical outcomes. GLP-1, an incretin hormone, stimulates insulin secretion and inhibits glucagon release after meals while delaying gastric emptying and increasing satiety, thereby achieving multifaceted glucose regulation. Compared to traditional hypoglycemic agents, GLP-1 receptor agonists not only effectively lower blood glucose but also offer advantages such as promoting weight loss, improving pancreatic beta-cell function, and reducing hypoglycemia risk. More importantly, extensive clinical research has confirmed the potential cardiovascular protective benefits of GLP-1 receptor agonists, positioning them as an "upgraded therapy" that simultaneously controls blood glucose and prevents complications. Consequently, within

modern type 2 diabetes treatment systems, GLP-1 receptor agonists are progressively transitioning from second-line to first-line core status, particularly for overweight or obese patients with cardiovascular disease risk or weight management needs.

Basal & Bolus Insulins	• Long-acting "basal" analogues (e.g., insulin glargine, degludec) provide 24-h background coverage, while rapid-acting analogues (e.g., insulin lispro, aspart) match meal-time glucose rises.
Metformin	• Lowers hepatic gluconeogenesis and improves peripheral insulin sensitivity without weight gain or hypoglycaemia.
GLP-1 Receptor Agonists	• Injectable (and now oral) incretin mimetics boost glucose-dependent insulin release, suppress glucagon, slow gastric emptying and promote satiety, driving weight loss.
SGLT2 Inhibitors	• Block renal glucose re-uptake, causing glycosuria that lowers glucose and modestly reduces weight and blood pressure.
DPP-4 Inhibitors	• Prevent breakdown of endogenous GLP-1/GIP, enhancing glucose-dependent insulin secretion with a neutral weight profile and low hypoglycaemia risk
Sulfonylureas	• Stimulate pancreatic β-cells to release insulin irrespective of ambient glucose; effective and inexpensive but carry hypoglycaemia and weight-gain liabilities

Diabetes Microneedle Clinical Pipeline

The clinical development of diabetes microneedle technology primarily focuses on delivering drugs such as insulin and GLP-1 receptor agonists via microneedle patches as an alternative to traditional subcutaneous injections. This technology creates microchannels in the superficial layer of the skin, enabling transdermal drug absorption. It offers pain-free application, convenience, and precise dose control, with the potential to improve patient compliance and optimize drug absorption efficiency.

Drug	Applicant	Locations	Indication	Phase	Status	Initial date	Clinical No.	Registration Authority
Proinsulin peptide (gold-nanoparticle conjugate via microneedle patch)	Cardiff University	UK/Sweden	Diabetes Mellitus	Phase 1	Completed	Aug 2016	NCT0283 7094	FDA
Semaglutide Microneedle Patch in Type 2 Diabetes	Daewoong Pharmaceutical	Korea	Diabetes Mellitus	Phase 1	Not yet recruiting	April 2026	NCT075394 15	FDA
Insulin (basal/bolus infusion via microneedle vs subcutaneous infusion)	Becton, Dickinson and Co.	U.S./Germany	Diabetes Mellitus	Phase 1/2	Completed	July 2012	NCT015579 07	FDA
Insulin via MicronJet	Massachusetts General Hospital	U.S.	Diabetes Mellitus	Phase 2	Recruitment completed	Septemb er 2012	NCT016849 56	FDA
Insulin Delivery Using Microneedles in Type 1 Diabetes	Emory University	U.S.	Diabetes Mellitus	Phase 2/3	Completed	January 2014	NCT008375 12	FDA

Challenges and Threats in the Global and China Diabetes Microneedle Market

The global diabetes microneedle market faces challenges in dosing accuracy, safety concerns, competition from multiple technological routes, and cost pressures

- **Dosing Accuracy and Safety Concerns:** Despite being minimally invasive, whether microneedles can accurately deliver large insulin doses (especially for high-dose patients) remains a technical challenge. Safety issues (such as post-needlestick infections and residual needle fragments) may also trigger patient concerns.
- **Cost and Reimbursement Pressure:** The manufacturing cost of microneedle devices currently remains generally higher than traditional needles. If cost reductions through scale cannot be achieved, the market may face restricted insurance reimbursement and insufficient patient willingness to pay.

The China market, meanwhile, is constrained by patient habit conversion, intense competition from domestic enterprises, and technical reliability challenges, with market penetration and brand building remaining a long-term endeavor.

- **Market Penetration and Patient Education:** Although patient demand is substantial, transitioning from traditional pen needles to microneedle devices requires changes in usage habits. The costs of training healthcare professionals and educating patients are high; without effective science communication, market penetration may remain slow.
- **Intense Domestic Competition:** As market potential becomes widely recognized, an increasing number of companies are entering the market, intensifying competition. Companies must continuously focus on product differentiation to avoid elimination by homogenized competition.

Drivers and Entry Barriers in the Global Diabetes Microneedle Market

Needle-free patient preference: The continuous expansion of the global diabetes patient base has directly amplified the urgent demand for comfortable drug delivery technology. The global diabetic population continues to grow, while traditional injections present "needle phobia" and pain issues. Microneedle technology (such as dissolving microneedle patches) offers a minimally invasive drug delivery method, significantly improving patient compliance and quality of life.

Diversified Demand for Vaccine and Drug Delivery: With the increasing prevalence of chronic diseases caused by global population aging and lifestyle changes, the demand for precise and effective drug delivery has become increasingly urgent, and microneedle technology is considered one of the solutions in this context. Beyond diabetes, the advantages of microneedles in vaccine delivery (such as influenza vaccines) and biologics (such as monoclonal antibodies) delivery have also driven R&D investment, indirectly advancing diabetes microneedle technology.

New entrants to the global diabetes microneedle market primarily face the following barriers:

High R&D and Clinical Validation Costs: Microneedle devices require rigorous clinical validation to demonstrate bioequivalence (particularly for narrow therapeutic index drugs like insulin). The R&D process demands interdisciplinary collaboration (materials science, microfabrication, pharmacology), with prohibitively expensive clinical trials.

Regulatory Approval and Quality Standards: Regulatory standards for microneedle devices remain incompletely harmonized across different countries, requiring manufacturers to meet high-level safety and sterile production requirements. Especially for drug-delivering microneedles, dual drug-device review compliance creates substantial costs.

Drivers and Entry Barriers in the China Diabetes Microneedle Market

Massive Potential User Base: China has one of the largest diabetic populations globally. With intensifying aging and widespread "needle phobia," patients demonstrate strong demand for safe, minimally invasive, and comfortable insulin pen needles and microneedle devices.

Policy Support and Healthcare Insurance Orientation: The Chinese government supports innovative medical device development and incorporates diabetes management into the "Healthy China 2030" strategy. As medical insurance coverage expands (particularly reimbursement for diabetes-related products), the market access environment for novel delivery devices such as microneedles continues to improve.

New entrants to the China diabetes microneedle market primarily face the following barriers:

Stringent Regulatory Approval and Patent Landscape: Although China's approval speed is relatively fast, drug-delivering microneedles (especially novel material microneedles) still require rigorous safety and efficacy assessments. Additionally, existing international microneedle patent portfolios (from U.S. and European companies) present certain technical barriers for domestic enterprises.

Technology R&D and Talent Bottlenecks: High-performance microneedles (such as dissolving microneedles and drug-loaded microneedles) involve advanced materials science and micro-nano manufacturing technologies. Domestic companies must invest substantial resources in R&D, while senior R&D talent remains relatively scarce.

Future Trend

Microneedle technology is advancing diabetes care toward a minimally invasive "apply-and-go" approach, integrating the delivery of insulin and GLP-1 receptor agonists with continuous monitoring. By encapsulating macromolecular drugs into room-temperature-stable ultra-thin patches, patients can

apply them as easily as bandages. This innovation eliminates injection anxiety, reduces training time, and bypasses cold-chain logistics challenges, making it suitable for both technologically advanced markets and resource-limited settings.

Weight Management Market

Weight management primarily targets overweight and obese individuals, aiming to reduce the risk of various chronic diseases associated with abnormal weight by regulating energy intake and metabolic processes. Obesity is defined by the World Health Organization as a chronic, recurrent, and progressive disease, and has become one of the global public health challenges. This condition not only affects an individual's weight but is also closely associated with various metabolic and endocrine disorders such as type 2 diabetes, cardiovascular disease, and polycystic ovary syndrome.

Currently, the proportion of overweight and obese individuals worldwide continues to rise, with a trend toward younger age groups. Especially under the influence of factors such as accelerated urbanization, changes in lifestyle, and unreasonable dietary structures, the prevalence of weight management-related diseases continues to climb, leading to a significant disease burden and clinical intervention needs.

Global Market

The Scale of Weight Management Patients Global

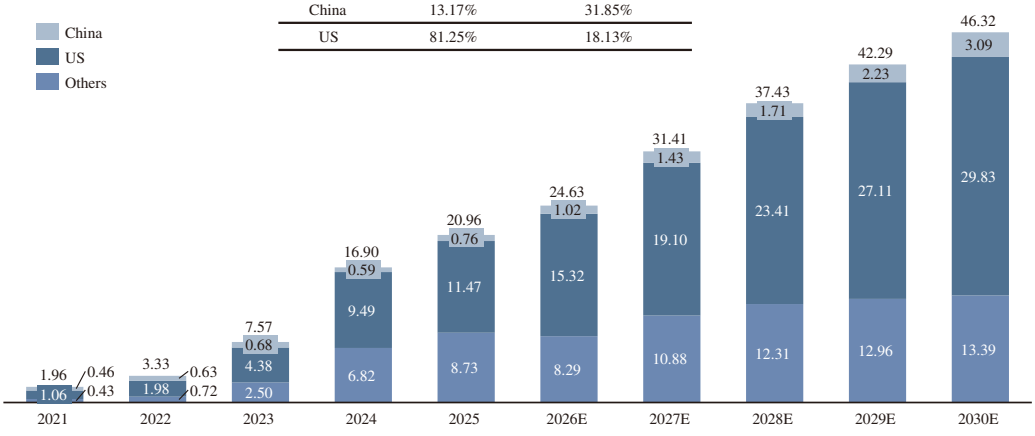
Global weight management patients grew from 3,203.71 million in 2021 to 3,726.9 million in 2025 (CAGR 3.85%), reaching 4,188.87 million by 2030 (CAGR 2.35%). China saw mild growth from 590.58 million to 627.94 million (CAGR 1.55%), targeting 659.86 million by 2030. The U.S. patient population increased from 188.1 million to 224.78 million over the same period.

Global Weight Management Market Size

The global weight management market is undergoing explosive expansion, surging from USD 1.96 billion in 2021 to USD20.96 billion in 2025 (CAGR 80.72%), and is projected to reach USD46.32 billion by 2030 (CAGR 17.12% from 2025 to 2030), driven primarily by the ramp-up of innovative GLP-1 drugs. The U.S. market mirrors this momentum, growing from USD 1.06 billion in 2021 to an estimated USD29.83 billion by 2030, with average annual growth of 81.25% from 2021 to 2025, moderating to 18.13% from 2026 to 2030. Meanwhile, China's market is experiencing rapid expansion as well, transitioning from modest growth of 13.17% during 2021–2025 to an accelerated phase with a projected CAGR of 31.85% from 2026 to 2030, fueled by rising demand, increased awareness, and broader adoption of pharmaceutical weight control solutions.

Global Weight Management Market Size, 2021–2030E

CAGR	2021 -2025	2026E-2030E
Global	80.72%	17.12%
China	13.17%	31.85%
US	81.25%	18.13%



Source: Frost & Sullivan (based on annual reports of relevant companies, literature review and expert interviews)

The estimation of China's weight management treatment market size is based on the following assumptions: (i) Market value = Average treatment cost × Number of patients receiving treatment. In 2026, the number of weight management patients in China is expected to reach 635.56 million, projected to increase to 659.86 million by 2030. (ii) Price assumptions are based on the list prices of drugs already marketed in this market. (iii) The consultation rate for overweight patients is approximately 1%–5%, with drug utilization ratio of approximately 5%–28%; the consultation rate for obese patients is approximately 2%–7%, with drug utilization ratio of approximately 21%–50%. (iv) The drug adherence rate for overweight patients is approximately 24%–33%; the drug adherence rate for obese patients is approximately 36%–44%. The average treatment cost range for overweight patients is approximately 280–840 USD; the

average treatment cost range for obese patients is approximately 700–1260 USD, with future price erosion following industry trends. (v) Academic promotion and patient education activities continue to be strengthened. (vi) The scale of treatable patient populations continues to expand rapidly. (vii) There is enormous unmet clinical demand; as treatment volume grows in parallel, the weight management market will expand significantly. Therefore, China's weight management treatment market is expected to reach USD1.02 billion in 2026 and USD3.09 billion by 2030.

Major Treatment Method

Pharmacological approaches to weight management primarily function by reducing energy intake, increasing energy expenditure, or decreasing nutrient absorption. Traditional central nervous system-acting medications, such as phentermine or bupropion/naltrexone combinations, primarily suppress appetite to reduce food consumption but are often accompanied by side effects like insomnia, anxiety, or elevated blood pressure. Another class of drugs, like orlistat, works by inhibiting intestinal lipase activity to reduce dietary fat absorption. While effective for weight loss to some extent, it frequently causes gastrointestinal adverse reactions such as diarrhea and oily stools, leading to poor compliance. In contrast, GLP-1 receptor agonists demonstrate certain advantages in weight management. By mimicking endogenous GLP-1, these drugs not only enhance insulin secretion and inhibit glucagon release to improve glucose metabolism but also delay gastric emptying and increase satiety, thereby effectively reducing food intake. Furthermore, their low risk of hypoglycemia and long-term metabolic benefits have made them a hot topic in weight management and diabetes treatment in recent years. They are increasingly being incorporated into preferred treatment regimens for patients with obesity and diabetes-related overweight.

Challenges and Threats in the Global and China Weight Management Market

The global weight management supplement market faces a triple challenge of prescription drug competition, safety and compliance risks, and slowing growth in mature markets

- **Competition and Differentiation Challenges:** Beyond traditional health supplements, significant pressure comes from prescription drugs (such as GLP-1 medications). Given these drugs' substantial clinical weight-loss efficacy, consumers may prefer medical interventions over standalone health supplements, resulting in intense market competition.
- **Market Saturation and Slowing Growth:** Despite overall growth potential, growth rates may decelerate in mature markets (such as the U.S.). Certain regions experienced post-pandemic growth fluctuations, with consumer confidence and willingness to pay affected.

The China market, meanwhile, confronts multiple pressures from pharmaceutical competition, consumption upgrading, and tightening regulations, making industry trust rebuilding and differentiated competition the key to breaking through.

- **Drug Competition and Trust Crisis:** In recent years, prescription weight-loss drugs represented by semaglutide have exerted powerful pressure on traditional health supplements with their significant weight-loss effects. Meanwhile, some companies continue to illegally add prohibited pharmaceutical ingredients, leading to declining consumer trust in the entire weight management supplement category.
- **Regulatory Risks and Compliance Pressure:** Although current market concentration remains low with relatively low entry barriers, regulatory scrutiny over functional ingredient safety and promotional compliance is tightening as weight-loss supplement markets gain attention. Companies must remain vigilant against policy changes that could trigger compliance risks, preventing market exit due to promotional violations or prohibited ingredient additions.

Drivers and Entry Barriers in the Global Weight Management Market

Obesity Prevalence and Health Crisis: Global obesity rates continue to climb, becoming a major disease affecting human lifespan. According to the latest data, the global obesity rate is rising at an alarming rate. In 2025, the global obese population will account for about 18% of adult males and about 21% of females. Obesity-related comorbidities — including cardiovascular, respiratory, digestive, and joint diseases — are numerous. As health awareness awakens, consumers' emphasis on weight management has significantly increased, directly driving explosive market demand growth.

Technological Innovation and Precision Nutrition: Companies are moving beyond traditional calorie concepts to focus on multi-dimensional precision interventions targeting gut, immune, cellular, and neural systems. Novel drugs such as GLP-1 receptor agonists (e.g., semaglutide) have becomepowerful competitors with their significant weight-loss effects. Meanwhile, weight management is shifting from mere weight loss to healthy weight maintenance, emphasizing metabolic flexibility and

overall health. With the increasing demand from consumers for scientific, safe, and efficient weight loss solutions, maintaining a healthy weight (metabolic flexibility) is becoming a new core focus, and technological innovation and precision nutrition are jointly driving this track towards higher value.

New entrants to the global weight management market primarily face the following barriers:

High R&D and Regulatory Costs: Weight management products (especially those involving pharmaceutical ingredients) require rigorous clinical validation and regulatory approval. R&D cycles are long and costly, with different regulatory requirements across regions (such as the EU and Japan) to navigate.

Technology and Patent Barriers: Underlying mechanism R&D involves deep integration of biotechnology, precision nutrition, and intelligent hardware. Entrants must overcome technical challenges in ingredient safety, formulation stability, and metabolic intervention, while also navigating existing patent landscapes.

Drivers and Entry Barriers in the China Weight Management Market

Population Base and Policy Support: China has one of the largest obese populations globally. With the advancement of Healthy China policy, residents' demand for weight loss and control has become increasingly strong.

Technological Innovation and Product Differentiation: As market competition intensifies, companies are accelerating transformation from homogenized competition toward "functional segmentation" and "personalized customization." Beyond traditional fat-reduction formulations, the market is witnessing the emergence of precision nutrition products based on "scientific nutritional ratios" (such as functional coffee and meal replacement shakes), emphasizing metabolic intervention rather than simple "eat less, move more" approaches to achieve weight management.

New entrants to the China weight management market primarily face the following barriers:

Channel and Customer Acquisition Cost Barriers: As industry concentration increases, new entrants face customer acquisition costs significantly higher than industry averages. Large leading enterprises, leveraging long-term channel accumulation and brand effects, can compress new brands' market survival space, making it difficult for new companies to gain market share in a short time.

Technology and Innovation Capability: Market competition is fierce, and simple weight-loss promotion is no longer viable. Entrants must possess R&D strength to provide products with scientific nutritional ratios and multi-target efficacy validation; otherwise, survival in competition is difficult.

Future Trend

The Weight management market is transitioning from traditional lifestyle interventions and basic drug therapies to a new phase characterized by diversified mechanisms, personalized treatment, and innovative delivery methods. Novel formulation technologies, such as microneedle patches, hold promise to overcome the limitations of poor compliance associated with existing injectable formulations, potentially becoming a key enabler for the broader adoption of weight loss therapies across a wider population. This shift is expected to further unlock the clinical and commercial potential of the weight management field.

1. **New formulations promote convenience and accessibility in weight control treatment**: Currently, the mainstream weight-loss drugs on the market are primarily injectable formulations, which still have room for improvement in terms of compliance, ease of use, storage, and patient coverage. Particularly among individuals with mild to moderate obesity or those requiring long-term maintenance therapy, acceptance levels need to be enhanced. With advances in drug delivery technology, novel formulations such as microneedle patches and oral biologic macromolecule preparations are gradually becoming key areas of research and development. Among these, microneedle delivery systems offer advantages such as transdermal absorption, high bioavailability, minimally invasiveness, and ease of self-administration. They enable stable delivery of large-molecule drugs and hold promise as an ideal vehicle for GLP-1 agonists and subsequent multi-target activators. This innovativedelivery approach not only enhances the medication experience and lowers compliance barriers but also lays the technological foundation for expanding weight loss treatment to broader patient populations.
2. **Extending the scope of indications to promote joint management of chronic diseases**: Obesity, as a fundamental risk factor for various metabolic diseases, is driving the expansion of related drugs into indications such as type 2 diabetes, non-alcoholic fatty liver disease,

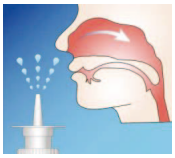
cardiovascular disease, and obstructive sleep apnea. This approach enables a comprehensive metabolic management strategy of "one drug, multiple indications," thereby enhancing the product lifecycle and clinical value.

3. **Multi-target mechanism promotes efficacy leap**: Following GLP-1 drugs, multi-target metabolic drugs such as GIP/GLP-1 dual agonists and triple agonists are accelerating clinical development, significantly improving weight loss and metabolic indicator improvement. Future product development will focus more on long-term efficacy, cardiovascular benefits, and synergistic intervention capabilities for concomitant diseases.

NASAL SPRAY FORMULATION MARKET

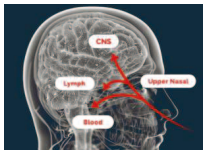
Overview

Nasal sprays represent a non-invasive drug delivery method that utilizes the nasal mucosa for absorption. Due to their ease of use, rapid onset of action, and high patient compliance, they have progressively emerged as a significant therapeutic platform in recent years. Their unique physiological advantage lies in the nasal mucosa's rich blood supply and high permeability, enabling rapid absorption while bypassing first-pass metabolism in the gastrointestinal tract and liver. This characteristic makes nasal sprays suitable not only for treating localized conditions but also systemic diseases. Additionally, the upper nasal passage connects to the olfactory nerve, offering the potential for direct access to the central nervous system via the olfactory pathway. This characteristic enables nasal sprays to bypass the blood-brain barrier, delivering drugs directly to the brain via the olfactory region. Certain products show promise in treating central nervous system disorders such as Alzheimer's disease, Parkinson's disease, migraine, and epilepsy. Compared to injection or oral administration, nasal spray delivery offers distinct advantages. Since drugs are absorbed directly through the nasal mucosa, the nasal spray route avoids degradation of biomolecules (such as certain vaccine-like drugs) by the gastrointestinal environment and loss of efficacy due to the hepatic first-pass effect. Additionally, nasal spray formulations offer more convenient dose control and generally better patient compliance. Compared to injections, nasal sprays are non-invasive, reducing pain and psychological burden during administration, thereby demonstrating application potential in managing certain conditions. The development of devices suitable for nose-to-brain drug delivery faces three core challenges: first, due to anatomical constraints and mucociliary clearance mechanisms, drugs struggle to effectively deposit in the olfactory region and remain there for extended periods, resulting in low and unstable delivery efficiency; second, existing nasal spray devices exhibit significant technical bottlenecks, with spray angle and particle size being difficult to precisely control, leading to substantial bioequivalence variability; third, local safety and tolerability constitute limiting factors, particularly as high-concentration drugs or novel delivery systems may trigger adverse reactions such as nasal irritation and mucosal damage. Clinical trials for nasal drug delivery targeting central nervous system indications, such as the intranasal insulin glulisine trial (NCT02503501) initiated by Health Partners Institute on September 28, 2015 was terminated due to insufficient efficacy. For XJN010, this means that even if the drug itself possesses therapeutic potential, the technical limitations of the nasal spray delivery route and patient tolerability issues may still lead to clinical failure. Successful delivery technology does not equate to clinical efficacy, and patient selection and mechanism validation are paramount. Therefore, clinical advancement must prioritize local safety and device technical precision, addressing the aforementioned delivery efficiency and tolerability issues; otherwise, it may face similar termination risks.



Respiratory Treatments

As a localized drug delivery method, nasal sprays are highly effective in relieving symptoms of allergic rhinitis and nasal congestion. Commonly used medications include corticosteroid nasal sprays and antihistamine sprays, offering advantages such as rapid onset, minimal systemic side effects, and high patient compliance.



Neurological Disorders

With the ability to bypass the blood-brain barrier quickly, nasal spray delivery has emerged as a key therapeutic approach for central nervous system diseases such as Parkinson's disease, migraines, and Alzheimer's disease. Drugs administered via nasal routes can deliver fast relief, particularly valuable for acute symptom management.

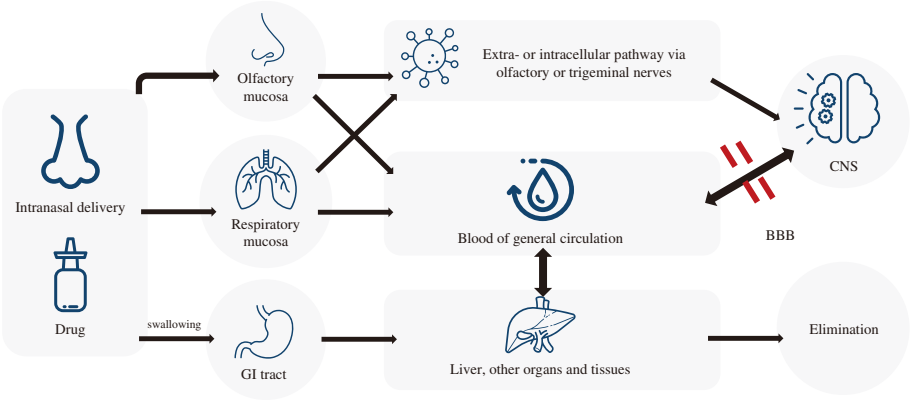


Broader Clinical Applications

Beyond conventional use, nasal sprays are also widely applied in hormone therapy (e.g., estrogen replacement), local anesthesia (e.g., dental procedures), and anti-infective treatments (especially for respiratory tract infections), covering a wide range of non-injection systemic and topical use cases.

It can be divided into three categories:

1. **Central Nervous System Delivery：**The nasal cavity possesses a unique anatomical structure, with high mucosal permeability and abundant blood flow enabling drugs to enter the central nervous system directly through the olfactory pathway. This advantage positions nasal sprays as a potential therapeutic route for central nervous system disorders such as Alzheimer's disease, Parkinson's disease, migraine, and epilepsy, bypassing the blood-brain barrier to enhance drug delivery efficiency within the brain.
2. **Topical Nasal Delivery：**Nasal sprays are widely used for treating localized conditions such as rhinitis, sinusitis, and nasal allergies. The medication acts directly on the nasal mucosa, achieving high concentrations at the site of inflammation to rapidly relieve symptoms while significantly reducing the risk of systemic adverse reactions. Utilizing adhesive formulation technology further prolongs drug retention on the mucosal surface, creating a drug reservoir that enhances local bioavailability.
3. **Systemic Disease Nasal Delivery:** Nasal sprays can also serve as a delivery route for systemic diseases such as osteoporosis. Through nasal absorption, drugs can enter systemic circulation, potentially bypassing gastrointestinal degradation and hepatic first-pass effects in certain cases, thereby enhancing bioavailability.



Challenges and Threats in the Global, U.S. and China Nasal Spray Formulation Market

The global nasal spray formulation market faces mounting pressures from intensifying competition, high technical barriers, compatibility challenges between formulations and devices, evolving regulatory policies, and supply chain volatility

- **Market Competition and Entry Barriers:** Rising allergic disease prevalence drives nasal spray demand but intensifies competition; for generics, the manufacturing complexity — requiring precise delivery mechanisms and dosage control — serves as a major barrier, as minor formulation or device deviations can compromise performance.
- **Technological Innovation and Formulation Compatibility:** Nasal spray products need to address interaction issues between the formulation and the spray device, which presents technical challenges. Meanwhile, insufficient technological innovation may place companies at a disadvantage in intense international competition.

The U.S. market, under stringent FDA oversight, is caught in a dual dilemma of quality control and efficiency enhancement due to manual testing variability, insufficient diagnostic tools, and large-scale production demands.

- **Regulatory Compliance and Product Testing:** The U.S. market imposes very strict regulations on nasal sprays. Companies must meet the high demands of agencies such as the FDA for product quality consistency and reproducibility. Operational differences between analysts when manually actuating pumps for testing, which also affect data reproducibility; and insufficient diagnostic tools to assess the mechanical performance of spray devices.
- **Demand for Efficient Quality Control Processes:** As market scale expands (for example, over 150 million fluticasone spray units sold annually in the U.S.), the testing process has become labor-intensive and time-consuming. Companies urgently need to shift toward more efficient workflows to maximize output and minimize analyst time requirements.

The Chinese nasal spray formulation market is heavily constrained by extreme import dependence, vulnerable supply chains, high technical barriers for generics, and stringent regulatory and pricing pressures.

- **External Dependence & Market Squeeze:** The domestic nasal spray market remains heavily import-dependent, with foreign giants dominating through technological, brand, and patent advantages — severely limiting local players' market share. Meanwhile, reliance on external suppliers for spray mechanisms, filter components, and raw materials exposes manufacturers to supply chain disruptions and rising costs driven by geopolitical factors such as tariffs.
- **Internal Barriers & Policy Pressures:** Generic nasal spray development faces long R&D cycles, complex manufacturing, and strict patent constraints, making it difficult to replicate imported best-sellers. Additionally, stringent bioequivalence (BE) requirements raise approval hurdles and rejection risks, while volume-based procurement (VBP) policies compress profit margins. The market also faces competition from alternative nasal care solutions and price-sensitive consumers.

Drivers and Entry barriers

The growth of nasal spray market is expected to continue being driven by the following factors:

- **Advantages in onset speed and dosing efficiency**: Compared with the traditional oral or injection routes, nasal sprays enter the systemic circulation directly through the rich vascular network in the nasal cavity, and the drugs are absorbed quickly, avoiding the gastrointestinal decomposition and the first pass metabolism of the liver. This "direct to the blood" feature has greatly improved the bioavailability of drugs. The efficient drug delivery mode greatly reduces the therapeutic dose, reduces the patient's drug burden, and reduces potential gastrointestinal irritation. With its advantages of non-invasive, convenient and efficient, nasal spray has become a "new blue ocean" for enterprises to compete for layout, directly promoting the rapid expansion of market scale. Nasal spray enables rapid absorption through the nasal mucosa and, in some cases, reduces the first pass effect, meeting therapeutic demands with stringent requirements for onset time.
- **Expansion of central nervous system delivery and systemic disease nasal delivery applications**: With the deepening of research into the nose-to-brain pathway and systemic absorption mechanisms, the potential applications of nasal spray administration in the central nervous system and other therapeutic areas continue to expand.

New entrants to the nasal spray market primarily face the following barriers:

- **Technological Barriers**: The development of nasal spray drugs involves complex drug delivery technologies, particularly the need to overcome traditional methods of drug absorption and release. Additionally, maintaining drug stability and preventing degradation during the delivery process is a major technical challenge.

- **High Capital Requirement Barriers**: The development and production of nasal spray drugs require substantial financial investment, particularly in the early stages. Whether it's for drug research and development, clinical trials, or establishing compliant production lines, significant capital support is needed. The high costs and risks associated with R&D make it financially challenging for many companies to enter the market.

Future Trend

In the future, nasal sprays are expected to continue expanding their applications in treating localized diseases, systemic disorders, and central nervous system conditions. Leveraging their non-invasive nature, patient-friendly characteristics, and the unique physiological structure of the nasal cavity, nasal sprays offer an efficient route for novel drug delivery. They demonstrate particular potential in central nervous system-targeted applications for neurodegenerative diseases such as Parkinson's and Alzheimer's, as well as for biological agents like exosome and gene therapies.



Precision and Personalized Delivery

- With the advancement of precision medicine, nasal spray systems are evolving toward customizable dosing and controlled-release profiles. In the future, drug delivery regimens may be tailored to individual patient conditions and metabolism, particularly benefiting indications like migraines and Parkinson's disease where rapid relief is essential.

- As a non-invasive method, nasal spray delivery significantly enhances patient adherence. Future developments are expected to integrate smart hardware, enabling features such as automated dosing, medication reminders, and data synchronization via connected "smart nasal devices."



Non-Invasive and Smart Integration



Cross-Sector Innovation and Expansion

- The application boundaries of nasal sprays are rapidly expanding beyond respiratory and neurological fields. Emerging opportunities lie in areas such as oncology and anti-aging treatments. For example, the combination of nasal delivery and nanocarriers could enable targeted therapies with reduced toxicity and enhanced efficacy.

Parkinson's disease Market

Parkinson's disease, also known as "paralysis agitans" is a chronic neurodegenerative disorder commonly seen in middle-aged and elderly individuals. It is primarily characterized by the gradual degeneration and reduced of dopaminergic neurons in the substantia nigra region of the brain, leading to motor dysfunction and various non-motor symptoms. Key clinical manifestations include bradykinesia (slowness of movement), tremors in the hands, feet, or other parts of the body, and loss of physical flexibility resulting in stiffness.

The core clinical features of Parkinson's disease include the following motor symptoms: Resting tremor: Rhythmic shaking of the limbs during a state of rest, which is one of the most representative early signs of Parkinson's disease; Muscular rigidity: Manifested as stiffness in muscles, particularly in the limbs and trunk, with increased resistance to movement; Bradykinesia: Slowness of movement and difficulty initiating actions, which is a necessary symptom for diagnosis; Postural instability: A late-stage symptom characterized by loss of balance and increased tendency to fall.

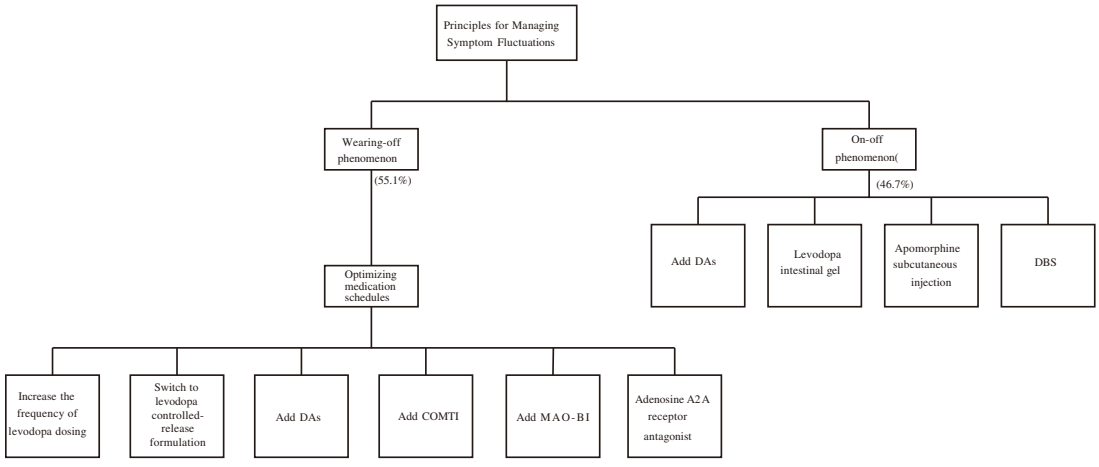
Overview of Parkinson's Disease "Off" episodes

During long-term medication treatment, Parkinson's patients often experience "Off" episodes, which refer to fluctuations in drug efficacy. An "Off" episodes refers to a period after taking medications like levodopa when the drug's effects gradually diminish, causing motor symptoms such as rigidity, tremors, and bradykinesia to reappear or worsen. This state typically occurs when blood levels of the medication drop, manifesting as the "on-off phenomenon" or "end-of-dose fluctuations," and represents one of the major challenges in Parkinson's disease treatment. Approximately 50% of patients with a disease duration exceeding five years experience pronounced "Off" episodes, a proportion rising to 70%–80% among those with over ten years of disease progression. These episodes are often sudden and unpredictable in duration, causing rapid symptom exacerbation that severely impairs daily functioning. Related studies have found that 67% of patients experience 1 to 2 "off" episodes per day,

90% have episodes lasting more than 15 minutes, and 55% report their "off" episode symptoms as mild. They may also be accompanied by non-motor symptoms like anxiety and depression, significantly diminishing quality of life. Furthermore, as the disease progresses and with long-term levodopa use, the sustained effect of medication gradually diminishes, making the "Off" episodes one of the most challenging aspects of Parkinson's disease treatment management.

Major Treatment Methods

Currently, there are no medications specifically approved for treating Parkinson's disease "Off" episodes as an independent indication. Clinical management primarily relies on off-label use of existing Parkinson's disease medications. Management of Parkinson's disease "Off" episodes primarily revolves around two treatment strategies: first, prolonging the patient's "on period" to minimize entry into "Off" episodes; second, rapidly restoring the "on period" state when "Off" episodes occur to promptly alleviate motor and non-motor symptoms. Strategies to prolong the "on" period primarily involve optimizing levodopa administration regimens (such as increasing dosage frequency or using controlled-release formulations), or combining dopamine receptor agonists, COMT inhibitors, MAO-B inhibitors, and adenosine A_2A receptor antagonists to extend therapeutic duration and stabilize plasma drug concentrations. For rapid relief of off-period symptoms, short-acting dopamine agonists, subcutaneous apomorphine injections, or continuous enteral gel infusion of levodopa can restore the on-period state within a short timeframe. Additionally, for patients with suboptimal medication control, advanced interventions such as deep brain stimulation (DBS) may be considered to improve on-off fluctuations and enhance quality of life. Among Parkinson's disease (PD) patients, 60% receive a dopa decarboxylase inhibitor and 75% are on a levodopa regimen. The global prevalence of Parkinson's disease is 152 cases per 100,000 population, the prevalence in the United States ranges from 100.8 to 112.0 cases per 100,000 population, and the prevalence in China is 245.7 cases per 100,000 population. The global incidence is 16.92 cases per 100,000 population, the incidence in the United States ranges from 23.41 to 33.33 cases per 100,000 population, and the incidence in China is 24.3 cases per 100,000 population. The prevalence of "Off" episodes affect approximately 70% of PD patients, with a diagnostic rate of 64.0%. Within the first four to six years following diagnosis, up to 60% of patients experience "Off" episodes, regardless of disease severity. Over time, these episodes become longer, more severe, more disabling, and more frequent, as well as less predictable, potentially occupying more than half of the waking day. By slowing or preventing the completion of daily activities, "Off" episodes significantly alter patients' functional ability, imposing a substantial burden and distress on both individuals with PD and their care partners. For patients with severe wearing-off periods that cannot be improved by oral medications, non-oral administration routes are adopted, similar to levodopa-carbidopa intestinal gel. Currently, the treatment regimen of XJN010 based on intranasal administration to supplement levodopa has not yet been included in clinical guidelines.



Source: Chinese Guidelines for the Management of Parkinson's Disease (Fourth Edition), Frost & Sullivan Analysis

Notes: The main reasons why it is not possible to obtain the patient proportion rates for each specific treatment modality for "wearing-off phenomenon" and "on-off phenomenon" are as follows: The treatment of Parkinson's disease is highly stepwise and individualized. Different treatment modalities (such as adjusting oral medications, adding adjunctive drugs, and advanced device-assisted or surgical treatments) are not mutually exclusive options but are often used in combination or sequentially, making it difficult to perform independent statistical analysis on any single method. Additionally, existing research has primarily focused on the overall epidemiology of symptoms or the efficacy of specific therapies, lacking large-scale, up-to-date real-world data focusing on treatment patterns in populations with symptom fluctuations.

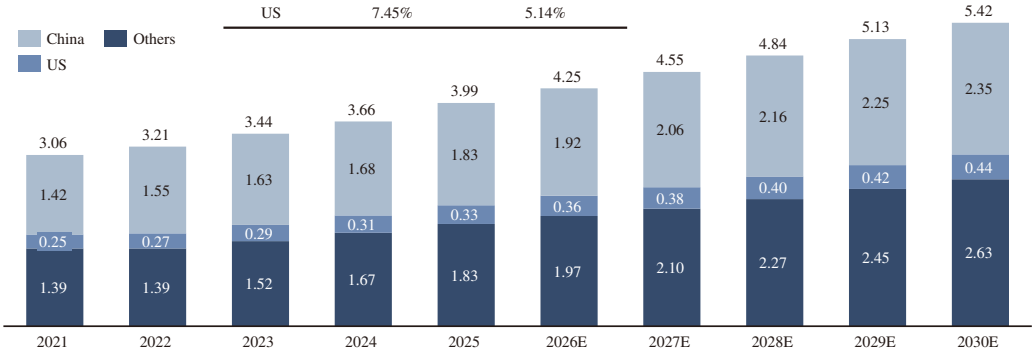
Global Market

The Global Scale of Parkinson's Disease Patients Experiencing "Off" Episodes

Globally, the number of Parkinson's disease patients experiencing "Off" episodes is projected to rise from approximately 3.06 million in 2021 to 5.42 million by 2030, driven primarily by aging populations, increased early diagnosis, and disease progression. In China, this patient population is expected to nearly double from 1.42 million in 2021 to 2.35 million in 2030 (CAGR 6.52% in 2021–2025, decelerating to 5.23% in 2026–2030), while in the United States, it is projected to grow from 0.25 million to 0.44 million over the same period (CAGR 7.45% in 2021–2025, easing to 5.14% in 2026–2030). These trends underscore a mounting healthcare burden and an urgent need for innovative therapies, optimized long-term care models, and adaptive healthcare payment systems.

Global Scale of Parkinson's Disease Patients Experiencing "Off" Episodes, 2021–2030E

CAGR	2021 -2025	2026E-2030E
Global	6.86%	6.27%
China	6.52%	5.23%
US	7.45%	5.14%



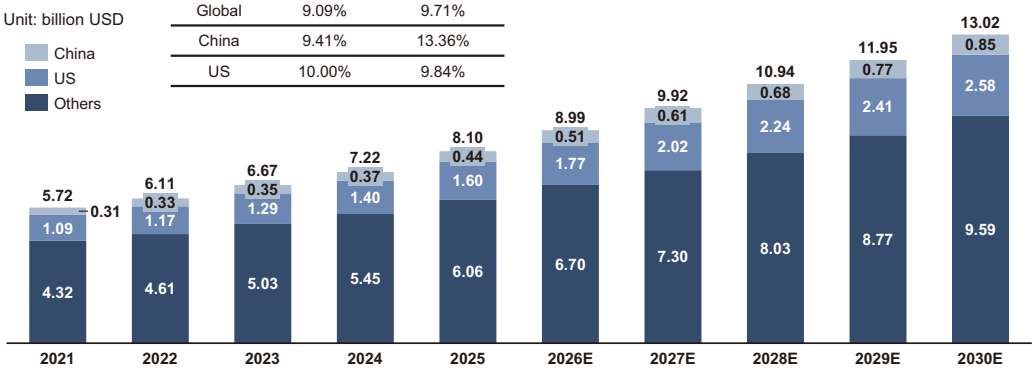
Source: Frost & Sullivan (based on annual reports of relevant companies, literature review and expert interviews)

Global Parkinson's Disease ("Off" episodes) Market Size

Globally, the Parkinson's disease "Off" episodes market is expanding rapidly, projected to grow from USD5.72 billion in 2021 to over USD13.02 billion by 2030, with a CAGR accelerating from 9.09% (2021–2025) to 9.71% (2026–2030). The U.S. market is expected to nearly triple from USD1.09 billion to USD2.58 billion over the same period (CAGR of 10.00% in 2021–2025, peaking at 9.84% in 2026–2030), driven by increasing patient volume, advanced therapies, and expanded insurance coverage. Meanwhile, China's market is forecasted to grow from USD0.31 billion in 2021 to USD0.85 billion by 2030, with a notable acceleration in CAGR from 9.41% (2021–2025) to 13.36% (2026–2030), fueled by a rising patient base, improved diagnosis and treatment penetration, and the introduction of advanced drug formulations positioning the "Off" episodes segment as a key driver of neurological pharmaceutical innovation.

Global Parkinson's Disease ("Off" episodes) Market Size, 2021–2030E

CAGR	2021-2025	2026E-2030E
Global	9.09%	9.71%
China	9.41%	13.36%
US	10.00%	9.84%



Source: Frost & Sullivan (based on annual reports of relevant companies, literature review and expert interviews)

Notes: The estimated market size of Parkinson's therapy in China is based on the following assumption: (i) Market size of Parkinson's off stage = Number of people receiving drug treatment for middle and late stage Parkinson's disease x Average annual treatment cost. By 2026, the number of people receiving drug treatment for Parkinson's disease in the middle and late stages in China is expected to be 1.92 million, and by 2030, it is expected to reach 2.35 million. (ii) The price assumption is based on the listed price of the drug for that indication. (iii) For China, the expected visit rates for Parkinson's disease patients in the middle and late stages are 60%, drug treatment rates are 34%-53%, off phase symptoms are 40%, patient compliance rates are 54%-74%, and the average annual treatment cost in China is about 2,897 USD. The future price trends is consistent with industry trends.(iv) Academic promotion and patient-education initiatives are intensifying. (v) There is a significant unmet clinical need, with the synchronous growth of treatment volume, the market for Parkinson's therapy will significantly expand. Therefore, by 2026, the estimated Parkinson's off stage drug market in China is USD0.51 billion, and it is expected to reach USD0.85 billion by 2030.

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. In the field of central nervous system (CNS) therapeutics, the nasal spray products that have been launched in the market include Diazepam and Sumatriptan. The former is indicated for the treatment of epilepsy, while the latter is indicated for migraine. Currently, there is no nasal spray formulation available for the treatment of Parkinson's disease. However, hUC-MSC-sEV-001 Nasal Drops is a nasal spray product. There are no innovative products for Parkinson's disease "off" episodes on the market, and no terminal prices are available for any listed products. For Parkinson's disease, current treatment practice in the Chinese Mainland, the U.S. and other major markets primarily relies on dopaminergic therapies, including levodopa-based regimens and adjunctive medications, for chronic symptom control and maintenance treatment. For patients experiencing "Off" episodes, management generally involves optimization of background therapy under existing clinical practice. Against this treatment landscape, XJN010 is being developed as a nasal spray for the intermittent treatment of "Off" episodes in adult patients with Parkinson's disease receiving levodopa/decarboxylase inhibitor therapy. As such, if approved, XJN010 may complement existing treatment practice by providing a non-oral treatment option for this specific clinical setting.

Parkinson's Disease Nasal Spray Clinical Pipeline

Drug/Active Pharmaceutical Ingredient	Applicant	Locations	Registration Authority	Indication	Phase	Status	Initial date	Clinical No.
XJN010 (Levodopa Nasal Spray)	Guangzhou Novaken Pharm Co., Ltd	China	NMPA, FDA	For intermittent treatment of adult patients with Parkinson's disease during "off" periods while receiving dopa decarboxylase inhibitor/levodopa therapy	Phase 2	Recruiting	August 2025	CTR20253290
INP103 (Levodopa Nasal Spray)	Impel Pharmaceuticals	Australia	FDA	Parkinson's Disease	Phase 2	Completed	August 2020	NCT03541356
Intranasal Human FGF-1 (Human FGF-1 Nasal Spray)	Zhittya Genesis Medicine, Inc.	Bahamas	FDA	Parkinson's Disease	Phase 1	Not yet recruiting	August 2022	NCT05493462
Regular Novolin R (Insulin Nasal Spray)	HealthPartners Institute	U.S.	FDA	Parkinson's Disease	Phase 2	Completed	March 2025	NCT04251585
INS-GSH (Insulin and Glutathione Nasal Spray)	Gateway Institute for Brain Research	U.S.	FDA	Parkinson's Disease	Phase 2	Recruiting	April 2025	NCT05266417
NeuroEPO (Non - hematopoietic recombinant EPO Nasal Spray)	International Center for Neurological Restoration	Cuba	FDA	Parkinson's Disease	Phase 1/2	Completed	July 2020	NCT04110678
hUC-MSC-sEV-001 (Extracellular Vesicles Nasal Drops)	Xuanwu Hospital	China	FDA	Parkinson's Disease	Phase 1	Not yet recruiting	July 2025	NCT06607900

Challenges and Threats in the Global and China Parkinson's Disease ("Off" episodes) Market

The global Parkinson's Disease ("Off" episodes) market confronts a triple challenge of high treatment costs, limited efficacy of existing therapies, and high R&D failure rates; the China market, meanwhile, faces significant barriers to market expansion under multiple pressures of intense competition, insufficient patient compliance, and lack of curative therapies.

- **Treatment Costs and Burden:** High treatment costs represent a major challenge. The expensive pricing of innovative drugs may impose excessive patient burden and impact drug market penetration rates.
- **Efficacy and Safety Risks:** Existing drugs are primarily symptomatic treatments, with long-term use potentially causing motor fluctuations, nausea, vomiting, and other side effects. Patients hold high expectations for treatment outcomes, yet current therapeutic approaches struggle to meet demands for "cure" or "disease progression slowing."

The China market, meanwhile, faces significant barriers to market expansion under multiple pressures of intense competition, insufficient patient compliance, and lack of curative therapies.

- **Intensifying Market Competition:** As an increasing number of pharmaceutical giants and innovative drug companies enter the market, competition in China has become exceptionally fierce. Intense market battles exist between established foreign pharmaceutical enterprises and emerging domestic innovative drug companies.
- **Limitations of Treatment Modalities:** lacking "curative" therapies that can significantly slow disease progression. Patients hold high expectations for treatment outcomes, yet the limited efficacy of existing therapies creates certain psychological Most current market drugs remain symptomatic treatments, barriers to market expansion for pharmaceutical companies.

Drivers and Entry Barriers in the Global Parkinson's Disease ("Off" episodes) Market

Population Aging and Rising Prevalence: As global population aging accelerates, the incidence of Parkinson's Disease ("Off" episodes) has significantly increased. By 2050, the global number of PD patients is expected to reach 25.2 million, an increase of 112% compared to 2021. The global patient population is projected to continue growing, directly driving demand for therapeutic drugs and medical services.

Innovative Therapies and R&D Breakthroughs: Beyond traditional symptom management drugs, gene therapies, cell therapies (such as stem cells), and disease-modifying therapies (DMTs) targeting pathological mechanisms are becoming R&D hotspots. Novel drug delivery systems (such as micropumps and transdermal patches) and digital neurology tools (for remote monitoring and precision dosing) are reshaping the market landscape.

New entrants to the global parkinson's disease market primarily face the following barriers:

High R&D and Regulatory Costs: As a neurodegenerative disease, Parkinson's Disease ("Off" episodes) drug clinical trials feature long cycles and high costs. Market entry requires massive R&D investment and navigation through stringent regulatory approvals (such as FDA and EMA).

Patent and Technology Barriers: Formulation patents for mainstream therapeutic drugs remain valid, and novel delivery technologies (such as microneedle patches) involve complex formulation processes, restricting generic drug entry.

Drivers and Entry Barriers in the China Parkinson's Disease ("Off" episodes) Market

Massive Population Base and High Growth Potential: China has one of the largest Parkinson's disease patient populations globally. With accelerating population aging, patient numbers will continue to climb, driving substantial drug demand.

Policy Support and Market Opening: The government attaches high importance to aging-related health issues, with gradual improvement of medical security and reimbursement policies reducing patient healthcare burdens. Accelerated approval of innovative drugs (such as first generics) has facilitated domestic companies' market breakthroughs.

New entrants to the China parkinson's disease market primarily face the following barriers:

Stringent Regulation and Approval: China's evaluation standards for new drugs (especially innovative drugs) are increasingly strict, requiring sufficient clinical efficacy and safety data. Even first generics face rigorous generic drug consistency evaluation (medium-term) or post-marketing re-evaluation (long-term).

High R&D and Clinical Costs: Innovative drug R&D for Parkinson's Disease ("Off" episodes) is extremely costly, with clinical trials (especially Phase III) requiring large-scale patient samples. For small and medium-sized pharmaceutical companies, R&D funding and clinical trial resource investment pose enormous challenges.

Future Trend

As the global population ages at an accelerated pace, Parkinson's disease — a classic neurodegenerative disorder — continues to rise in prevalence, with symptoms increasingly manifesting at younger ages. More patients now experience onset during middle adulthood. Beyond disease management, patients harbor heightened expectations for a high-quality later life, encompassing the maintenance of daily functional abilities, independence, and social engagement. The market demands increasingly urgent solutions that deliver "faster onset, simpler administration, and enhanced safety." The future Parkinson's disease treatment market will evolve around two core directions: rapid symptom relief and overall improvement in patient quality of life. Key trends include:

1. Emphasis on rapid-onset treatment solutions to meet clinical urgency. Many traditional drugs currently suffer from slow onset and fluctuating efficacy, making them inadequate for addressing sudden motor impairments or "on-off phenomena." Future treatment trends will focus on drug formulations that offer "rapid onset and stable maintenance," such as nasal sprays and sublingual fast-dissolving films. These innovative formulations bypass the gastrointestinal tract and first-pass metabolism, enhancing the initial speed of drug efficacy. This provides patients with more efficient immediate control, particularly benefiting elderly patients experiencing sudden "Off" episodes.
2. Long-acting and convenient treatment solutions to improve medication experiences for patients with multiple comorbidities. Most Parkinson's disease patients are elderly and often suffer from multiple chronic conditions such as cardiovascular diseases, diabetes, and cognitive impairments, leading to complex medication regimens. The market is accelerating the development of long-acting and low-frequency administration methods, including sustained-release tablets, nasal sprays, and fixed-dose combinations. These approaches reduce daily dosing frequency, simplify administration processes, minimize the risk of missed doses and drug interactions, and enhance treatment adherence, thereby better aligning with the practical living scenarios of elderly patients.
3. Focus on comprehensive intervention for non-motor symptoms, expanding treatment boundaries. Non-motor symptoms (e.g., depression, anxiety, constipation, sleep disorders, and cognitive impairment) are highly prevalent in Parkinson's disease and significantly impact the quality of life, especially among elderly patients. Several targeted drugs for non-motor symptoms are currently under development. Future efforts will further promote multi-target combined interventions and cross-disciplinary collaborative diagnosis and treatment, shifting from "motor-centric" management to "holistic symptom management" to address more complex clinical needs.

Migraine Market

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, often accompanied by autonomic symptoms such as nausea, vomiting, photophobia and phonophobia. About 30% of patients experience aura manifestations, such as visual flashes, limb numbness, or speech disturbances, before the headache attack. The pathogenesis involves abnormal functioning of the trigeminal vascular system, accompanied by diffuse inhibition of the cerebral cortex and neuroinflammatory responses, and is often triggered by a variety of factors such as stress, sleep deprivation, and hormonal fluctuations. Clinical diagnosis is based on the patient's medical history and symptoms, combined with the criteria set by the International Headache Society (ICHD-3), and the exclusion of organic brain lesions through imaging tests. Migraine headache is most common in young adult females, with significant genetic susceptibility and gender differences, and the frequency and severity of its attacks can change over time, and some patients may develop chronic migraine headache, which manifests itself as headache for more than 15 days per month. 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.

Major Treatment Methods

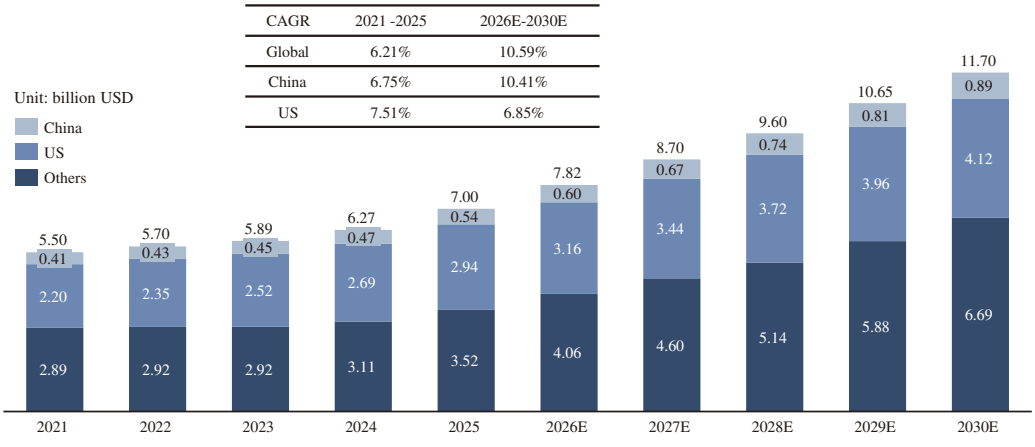
Migraine treatment primarily focuses on rapid relief of acute attacks and preventive therapy for patients with frequent or severe episodes. Acute management typically involves NSAIDs and triptans, emphasizing early intervention and avoidance of medication overuse. Preventive strategies include traditional 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. The prevalence rate of migraine is 9.4%, the diagnostic rate for migraine is 52.9%.

Global Market

The number of migraine headache patients in China is projected to grow significantly from 118.66 million in 2021 to 146.43 million by 2030. The CAGR is estimated at 2.54% from 2021 to 2025 and 1.67% from 2026 to 2030. The number of migraine patients in the United States is projected to steadily increase from 43.41 million (2021) to approximately 56.26 million by 2030, reflecting persistent growth in disease prevalence. Globally, the number of migraine patients is projected to rise steadily from 1.16 billion in 2021 to approximately 1.43 billion by 2030.

China's migraine medicine market is growing rapidly, expanding from USD 0.41 billion in 2021 to a projected USD 0.89 billion by 2032. This reflects a compound annual growth rate (CAGR) of 6.75% from 2021 to 2025 and an accelerated 10.41% from 2026 to 2030. The U.S. migraine treatment market is projected to expand significantly, rising from USD 2.20 billion in 2021 to over USD 4.12 billion by 2030. The global migraine treatment market is expected to expand strongly, growing from USD 5.50 billion in 2021 to over USD 11.70 billion by 2030.

Global Migraine Headache Market Size, 2021–2032E



Source: Frost & Sullivan (based on annual reports of relevant companies, literature review and expert interviews)

Notes: The market size estimation of migraine therapy in China is based on the following assumptions: (i) migraine market size = non-specific drug treatment migraine market size + specific drug treatment migraine market size + other drug treatment migraine market size. By 2026, the number of migraine patients receiving medication treatment in China is expected to be 137.06 million, and by 2030, it is projected to reach 146.43 million.(ii) Price assumptions are anchored to the list prices of drugs already on the market for this indication. (iii) For China, the expected visit rate for migraine patients is 7%–12%, migraine prevalence is 8%–11%, patient compliance is 39%–48%, non-specific drug average treatment, specific drug average treatment, and other drug average treatment are roughly priced at 70 USD, 362 USD, 241 USD, the future price trend is consistent with the industry trend. (iv) Proportion of non-specific drug therapy, specific drug therapy, and other drug therapy are around 72%–62%, 23%–33% and 5% respectively. (v) Academic promotion and patient-education initiatives are intensifying. (v) Academic promotion and patient-education initiatives are intensifying. (vi) There is a significant unmet clinical need, with the synchronous growth of treatment volume, the market for migraine therapy will significantly expand. Therefore, by 2026, the estimated migraine's drug market in China is USD0.60 billion, and it is expected to reach USD0.89 billion by 2030.

Migraine Nasal Spray Clinical Pipeline

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.

Migraine nasal spray pipeline

Drug	Applicant	Locations	Indication	Phase	Status	Latest date	Clinical No.	Registration Authority
Zavzpret nasal spray	Pfizer	U.S.	Migraine Headache	Approved	/	/	/	FDA
Imitrex nasal spray	GSK	U.S.	Migraine Headache	Approved	/	/	/	FDA
Migranal nasal spray	Bausch Health Companies Inc.	U.S.	Migraine Headache	Approved	/	/	/	FDA
Tosymra	Upsher-Smith Laboratories, LLC	U.S.	Migraine Headache	Approved	/	/	/	FDA
STS101	Satsuma Pharmaceuticals, Inc.	U.S.	Migraine Headache	Approved	/	/	/	FDA
Zomig Nasal Spray	Impax Laboratories, LLC	U.S.	Migraine Headache (in adults and pediatric patients 12 years and older)	Approved	/	/	/	FDA
INP104	Impel NeuroPharma	Australia	Migraine Headache	Approved	/	/	/	FDA
Zomig Nasal Spray	Impax Laboratories, LLC	U.S.	Migraine Headache (pediatric patients 6–11 years)	Phase 3	Completed	January 2021	NCT03275922	FDA
Nasal Carbon Dioxide	Capnia, Inc.	U.S.	Migraine Headache	Phase 2	Completed	August 2012	NCT00690716	FDA
Xionglong Pain-Relief Nasal Spray	Yikangtai Technology	China	Migraine Headache	Phase 2	Not yet recruiting	October 2014	CTR20140667	CDE
B244	AOBiome Therapeutics	U.S.	Migraine Headache	Phase 2	Completed	April 2018	NCT03488563	FDA
TNX-1900	Tonix Pharmaceuticals, Inc.	U.S.	Migraine Headache	Phase 2	Completed	February 2025	NCT05679908	FDA
PRT-064040	Sichuan Purity Pharmaceutical	China	Migraine Headache	Phase 2	Recruiting	December 2025	CTR20254825	CDE
Sumatriptan Nasal Spray	Optinose US Inc.	U.S.	Migraine Headache	Phase 1	Completed	February 2012	NCT01507610	FDA
PRT-064040 Nasal Spray	Sichuan Purity Pharmaceutical Technology Co., Ltd.	China	Migraine Headache	Phase 1	Recruiting	September 2025	NCT07016516	FDA
ASY202	Aspeya	U.S.	Migraine Headache	Phase 2	Completed	June 2026	NCT07646613	FDA

Challenges and Threats in the Global and China Migraine Market

The global migraine market faces a triple pressure of high costs limiting popularization, unmet needs from existing therapies, and intensifying competition

- **Treatment Costs and Burden:** Despite excellent efficacy of new drugs, their high costs deter many patients, limiting global popularization. This premium pricing strategy may also trigger intense healthcare reimbursement negotiations, affecting corporate profit models.
- **Limitations of Existing Therapies and Unmet Needs:** Although multiple drugs are available on the market, many patients remain dissatisfied with existing therapy efficacy, and drug resistance or side effects may occur. Insufficient treatment options raise expectations from patients and medical institutions for new therapies, intensifying competition.

The China market, meanwhile, confronts significant resistance to new drug promotion under multiple challenges of heavy patient burden, insufficient professional awareness, and substitute product impact.

- **High Costs and Patient Burden:** The high cost of novel drugs remains a major obstacle in China. Despite healthcare insurance policies, exorbitant prices limit their application in broader patient populations.
- **Insufficient Efficacy and Safety Awareness:** Some medical professionals lack adequate knowledge and understanding of new therapies, potentially leading to insufficient prescription volumes. Additionally, patient concerns about side effects may also impact actual drug utilization.

Drivers and Entry Barriers in the Global Migraine Market

Rising Prevalence and Population Aging: In recent years, the global prevalence of migraine has continued to rise, becoming a major neurological disease that seriously affects quality of life and productivity. According to the latest global burden of disease research, the number of migraine sufferers worldwide has significantly increased compared to the past. The number of female patients is significantly higher than that of men, and the incidence rate and growth rate of women are far higher than that of men. The aging population further amplifies this burden. Although the growth rate in high-income regions is slower, the global migraine prevalence and disability adjusted life years are still on the rise, especially in middle and high-income regions where the burden is significantly increasing.It is expected that by 2050, the number of migraine sufferers worldwide will continue to rise significantly, becoming a major global public health challenge. This trend will not only cause serious functional impairments, but also result in significant productivity losses, directly driving the sustained growth in

demand for treatment solutions. Migraine and other headache disorders affect significant portions of the global population. Its high prevalence, particularly among women, makes it a major global public health issue. The condition not only causes substantial disability but also inflicts enormous productivity losses, directly driving demand growth for treatment solutions.

R&D Breakthroughs in Novel Treatment Options: Traditional treatment approaches face limitations in efficacy and side effect concerns. In recent years, The introduction of some new formulations and therapies represents a major paradigm shift in treatment, offering superior efficacy and better safety profiles, becoming the core engine of market growth. With the commercialization of these new therapies, the migraine treatment market is transitioning from traditional low- priced drugs to high-value biologics and innovative drugs, driving rapid growth in the industry.

New entrants to the global migraine market primarily face the following barriers:

High R&D and Clinical Validation Costs: Migraine treatment drugs, especially innovative drugs targeting the nervous system, feature long R&D cycles and high costs. Demonstrating safety and efficacy requires large-scale, long-term clinical trials, representing massive capital and time investment for small and medium-sized enterprises.

Complex Regulatory Approval: Approval standards for nervous system drugs are increasingly stringent, particularly for innovative drugs targeting novel targets. The complexity and uncertainty of approval processes may delay new drug market entry, increasing commercialization risks.

Drivers and Entry Barriers in the China Migraine Market

Massive Population Base and Demand Growth: As one of the most populous countries in the world, China's huge population base provides the most solid demand foundation for the migraine market. At the same time, it is worth noting that with the improvement of economic level and the change of lifestyle, especially the increase of work pressure and smoking rate, this incidence rate shows a continuous upward trend. This huge patient base directly translates into a rapid expansion of market demand. China has one of the largest migraine patient populations globally. With rising economic levels and lifestyle changes (such as increased stress and smoking rates), migraine incidence continues to climb, driving rapid market expansion.

Technological Innovation and Treatment Option Upgrades: With the entry of global innovative drugs and acceleration of domestic R&D, the China market is beginning to adopt novel therapies. Additionally, the penetration rate of digital treatment methods (such as mobile applications) is rising in China, providing patients with more convenient management approaches.

New entrants to the China migraine market primarily face the following barriers:

Policy Regulations and Approval Processes: Although China is accelerating drug approvals, approval for nervous system drugs (especially innovative drugs) remains challenging. Complex clinical trial requirements and stringent safety assessments constitute access barriers.

Competition and Market Concentration: The China market is exceptionally competitive, facing pressure from multiple domestic and international pharmaceutical giants. The market is undergoing transformation from "head-to-head confrontation" to "market fragmentation," requiring companies to continuously innovate to maintain market share.

Future Trend

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.

Novel Drug Delivery Technologies Drive Market Innovation	Increased trend towards combination of treatment options	Rapid Growth of Regional Migraine Treatment Market Differentiation
Acute medication for migraine requires high speed of onset of action, and traditional oral formulations carry the risk of slow onset of action and gastrointestinal side effects. New delivery methods such as nasal sprays, sublingual agents and microneedle patches are becoming the focus of market attention due to their rapid absorption and non-invasive advantages. In the future, these innovative delivery systems will significantly improve patients' medication experience and compliance, leading to growth in the acute care market.	In order to enhance therapeutic efficacy and minimize side effects, migraine management tends to favor multidrug combinations and cross-class combinations. The rational combination of acute and preventive drugs, as well as the combined application of auxiliary antiemetic and analgesic drugs, has become the clinical norm. This combination strategy not only optimizes efficacy, but also meets the diverse needs of patients at different stages of the disease and promotes the diversification of the therapeutic market.	In the future, emerging markets such as Asia Pacific and Latin America will see a rapid increase in demand for migraine treatment due to improved diagnostics and healthcare coverage, especially for cost-effective acute and preventive medications. Mature markets in Europe and the United States will focus more on innovative therapies and treatment optimization. Regional differences will drive companies to adjust their strategies to realize market diversification.

Antiemetic Market

Vomiting is a complex physiologic process in which gastric contents reflux through the esophagus into the oral cavity and are forcibly expelled, which is regulated by the central nervous system and is often triggered by a variety of internal and external factors. According to the different triggers and neural pathways, vomiting can be divided into reflex vomiting, central vomiting and vestibular vomiting of internal and external factors. There are significant differences in the clinical presentation and management of different types of vomiting, and a clear categorization will help in accurate diagnosis and treatment.

Major Treatment Methods

Drugs currently in clinical use to prevent vomiting include dopamine receptor antagonists, 5-hydroxytryptamine receptor antagonists (5-HT_3RA), and neurokinin-1 receptor antagonists (NK-1RA). Each of the marketed antiemetic prophylactic drugs primarily blocks a particular type of receptor, and no common pathway has been identified that triggers the emetic response; therefore, no single drug has been able to achieve complete blockade of the different types of nausea and vomiting.

5-HT_3 receptor antagonist	• Antiemetic effect by blocking the binding of 5-HT_3 receptors to 5 -HT_3 in the vagus nerve and emetic chemoreceptor area
NK-1 receptor antagonists	• NK-1 receptor antagonists exert antiemetic effects by competitively inhibiting the binding of NK-1 receptors to substance P. They are mainly used to prevent delayed nausea and vomiting.
Glucocorticosteroid	• Prevention of nausea and vomiting by interaction with 5-HT_3, NK -1 and NK-2 receptor proteins, or direct action on the nucleus tractus solitarius in the medulla oblongata
Atypical antipsychotics	• It mainly includes olanzapine and mirtazapine, which can antagonize a variety of receptors such as 5-HT_3, 5 -HT2, dopamine, histamine, acetylcholine, etc., and is effective in the prevention of acute and delayed nausea and vomiting
Others	• These include dopamine receptor blockers, benzodiazepines, phenothiazines, and butyrophenazines. All of these drugs are of low antiemetic potency and are not recommended for prophylactic antiemetic use in moderate-to-high emetic risk regimens.

Antiemetic Nasal Spray Clinical Pipeline

Nasal spray formulations have gained increasing attention as a novel delivery method for antiemetic drugs in global clinical development in recent years. Their core advantages lie in their rapid onset of action and ability to avoid gastrointestinal burden, making them particularly suitable for patients experiencing acute vomiting due to chemotherapy, postoperative recovery, or other causes — especially when oral administration is difficult or intravenous access is limited. Early and mid-stage clinical trials of 5-HT_3 receptor antagonist nasal sprays have been completed, demonstrating favorable safety and efficacy profiles. These formulations are expected to complement traditional oral or injectable dosage forms, thereby enhancing the convenience and compliance of antiemetic therapy.

Drug	Applicant	Locations	Indication	Phase	Status	Initial date	Clinical No.	Registration Authority
Metoclopramide Nasal Spray	Evoke Pharma	United States	vomiting	Approval	Completed	June 2020	NCT0202 5725	FDA
Granisetron Hydrochloride Nasal Spray	Maxinase Life Sciences Ltd.	Taiwan	vomiting	Phase 1	Completed	January 2016	NCT025639 51	FDA

Challenges and Threats in the Global and China Antiemetic Market

The global antiemetic market faces a triple challenge of adverse effects risks from new drugs, price competition from generics, and low compliance rates with clinical guidelines.

- **Safety and Side Effect Concerns:** Although new drugs demonstrate better efficacy, potential side effects (such as headache and constipation) remain, particularly for elderly patients where drug safety and interactions are key concerns.
- **Competition and Pricing Pressure:** As novel therapies mature, market competition intensifies. Entry of generic drugs leads to price declines, creating revenue pressure for innovative pharmaceutical companies.
- **Poor Guideline Adherence:** In actual clinical practice, execution rates for guideline-recommended standardized antiemetic regimens (especially prophylactic use before chemotherapy) are not high, resulting in unrealized market demand potential.

Meanwhile, the Chinese market is experiencing significant constraints on corporate profit margins and market expansion due to multiple pressures including cost pressures, medical insurance cost control, insufficient guideline adherence, and intensifying homogenized competition.

- **Cost and Pricing Pressure:** Antiemetic production costs are relatively high, facing substantial price pressure from healthcare insurance negotiations, squeezing profit margins.
- **Low Guideline Execution Rates:** Despite guideline recommendations for antiemetic regimens, actual clinical practice — particularly among chemotherapy patients — shows suboptimal execution rates for standardized antiemetic preventive measures, potentially leading to actual drug utilization below expectations.

  Intensifying Competition: As an increasing number of pharmaceutical companies enter this field, market competition is becoming increasingly fierce. Competition between new drugs and existing products regarding efficacy and safety, as well as price competition with generic drugs, are challenges facing enterprises.

Drivers and Entry Barriers in the Global Antiemetic Market

Aging Population and Increased Surgical/Chemotherapy Demand: The rising proportion of elderly population globally has increased demand for antiemetic drugs due to gastrointestinal diseases, surgery, and chemotherapy-induced nausea and vomiting (CINV). Antiemetic usage has significantly increased before and after surgery and during chemotherapy. It is worth noting that the application scenarios of antiemetic drugs are becoming increasingly diversified. In addition to traditional chemotherapy and postoperative needs, migraine and pregnancy related nausea and vomiting are also becoming important emerging areas driving market growth.

Technological Innovation and Delivery System Upgrades: The rise of digital therapeutics — including mobile application platforms, wearable devices, and cloud-based patient monitoring systems — provides personalized, remote solutions for migraine management. This not only enhances patient medication compliance but also offers big data support for healthcare systems, driving expansion of related technology markets.

New entrants to the global antiemetic market primarily face the following barriers:

High R&D and Compliance Costs: Antiemetics belong to CNS drug categories, featuring long R&D cycles and requiring rigorous safety and efficacy validation. Clinical trials targeting chemotherapy patients in particular require massive investment.

Regulatory Approval and Patent Landscape: Antiemetics belong to CNS drug categories, featuring long R&D cycles and requiring rigorous safety and efficacy validation. Clinical trials targeting chemotherapy patients in particular require massive investment.

Drivers and Entry Barriers in the China Antiemetic Market

Popularization of Surgery and Chemotherapy: As surgical procedure volumes and chemotherapy populations increase, antiemetics are gradually being incorporated into guidelines and promoted in cancer hospitals in China, significantly expanding market space.

Technology and Formulation Innovation: Chinese companies are accelerating layout in innovative drugs and novel delivery technologies (such as oral formulation optimization), attempting to break through limitations of traditional single formulations.

New entrants to the China antiemetic market primarily face the following barriers:

Regulatory and Approval Difficulty: Domestic drug approval processes are strict, with new drugs (especially innovative drugs) requiring lengthy clinical validation and registration procedures. Furthermore, regulatory authorities' requirements for safety and efficacy are increasingly stringent.

Pricing and Reimbursement Pressure: China's healthcare insurance negotiation pricing pressure strategies impose significant price pressure on antiemetics, particularly for high-cost novel drugs where new entrants struggle to compete with generic drugs on price.

Future Trend

1. **Formulation Innovation** — In the future, antiemetic therapy will focus on multi-target interventions, innovations in non-oral formulations (such as nasal spray formulations), and the integration of personalized and digital management to enhance treatment efficiency, adapt to various clinical scenarios, and facilitate a shift from symptom relief to precise prevention.
2. **Mechanistic Precision and Target Diversification** — As understanding of vomiting neural pathways and neurotransmitter networks deepens, the industry is gradually shifting from traditional single-target interventions to new strategies involving multi-target combined actions. Future drug development will place greater emphasis on emerging targets while integrating central and peripheral mechanisms to improve efficacy through synergistic blockade of multiple pathways. This trend not only enhances the ability to manage complex or refractory vomiting but also enables personalized medication for different etiologies, driving antiemetic therapy toward greater precision and efficiency.
3. **Delivery Innovations Expanding Clinical Applicability** — Traditional oral formulations face limitations such as slow onset and unstable absorption in scenarios like postoperative recovery, chemotherapy, or acute severe vomiting. Consequently, the industry is accelerating innovation in non-oral dosage forms, particularly the development of nasal spray formulations. Due to their rapid onset, convenience, and avoidance of gastrointestinal interference, nasal sprays are expected to improve patient compliance and provide immediate symptom relief, making them especially suitable for clinical situations where oral administration is impractical or rapid intervention is required.

CHINA CRO SERVICES MARKET

Overview

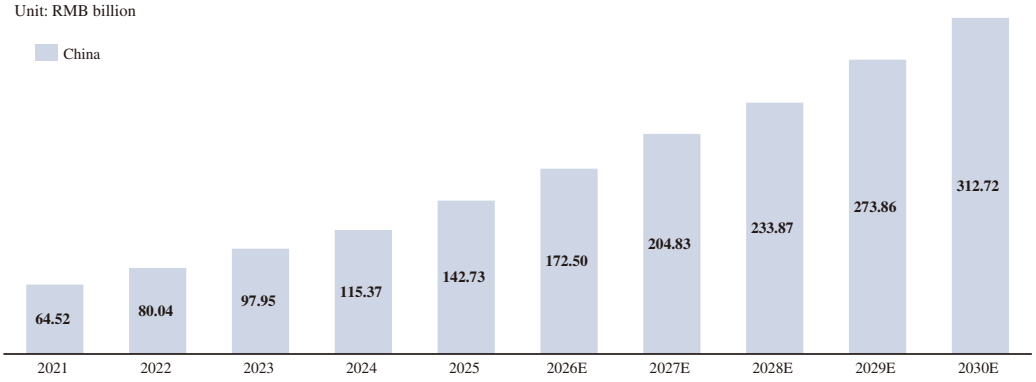
A CRO (Contract Research Organization) is a specialized institution that provides comprehensive outsourcing services for the entire drug R&D process to pharmaceutical companies, biotechnology firms, and medical device companies. Its core value lies in helping clients reduce R&D costs, shorten cycles, improve success rates, and enhance R&D efficiency through specialized division of labor.

China Market

From 2021 to 2030, China's CRO market is expected to grow significantly from RMB64.52 billion to RMB312.72 billion. Growth will remain strong, with a CAGR of 21.96% during 2021–2025, moderating to 16.04% in 2026E–2030E. This expansion reflects increasing outsourcing demand across drug discovery, preclinical, and clinical development, underscoring CROs' critical role in supporting pharmaceutical innovation.

The Scale of China CRO Market, 2021-2030E

CAGR	2021-2025	2026E-2030E
China	21.96%	16.04%



Source: *Frost & Sullivan (based on annual reports of relevant companies, literature review and expert interviews)*

Notes: The estimation of the size of the Chinese CRO market is based on the following assumptions: (i) the size of the Chinese CRO market = the size of the drug discovery market+the size of the preclinical market+the size of the clinical stage market. By 2025, the estimated market size for drug discovery, preclinical market, and clinical stage market in China is RMB37.1 billion, RMB32.9 billion, and RMB68.6 billion, respectively. In 2032, the estimated market size for drug discovery, preclinical market size, and clinical stage market size in China are RMB106.8 billion , RMB74.8 billion, and RMB169.1 billion, respectively.(ii) With the synchronous growth of treatment, the CRO market will significantly expand. Therefore, by 2025, the estimated size of China's CRO market is RMB142.73 billion, and it is expected to reach RMB312.72 billion by 2030.

Challenges and Threats in China CRO Market

The China market, meanwhile, faces multiple pressures from price wars, service homogenization, and international trade policy uncertainty, making differentiated positioning and sustainable profitability the key to breaking through.

- **Market Saturation and Homogenized Competition:** As massive capital flows in, the number of CROs in the market has surged, resulting in prominent service homogenization issues. Companies need to seek differentiated services (such as rare diseases and specific therapeutic areas) to avoid being squeezed by price wars.
- **International Trade and Policy Uncertainty:** Geopolitical risks (such as trade friction) may affect multinational pharmaceutical companies' outsourcing decisions. Additionally, domestic drug pricing reforms and healthcare insurance negotiation pressures may also impact CRO project sources.

Drivers and Entry Barriers in the China CRO Market

Cost Advantages and Capital Operations: The Asian region (especially China) offers significant cost advantages, making global pharmaceutical companies inclined to outsource R&D to China to reduce overall R&D costs. Meanwhile, with capital market support, Chinese CROs continue increasing investment in infrastructure and technology platforms ◦

Rise of Precision Medicine and Innovative Drugs: The Chinese government strongly supports precision medicine and biopharmaceutical innovation, creating urgent demand for high-quality R&D services. As more innovative drugs enter clinical trial stages, demand for Chinese CROs in early drug discovery and preclinical research has grown significantly.

New entrants to the China CRO market primarily face the following barriers:

Regulatory and Approval Difficulty: Although China's regulatory environment is optimizing, approval requirements for new drug R&D — especially biologics and gene therapies — remain strict. CROs need to establish sound quality management systems (QMS) to comply with GMP, GLP, and GCP standards.

Market Access and Channel Control: To stand out in competitive markets, advanced technology platforms (such as high-throughput screening and pharmacokinetic/pharmacodynamic models) are essential. This requires massive capital investment and long-term R&D accumulation.

Future Trend

- **Penetration rates continue to rise, and service depth keeps expanding.** As pharmaceutical R&D activities grow increasingly complex and specialized, pharmaceutical companies are becoming more reliant on external professional services for cost control, R&D efficiency, and compliance management. CRO services have evolved from traditional single-function support to encompassing the entire process — from drug discovery and clinical research to regulatory submissions and post-marketing studies.
- **Service capabilities are evolving toward specialization, integration, and platformization.** Driven by R&D demands in biotechnology and complex formulations, the CRO industry is exhibiting pronounced trends toward specialized division of labor and capability upgrades. On one hand, specialized service capabilities — such as expertise in specific therapeutic areas, technological platforms, or methodologies — have become core competitive factors. On the other hand, CROs offering cross-phase, integrated service capabilities enhance project coordination efficiency and client retention. The industry as a whole is evolving toward becoming "platform-based, comprehensive service providers."

GLOBAL AND CHINA MAH MARKET

Overview

The Marketing Authorization Holder (MAH) system is a revolutionary innovation in pharmaceutical regulation. Its core lies in the separation of "marketing authorization" and "production authorization." The fundamental features of this system include:

- **Diversification of Eligible Entities**: Drug R&D institutions, research institutes, innovative enterprises, and even individuals can become Marketing Authorization Holders.
- **Restructured Rights and Responsibilities System**: Holders bear primary responsibility for drug quality throughout the entire lifecycle, covering R&D, production, distribution, and post-market studies.
- **Optimized Resource Allocation**: Specialized collaboration enables efficient integration of R&D, production, and sales.

Challenges and Threats in the Global and China MAH Market

The global MAH market is facing frequent regulatory policy changes, data security and compliance risks, as well as supply chain fluctuations caused by geopolitical factors.

- **Data Security and Compliance Risks:** MAHs need to manage massive volumes of clinical trial data, production records, and adverse reaction reports. Data breaches or non-compliant use will result in hefty fines and reputational damage, constituting significant business risks.
- **Geopolitics and Supply Chain Volatility:** Global trade friction (such as U.S.-China relations) may lead to instability in critical raw material supply, affecting MAH production schedules. Additionally, international sanction risks may prevent MAHs from conducting cross-border business.

At the same time, the Chinese MAH market is dealing with uncertainties in the implementation details of the system, impacts on international trade due to geopolitical influences, and profit compression caused by intensified industry competition.

- **Policy Detail and Implementation Uncertainty:** Although the MAH system has been implemented for years, details at the execution level still await further interpretation. For example, variations in regulatory enforcement intensity across different provinces create difficulties for enterprises when applying for production licenses.
- **International Trade and Geopolitical Risks:** As geopolitical factors such as U.S.-China relations fluctuate, Chinese MAH enterprises face potential market access barriers and trade policy risks in international business. Furthermore, trust in the safety and regulatory system of Chinese pharmaceuticals in international markets still needs strengthening.
- **Intensifying Industry Competition and Profit Compression:** As an increasing number of enterprises enter the MAH market, industry competition intensifies. Large multinational pharmaceutical companies may directly establish internal MAH departments to capture market share, potentially leading to declining market concentration and squeezed profit margins.

Drivers and Entry Barriers in the Global MAH Market

Unified Global Regulatory Compliance Requirements: As international pharmaceutical regulation gradually converges, many countries (such as the EU, U.S., and Japan) require designation of an MAH for local market authorization. This system ensures full lifecycle safety management of drugs, driving demand growth for MAH services, particularly for multinational pharmaceutical companies.

Strengthened Post-Marketing Surveillance: Globally, post-marketing drug safety monitoring (Pharmacovigilance) and manufacturing process oversight are becoming increasingly stringent. Regulatory agencies in various countries are promoting the establishment of a "full lifecycle safety database", requiring MAHs to have real- time collection, rapid response, and accurate evaluation of drug vigilance capabilities, and compressing adverse reaction reporting time limits to shorter windows. As the legally responsible party, MAHs must possess robust pharmacovigilance capabilities and traceability systems, promoting professionalization of MAH services and market demand.

New entrants to the global MAH market primarily face the following barriers:

High Compliance and Qualification Costs: Becoming an MAH requires strict GMP/GLP/GCP certifications, pharmacovigilance (PV) systems, and comprehensive quality management systems. Establishing these systems requires massive capital investment and long-term operational costs.

Complex Global Regulatory Barriers: Drug regulations vary significantly across countries (such as EU Directive 2001/83/EC and U.S. FDCA). New entrants often lack experience and resources to navigate multi-country complex regulations, making it difficult to establish global compliance networks in the short term.

Drivers and Entry Barriers in the China MAH Market

Full Policy Implementation and Maturation: With full implementation of the MAH system, the policy environment is becoming increasingly mature. Coupled with institutionalization of "drug registration holder changes," enterprise awareness and acceptance of the MAH system have significantly improved, rapidly unleashing market demand.

Innovative and Patented Drug Promotion: As the number of innovative drugs launched in China increases, demand for professional MAH services grows among enterprises to ensure compliance in drug registration and post-marketing supervision.

New entrants to the China MAH market primarily face the following barriers:

High Regulatory Compliance Costs: Domestic drug regulation is becoming increasingly strict; MAH enterprises must invest substantial funds to build facilities compliant with GMP, GSP, and GDP standards and establish efficient pharmacovigilance systems. Compliance costs are the main obstacle facing new entrants.

Technology Barriers and Professional Talent Scarcity: MAH business involves high technical thresholds such as biologics and cell therapy. Particularly for high-risk products like antibody-drug conjugates, compliance pathways for segmented and multi-site production are not yet fully clarified domestically, making it difficult for enterprises to rapidly follow up.

Future Trend

- **Market expansion driven by policies.** The deepening of the MAH system has streamlined drug registration and approval processes, lowered barriers to entry for R&D and production, and incentivized enterprises and research institutions to develop novel drugs and technologies. These reforms are fostering a more open innovation ecosystem, driving domestic pharmaceutical companies to actively build innovative pipelines.
- **International Standards Promote Global Competitiveness.** The MAH system is progressively aligning with international drug registration standards, enabling Chinese innovative drugs to meet global regulations while facilitating easier export. This regulatory optimization not only enhances corporate compliance capabilities but also strengthens the competitiveness of domestic innovative drugs in the global market.
- **A Diverse Innovation Ecosystem Takes Shape.** The MAH system encourages research institutions, startups, and individual developers to participate in drug innovation, promoting a diverse range of innovation entities. In the future, policy support, capital investment, and technological accumulation will collectively drive the rapid development of China's innovative drug market, fostering sustained innovation momentum and creating opportunities for industrial upgrading.

SOURCE OF INFORMATION

We engaged Frost & Sullivan to conduct an analysis and prepare a report on the major markets relevant to our pipeline products. We agreed to pay Frost & Sullivan a total fee of approximately RMB0.49 million. All data and projections presented in this section are derived from the Frost & Sullivan Report. Frost & Sullivan, established in 1961 and based in the United States, is an independent global market research and consulting firm. Their services include market assessments, competitive benchmarking, and strategic market planning across various industries.

The Frost & Sullivan Report was based on the following assumptions: (i) the overall social, economic, and political environment, both globally and in China, is expected to remain stable throughout the forecast period; (ii) the economic and industrial growth globally and in China is anticipated to continue its steady upward trajectory over the next decade; (iii) key industry drivers will likely sustain market growth during the forecast period; and (iv) there will be no extreme force majeure events or regulatory changes that could significantly disrupt the market.

In preparing the Frost & Sullivan Report, the firm employed a range of methodologies to gather and validate data: (i) secondary research, which involved reviewing published sources such as national statistics, annual reports of listed companies, industry reports, and data from Frost & Sullivan's proprietary research database; and (ii) primary research, which included detailed interviews with industry participants.

Frost & Sullivan's projections are based on various market determinants and the weight assigned to each, indicating their relative importance. These determinants combine both subjective assumptions and objective factors, which means that the projected data may differ from actual outcomes.

OVERVIEW OF LAWS AND REGULATIONS IN THE PRC

Our business is primarily in the PRC and is subject to PRC laws and regulations and extensive government supervision. This section sets out a summary of the main laws, regulations, and government supervision relevant to our business in the PRC, but in no event should it be considered as a full account or a comprehensive summary of laws and regulations relating to our Group's operation and business.

MAJOR REGULATORY AUTHORITIES

The major regulatory authorities of China's pharmaceutical industry include the NMPA, the National Health Commission (國家衛生健康委員會) ("**NHC**") and the National Healthcare Security Administration (國家醫療保障局) ("**NHSA**").

NMPA

The NMPA is mainly responsible for the management of safety supervision, standards, registration, quality, post-marketing risks, and supervision and inspection of drugs, cosmetics and medical devices, as well as the supervision of external exchange and cooperation and guidance for the work of local drug supervision and management departments. In March 2018, the State Council Institutional Reform Proposal (國務院機構改革方案) passed by the First Session of the Thirteenth National People's Congress ("**NPC**") decided the China Food and Drug Administration (國家食品藥品監督管理總局) ("**CFDA**") shall cease to exist, and the NMPA was established to undertake the duties of the former CFDA.

NHC

The NHC is mainly responsible for formulating national health policies, coordinating to deepen the reform of the medical and health system, organizing the formulation of a national essential drugs system, and supervising and managing medical services.

NHSA

The NHSA is mainly responsible for formulating and organizing the implementation of policies, plans and standards for medical insurance, maternity insurance, medical aid and other medical security systems, organizing the formulation and adjustment of prices and charging standards for drugs and medical services, and formulating and supervising the implementation of the bidding and procurement policies for drugs and medical consumables.

MAJOR REGULATORY LAWS AND REGULATIONS

Our business in the PRC is subject to a variety of laws, rules and regulations which relate to R&D, registration, production, sales, labor, intellectual property rights, taxation and other areas of drugs.

Laws and Regulations in relation to the Pharmaceutical Industry

Drug Administration Laws and Regulations

The Drug Administration Law of the PRC (《中華人民共和國藥品管理法》) (the "**Drug Administration Law**"), which was promulgated by the NPCSC and last amended on August 26, 2019 and took effect on December 1, 2019, as well as the Implementing Rules for the Drug Administration Law of the PRC (《中華人民共和國藥品管理法實施條例》), with the current effective version in force since May 15, 2026 together establish the legal framework for the administration of drugs, which govern the R&D, manufacturing, distribution and use of drugs in the PRC and the supervision and administration activities thereof.

Non-Clinical Study and Animal Testing

According to the Drug Administration Law, drug research and development activities shall comply with the Good Laboratory Practice for Non-Clinical Studies (《藥物非臨床研究質量管理規範》) ("**GLP**"), and the entire drug research and development process shall continuously comply with statutory requirements. The GLP, which was promulgated by the former CFDA on August 6, 2003 and amended on July 27, 2017, prescribes quality management requirements concerning the operation and management of non-clinical safety evaluation research institutions and the entire process of non-clinical safety evaluation research project trial protocol design, organization and implementation, execution, inspection, record-keeping, archiving and reporting.

According to the Measures for Administration of Certification of the Good Laboratory Practice for Non-clinical Laboratory Studies (《藥物非臨床研究質量管理規範認證管理辦法》) promulgated by the NMPA on January 19, 2023 which took effect on July 1, 2023, institutions that intend to conduct non-clinical safety evaluation studies in the PRC for drug registration applications are required to

obtain GLP certification. The NMPA oversees national GLP certification, while provincial drug authorities supervise local non-clinical safety study institutions. The GLP Certificate will be issued by the NMPA with its approval if the relevant requirements for the GLP are satisfied by the applicant. The valid period for the GLP certificate lasts for 5 years. Any entity without such certification must engage a qualified third party to conduct such non-clinical studies regulated under relevant laws and regulations.

According to the Administrative Regulations on Experimental Animals (《實驗動物管理條例》), as well as the Administrative Measures on Good Practice of Experimental Animals (《實驗動物質量管理辦法》), and the Administrative Measures on the Certificate for Experimental Animals (Trial) (《實驗動物許可證管理辦法(試行)》), using and breeding experimental animals shall be subject to certain rules, and performing experiments on animals requires a Certificate for Use of Experimental Animals. Any entity without such certification must engage a qualified third party to conduct such non-clinical studies regulated under relevant laws and regulations.

Drug Clinical Trial

According to the Provisions for Drug Registration (《藥品註冊管理辦法》), which was promulgated by State Administration for Market Regulation (國家市場監督管理總局) ("**SAMR**") on January 22, 2020, and took effect on July 1, 2020, the drug clinical trial refers to the drug research carried out in human body to determine the safety and effectiveness of drugs for the purpose of drug marketing and registration, which shall be carried out in the drug clinical trial institutions that have the corresponding conditions and are filed in accordance with the provisions. All activities related to drug clinical trials shall comply with the Good Practice for Clinical Trials of Drugs ("**GCP**") (藥物臨床試驗質量管理規範), which was promulgated by the NMPA and the NHC on April 23, 2020, and amended on May 21, 2026, scheduled to take effect on September 1, 2026.

According to the Provisions for Drug Registration, drug clinical trials are divided into phase I clinical trials, phase II clinical trials, phase III clinical trials, phase IV clinical trials and bioequivalence trials. Having completed the pharmaceutical, pharmacological and toxicological studies supporting drug clinical trials, to file a drug clinical trial application, the applicant shall submit relevant study data as per requirements on application dossiers. The application shall be accepted when the application dossiers pass preliminary review. The CDE shall organize pharmaceutical, medical and other technical personnel to evaluate the drug clinical trial application accepted. The decision on whether to approve the drug clinical trial shall be made within 60 days upon acceptance, and the applicant shall be informed of the review and approval result via the CDE website; where no notice has been issued within the specified timeline, the application shall be deemed approved, and the applicant may carry out the drug clinical trial as per the submitted protocol. To carry out a bioequivalence trial, the applicant shall file the bioequivalence trial at the CDE website as required before carrying out relevant studies as per the filed protocol. Drug clinical trials shall be subject to review and approval by an ethics committee. When the drug clinical trial application is approved, the sponsor shall formulate the corresponding drug clinical trial protocols and have them reviewed and approved by the ethics committee before carrying out the subsequent phases of clinical trial, and submit the corresponding protocols and supporting dossiers on the CDE website.

According to the GCP, drug clinical trials shall comply with the principles of the World Medical Association's Declaration of Helsinki (世界醫學會《赫爾辛基宣言》) and relevant ethical requirements. The rights, safety, and well-being of trial subjects shall be the primary considerations, taking precedence over interests of science and society. Ethical review and informed consent are essential measures to protect the rights and interests of trial subjects.

International Multi-center Clinical Trials

The Notice on Issuing the International Multi-Center Clinical Trial Guidelines (Trial) (《關於發佈國際多中心藥物臨床試驗指南(試行)的通告》), which was promulgated by the former CFDA on January 30, 2015 and took effect on March 1, 2015, provides guidance for, regulates and supervises the application, implementation and management of international multi-center clinical trials in China, and encourages Chinese applicants to conduct international multi-center drug clinical trials as a way to speed up the internationalization of drug research and development in the PRC. Where the applicants plan to implement the international multi-center drug clinical trials in China, they shall comply with relevant laws and regulations, observe the GCP of the PRC, make reference to universal international principles such as the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use Guideline for Good Clinical Practice (人用藥品註冊技術國際協調會議臨床試驗品質管制規範) ("**ICH-GCP**"), and abide by the laws and regulations of relevant countries.

Drug Registration

According to the Drug Administration Law, drugs to be marketed in the territory of the PRC shall be subject to the approval by the drug regulatory department under the State Council to obtain the Drug Registration Certificate (藥品註冊證書), except for Chinese medicinal materials (中藥材) and prepared slices of Chinese crude drugs (中藥飲片) which are not subject to review and approval administration. To apply for drug registration, data, documents, and samples that are true, adequate, and credible shall be provided to prove the safety, efficacy, and quality management of the drug.

According to the Provisions for Drug Registration, the NMPA is in charge of the administration of drug registration nationwide and is responsible for establishing the systems, policies and practices for drug registration administration, and for organizing review and approval of drug registration and relevant supervision and administration in accordance with the law. The CDE is responsible for evaluating drug clinical trial applications, drug marketing authorization applications, supplementary applications, and registration renewal applications of drugs manufactured overseas, etc. The National Institutes for Food and Drug Control (NIFDC) (中國食品藥品檢定研究院), the Chinese Pharmacopoeia Commission (CPC) (國家藥典委員會), the Center for Food and Drug Inspection of NMPA (CFDI) (國家藥品監督管理局食品藥品審核查驗中心), the Center for Drug Reevaluation of NMPA (CDR) (國家藥品監督管理局藥品評價中心), the Center for Administrative Services and Complaints & Reports of NMPA (國家藥品監督管理局行政事項受理服務和投訴舉報中心), the Center for Information of NMPA (NMPAIC) (國家藥品監督管理局資訊中心), and other specialized technical institutions for drugs shall undertake such work as drug registration testing, generic name approval, inspection, monitoring and evaluation, making and delivery of certificates, as well as establishing and managing the corresponding information system needed for the administration of drug registration in accordance with the law.

Drug-Device Combination Products

According to the Announcement on Relevant Matters Concerning the Registration of Drug-Device Combination Products (《關於藥械組合產品註冊有關事宜的通告》), which was promulgated by the NMPA and on 23 July 2021 and implemented on the same day, drug-device combination products where the pharmaceutical effect is primary shall be registered in accordance with the relevant requirements for pharmaceuticals; drug-device combination products where the medical device effect is primary shall be registered in accordance with the relevant requirements for medical devices. The applicant shall fully assess the attributes of the drug-device combination product for which it intends to apply for registration. Where the regulatory classification of a drug-device combination product cannot be determined, the applicant shall apply to the Center for Medical Device Standard Administration of the NMPA (國家藥品監督管理局醫療器械標準管理中心) to determine the classification of the drug-device combination product prior to registration. The NMPA published an Interpretation of the Notice on Registration Matters for Drug-Device Combination Products (《〈關於藥械組合產品註冊有關事宜的通告〉解讀》) on July 27, 2021, which stipulates that if the product's regulatory attribute can be ascertained by referencing previously registered combination products or published property determination outcomes, the applicant may proceed with registration under the determined classification.

Prioritized Review and Approval for Registration of Drugs

On July 7, 2020, the NMPA promulgated the Working Procedures for Review of Breakthrough Therapy Drugs (Interim) (《突破性治療藥物審評工作程式(試行)》), the Working Procedures for Review and Approval of Applications for Conditional Approval of Drug Marketing (Interim) and Working Procedures for Priority Review (《藥品附條件批准上市申請審評審批工作程式(試行)》) and the Approval of Drug Marketing Authorization (Interim) (《藥品上市許可優先審評審批工作程式(試行)》) to encourage the research and innovation of new drugs and to standardize the review and approval system of drugs.

According to the Approval of Drug Marketing Authorization (Interim), at the time of application for drug marketing authorization, drugs with significant clinical value in the following categories may apply for the prioritized review and approval procedure:

(i) innovative drugs and improved new drugs addressing clinically needed shortage drugs, as well as for the prevention and treatment of major infectious diseases, rare diseases, and other conditions;

(ii) new varieties, dosage forms, and specifications of pediatric drugs that align with children's physiological characteristics;

(iii) vaccines urgently needed for disease prevention and control, as well as innovative vaccines;

(iv) drugs included in the Breakthrough Therapy Drugs program;

(v) drugs eligible for conditional approval;

(vi) other circumstances specified by the NMPA for prioritized review and approval.

Drug Marketing Authorization Holder System

According to the Drug Administration Law, the marketing authorization holder system is implemented in the PRC for drug administration. The drug marketing authorization holder refers to an enterprise or drug research institution that has obtained the drug registration certificate, which is legally responsible for the safety, efficacy, and quality control of the drug throughout the entire process of research, development, production, distribution, and utilization processes in accordance with laws. The drug marketing authorization holder bears overall responsibility for non-clinical study, clinical trial, manufacturing and business operation, post-market launch study, monitoring, reporting and handling of adverse reactions of the pharmaceuticals. The legal representative and the key person-in-charge of a drug marketing authorization holder shall be fully responsible for the quality of drugs.

The drug marketing authorization holders may produce drugs by itself or entrust drug manufacturers with the production of such drugs. If the drug marketing authorization holder produce drugs by itself, it shall obtain the drug production license in accordance with the provisions of the Drug Administration Law. The production of blood products, narcotic drugs, psychotropic substances, toxic drugs for medical use, and drug precursors are in principle not allowed to be produced through entrustment unless otherwise specified by the drug regulatory department of the State Council.

The drug marketing authorization holders may sell drugs covered by its drug registration certificate on its own or through entrusting qualified drug operating enterprises. If the drug marketing authorization holders engages in drug retailing, it shall obtain the drug supply license.

With the approval of the drug regulatory department of the State Council, the drug marketing authorization holder may transfer the drug marketing authorization. The transferee shall possess the capabilities in quality management, risk prevention and control, and liability compensation to ensure the drug's safety, efficacy, and quality control, and shall fulfill the obligations of the marketing authorization holders.

Drug Manufacturing

According to the Drug Administration Law and the Provisions for the Supervision and Administration of Drug Manufacturing (《藥品生產監督管理辦法》) promulgated by the SAMR on January 22, 2020 and took effect on July 1, 2020, the undertaking of drug manufacturing shall obtain a Drug Manufacturing License (藥品生產許可證) granted by the drug regulatory authority of the people's government of the province, autonomous region, or municipality directly under the central government at the place where the enterprise is located. No drugs may be manufactured without the license.

The Drug Manufacturing License has a validity period of five years upon issuance. Undertaking of drug manufacturing shall be subject to the following requirements: (i) having legally qualified pharmaceutical professionals, engineering professionals and the necessary technical workers, a legal representative, principal of the company, person in charge of production management ("**production responsible person**"), the persons in charge of quality management ("**quality responsible person**"), qualified persons and other relevant personnel complied with the conditions stipulated in the Drug Administration Law or the Vaccine Administration Law; (ii) having the premises, facilities, equipment and hygienic environment required for drug manufacturing; (iii) having the institutions and personnel capable of quality control and testing for the drugs to be manufactured; (iv) having instruments and equipment essential for quality management and testing for drugs to be manufactured; (v) having rules and regulations to ensure the quality of drugs, and in compliance with the requirements of the Good Manufacturing Practice for Pharmaceutical Products. In addition, pursuant to the Announcement of the National Medical Products Administration on the Issuance of the Appendices on Pharmaceutical Excipients and Pharmaceutical Packaging Materials to the Good Manufacturing Practice for Pharmaceutical Products (2010 Revision) — drug manufacturers shall, from January 1, 2026, ensure that the production and use of pharmaceutical excipients and pharmaceutical packaging materials comply with the quality management requirements set forth therein, including establishing a sound quality management system, strict change control, supplier audit, and quality review procedures.

A drug marketing authorization holder entrusting others for manufacturing drug products shall comply with the conditions specified in items (i), (iii) and (v) above, sign an entrustment agreement and quality agreement with a drug manufacturer that meets relevant conditions, submit related agreements and application documents of the actual manufacturing site to the drug regulatory department of the province, autonomous region or municipality directly under the central government where the drug marketing authorization holder is located and apply for the Drug Manufacturing Certificate according to these Provisions.

Drug Distribution

According to the Drug Administration Law, the undertaking of drug wholesale is subject to approval of the local drug regulatory department of the people's government of the province, autonomous region, or municipality directly under the central government and requires a Drug Distribution Certificate (藥品經營許可證). The undertaking of drug retail is subject to approval of the drug regulatory department of the local people's government at or above the county level and requires the said certificate. No drugs may be distributed without the certificate.

According to the Measures for the Supervision and Administration of the Quality of Drug Distribution and Use (《藥品經營和使用質量監督管理辦法》) promulgated by the SAMR on September 27, 2023 which took effect on January 1, 2024, any entity engaged in drug distribution shall comply with the GSP, and shall sell and store drugs at the address approved by the drug regulatory department, in accordance with the business model and scope specified in the Drug Supply Certificate. It must ensure that the entire drug distribution process complies with statutory requirements. Further, it shall establish a quality management system that covers the entire drug supply process. All records, including purchasing and sales, storage conditions, transportation processes, and quality control, shall be complete and accurate. Falsification or alteration of records is prohibited.

Drug Post-marketing Changes

According to the Measures for the Administration of Drug Post-marketing Changes (Trial) (《藥品上市後變更管理辦法(試行)》) promulgated by the NMPA on January 12, 2021, the categories of changes include changes in marketing authorization holder, changes in drug manufacturing site, and changes to other drug registration matters. Based on the potential impact level of the changes on drug safety, efficacy, and quality controllability, changes are classified into approval-type changes, filing-type changes, and reporting-type changes, implementing hierarchical and categorized management.

OTHER LAWS AND REGULATIONS AFFECTING OUR BUSINESS ACTIVITIES IN THE PRC

Laws and Regulations on Corporation and Foreign Investment

The establishment, operation and management of corporate entities in the PRC are governed by the PRC Company Law (《中華人民共和國公司法》), which was promulgated by the NPCSC on December 29, 1993 and came into effect on July 1, 1994, and was last amended on December 29, 2023 and became effective on July 1, 2024.

According to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) ("**Foreign Investment Law**") became effective on January 1, 2020, China has adopted a system of national treatment which includes a negative list with respect to foreign investment administration. The national treatment refers to granting to foreign investors and their investments, in the stage of investment access, the treatment no less favorable than that granted to domestic investors and their investments. The negative list will be issued, amended or released upon approval by the State Council, from time to time. The Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024 Version) (《外商投資准入特別管理措施(負面清單) (2024年版)》) ("**Negative List**"), which was promulgated by the National Development and Reform Commission ("**NDRC**") and the MOFCOM on September 6, 2024 and became effective on November 1, 2024, and the Catalog of Industries for Encouraging Foreign Investment (2025 Version) (《鼓勵外商投資產業目錄(2025年版)》) ("**Encouraging Catalog**"), which was promulgated by the NDRC and the MOFCOM on December 15, 2025 and became effective on February 1, 2026, listed the categories of encouraged, restricted, and prohibited industries. Any industry not included in the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment.

During the Track Record Period and up to the Latest Practicable Date, the business of our Company does not belong to any restricted or prohibited industries listed in the Negative List.

Laws and Regulations on Information Security and Data Privacy

On November 7, 2016, the NPCSC promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) ("**Cybersecurity Law**"), which took effect on June 1, 2017 was last amended on October 28, 2025 and took effect on January 1, 2026. In accordance with the Cybersecurity Law, network operators must comply with applicable laws and regulations and fulfill their obligations to safeguard network security in conducting business and providing services. Network service providers must take technical and other necessary measures as required by laws, regulations and mandatory requirements to safeguard the operation of networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data.

On August 20, 2021, the NPCSC promulgated the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), which took effect on November 1, 2021. The Personal Information Protection Law integrates the scattered rules with respect to personal information rights and privacy protection.

On June 10, 2021, the NPCSC promulgated the Data Security Law of the PRC (《中華人民共和國數據安全法》) ("**Data Security Law**"), which took effect on September 1, 2021. In accordance with the Data Security Law, the conduct of data processing activities shall be in compliance with the provisions of laws and administrative regulations, establishing and completing a data security management system for the entire workflow, organizing and conducting data security education and training, adopting corresponding technical measures and other necessary measures to ensure data security, strengthening risk monitoring, taking immediate disposition measures and promptly reporting to relevant authorities when data security incidents occur.

On September 24, 2024, the State Council promulgated the Regulations on Network Data Security Management (《網絡數據安全管理條例》), which took effect on January 1, 2025. The Regulations on Network Data Security Management prescribes several key obligations, including requiring network data handlers to specify the purpose and method of personal information processing, as well as thetypes of personal information involved, before any personal information is processed. It also clarifies definitions for important data, outlines the obligations of those handling important data, establishes broader contractual requirements for data sharing between data handlers, and introduces a new exemption for regulatory obligations regarding cross-border data transfers. The regulation also provides that network data processors conducting any data processing activities that affect or may affect national security shall undergo national security review in accordance with relevant national regulations.

Laws and Regulations on Customs Declaration

Our import and export activities are subject to PRC laws and regulations, including the Customs Law of the PRC (《中華人民共和國海關法》), the Administrative Provisions on the Record-Filing of Customs Declaration Entities of the PRC (《中華人民共和國海關報關單位備案管理規定》), the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) and the Regulations on the Administration of Import and Export of Goods (《中華人民共和國貨物進出口管理條例》).

Under these laws and regulations, all transports, goods and articles entering or exiting the PRC must pass through a designated customs office. Customs declaration and duty payment may be handled by the consignees or consignors of imported and exported goods, or their entrusted customs clearing enterprises. Such entities must file records with customs and, where applicable, complete foreign trade dealer filing, with applicants required to have market entity status. Unless otherwise provided by law, goods may be freely imported and exported. Import and export goods are classified as prohibited, restricted, or freely permitted: prohibited goods may not be traded; restricted goods may be subject to quotas, licensing, or tariff-rate quota administration; and freely permitted goods require an automatic import or export license for customs clearance.

Laws and Regulations on Work Safety

Pursuant to the Work Safety Law of the PRC (《中華人民共和國安全生產法》) ("**Work Safety Law**"), promulgated by the NPCSC on June 29, 2002 and last amended on June 10, 2021, which took effect on September 1, 2021, entities shall strengthen the management, establish and improve responsibility systems and policies, improve conditions, strengthen the standardized and information technology development of work safety and improve the production level to ensure their production safety. The principal persons in charge of the production and operation entities are fully responsible for the production safety of their entities. Violation of the Work Safety Law may result in fines and penalties, suspension of operation, an order to cease operation, or even criminal liability in severe cases.

Laws and Regulations on Environmental Protection

Pursuant to the Environmental Protection Law of the PRC (中華人民共和國環境保護法) promulgated by the NPCSC on December 26, 1989 and amended on April 24, 2014, which became effective on January 1, 2015, any entity which releases or will release pollutants during the course of operations or other activities must implement effective environmental protection safeguards and procedures to control and properly treat waste gas, waste water, waste residue, dust, malodorous gases, radioactive substances, noise, vibrations, electromagnetic radiation, and other hazards produced during such activities.

On March 12, 2026, the NPCSC promulgated the Ecological Environment Code of the PRC (《中華人民共和國生態環境法典》), which is scheduled to come into effect on August 15, 2026, and will repeal the current Environmental Protection Law of the PRC. As a comprehensive and fundamental legal framework for ecological and environmental protection, the Ecological Environment Code

systematically integrates existing environmental laws and regulations. It strengthens the legal mechanisms for environmental impact assessments, pollution control, and the promotion of green and low-carbon transformation.

Pursuant to the Environmental Impact Assessment of the PRC (《中華人民共和國環境影響評價法》) promulgated by the NPCSC on October 28, 2002, and last amended and took effect on December 29, 2018, for construction projects that have an impact on the environment, entities shall prepare an environmental impact report, report form or registration form in accordance with the severity of the impact that the project may have on the environment.

Pursuant to the Regulations on the Administration of Pollutant Discharge Permits (《排污許可管理條例》) promulgated by the State Council on January 24, 2021, which became effective on March 1, 2021, entities that generate or release significant volumes of pollutants, or which cause a substantial environmental impact, shall apply for pollutant discharge permits. Entities that generate and release only minor volumes of pollutants and cause a limited environmental impact, shall fill out pollutant discharge registration forms, and are not required to apply for a pollutant discharge permit.

Laws and Regulations on Employment and Social Welfare

Employment

The major PRC laws and regulations that govern employment relationships are the PRC Labor Law (《中華人民共和國勞動法》) ("**Labor Law**"), the PRC Labor Contract Law (《中華人民共和國勞動合同法》) ("**Labor Contract Law**") and its implementation regulations, which impose stringent requirements on the employers in relation to entering into employment contracts, hiring of part-time employees and dismissal of employees.

According to the Interpretation (II) of the Supreme People's Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which was promulgated by the Supreme People's Court on July 31, 2025, and came into force on September 1, 2025, where an employer and an employee agree, or an employee undertakes to the employer, that social insurance premiums need not be paid, the people's court shall determine such agreement or undertaking to be invalid. Where an employer fails to pay social insurance premiums in accordance with the law, and an employee claims to terminate the labor contract and demand the employer to pay economic compensation in accordance with the Labor Contract Law, the people's court shall support such claim in accordance with the law. Under the circumstances specified in the preceding paragraph, if the employer has paid the social insurance premiums retroactively in accordance with the law and then claims that the employee shall return the compensation for social insurance premiums already paid, the people's court shall support such claim in accordance with the law.

Social Insurance

The PRC Social Insurance Law (《中華人民共和國社會保險法》) ("**Social Insurance Law**") was issued by the NPCSC on October 28, 2010 and last amended and took effect on December 29, 2018, and has established social insurance systems of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance. According to the Social Insurance Law and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated by the State Council on January 22, 1999 and last amended and implemented on March 24, 2019, enterprises shall register for social insurance with local social insurance and pay or withhold relevant social insurance for or on behalf of their employees. Any employer who fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

Housing Provident Fund

Pursuant to the Regulations on Management of Housing Provident Fund (《住房公積金管理條例》), which was promulgated by the State Council on April 3, 1999 and last amended and took effect on March 24, 2019, employers in China shall provide their employees with housing provident fund. Employers who fail to contribute to the above housing provident funds may be ordered to make full payment within a prescribed time period by the housing provident fund management center. If an employer fails to make the payment towards the housing provident fund within a prescribed time limit, an application may be made to the people's court for enforcement.

Laws and Regulations on the Management of Lease Housing

Pursuant to the Law on Administration of Urban Real Estate of the PRC (《中華人民共和國城市房地產管理法》) and the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), when leasing premises, the lessor and lessee are required to enter into a written lease contract. Both the lessor and the lessee shall complete property leasing registration and filing formalities within 30 days from the execution of the property lease contract with the real estate administration department where the leased property is located. If the lessor and lessee fail to go through the registration and filing procedures, both lessor and lessee may be subject to fines.

Laws and Regulations on Intellectual Property Rights

Trademark

The Trademark Law of the PRC (《中華人民共和國商標法》) was last amended on June 26, 2026, with scheduled implementation from January 1, 2027. The Regulations for the Implementation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) were last amended on April 29, 2014, with implementation from May 1, 2014. According to these laws and regulations, the validity period of a registered trademark is 10 years from the date of approval. Each renewal extends the validity period for 10 years, starting from the day following the expiration of the last validity period.

Patent

The Patent Law of the PRC (《中華人民共和國專利法》) was last amended on October 17, 2020, with implementation from June 1, 2021. The Detailed Rules for the Implementation of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) last amended on December 11, 2023, with implementation from January 20, 2024. According to these laws, regulations and detailed rules, patents in China are categorized into three types: invention patents, utility model patents and design patents. The term of an invention patent right is 20 years, the term of a utility model patent is 10 years, and the term of a design patent is 15 years, all of which are calculated from the filing date.

Copyright

The Copyright Law of the PRC (《中華人民共和國著作權法》) (the "**Copyright Law**") was last amended on November 11, 2020, with implementation from June 1, 2021. According to the Copyright Law, Chinese citizens, legal entities or other organizations own copyright in their copyrightable works (whether published or not), including ingenious intellectual achievements in the fields of literature, art and science that are original and can be expressed in certain forms.

Domain Name

The Internet Domain Name Management Measures (《互聯網域名管理辦法》) were issued on August 24, 2017, and implemented on November 1, 2017. According to these management measures, domain name registration is conducted through domain name root servers and their operating institutions, domain name registration management institutions and domain name registration service institutions established in accordance with the relevant regulations.

Laws and Regulations on Foreign Exchange

Pursuant to the Foreign Exchange Administrative Regulations of the PRC (《中華人民共和國外匯管理條例》) (the "**Foreign Exchange Administration Regulations**"), which was promulgated by the State Council on January 29, 1996, effective on April 1, 1996 and last amended on August 5, 2008, all international payments and transfers were classified into current items and capital items. Most of the current items are not subject to the approval of foreign exchange administration agencies, while capital items are subject to such approval. The PRC will not impose any restriction on international current payments and transfers.

Laws and Regulations on Taxation

Enterprise Income Tax ("EIT")

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) ("**EIT Law**") which was promulgated by the NPCSC on March 16, 2007 and last amended on December 29, 2018, a unified income tax rate of 25% will be applied to foreign investment and foreign enterprises which have set up institutions or facilities in the PRC as well as PRC enterprises. Under the EIT Law, enterprises established outside of China whose "de facto management bodies" are located in China are considered "resident enterprises" and will generally be subject to the unified 25% enterprise income tax rate as to their global income.

According to the Administrative Measures for the Determination of High and New Tech Enterprises (《高新技術企業認定管理辦法》) issued by the Ministry of Science and Technology (科學技術部), the MOF and the STA on April 14, 2008 and amended on January 29, 2016 and implemented on

January 1, 2016, enterprises that are recognized as high and new technology enterprises are entitled to enjoy a preferential EIT rate of 15%, under which the validity period of the high and new technology enterprise qualification shall be three years from the date of issuance of the certificate.

Value-Added Tax ("VAT")

According to the Provisional Regulations on Value-Added Tax of the PRC (《中華人民共和國增值税暫行條例》) ("**VAT Provisional Regulations**") the Notice on the Adjustment of Value-added Tax Rates (《財政部、國家税務總局關於調整增值税税率的通知》) (Cai Shui [2018] No. 32), and the Announcement on Relevant Policies for Deepening the Value-added Tax Reform (《關於深化增值税改革有關政策的公告》), the applicable value-added tax rates for general taxpayers are 13%, 9% and 6% respectively, and the applicable value-added tax rate for small-scale taxpayers is 3%.

According to Value-Added Tax Law of the PRC (《中華人民共和國增值税法》) and its implementing regulations, which became effective on January 1, 2026 and replace the Provisional Regulations on Value-Added Tax of the PRC, entities and individuals that sell goods, services, intangible assets, real estate, and import goods within the territory of China are regarded as value-added tax payers and shall pay value-added tax in accordance with said Law. The term "selling goods, services, intangible assets, and real estate" refers to the transfer of ownership of goods and real estate for consideration, the provision of services, and the transfer of ownership or the right to use intangible assets. The value-added tax rates are set at 13%, 9%, 6%, and 0%, depending on the nature of the transactions. The tax rate applicable under the simplified tax calculation method is 3%.

OTHER LAWS AND REGULATIONS THAT MAY AFFECT OUR BUSINESS ACTIVITIES IN THE U.S.

The U.S. BioSecure Act

Section 851 of the National Defense Authorization Act for Fiscal Year 2026 (the "**BioSecure Act**") prohibits U.S. executive agencies from from: (i) procuring biotechnology equipment or services from a "biotechnology company of concern"; and (ii) entering into, extending or renewing federal contracts with any entity that uses the biotechnology equipment or services of a "biotechnology company of concern" in the performance of such contracts. As confirmed by our U.S. legal advisors, (i) none of the members of our Group has been designated as a "biotechnology company of concern" during the Track Record Period and up to the Latest Practicable Date; (ii) none of the members of our Group has entered into any contract, procurement arrangement, service arrangement or other business relationship with any U.S. federal government agency during the Track Record Period and up to June 30, 2026 (being the latest practicable date for preparing the list of customers, suppliers, third-party service providers or other collaborating partners); (iii) none of our five largest customers in each year during the Track Record Period and up to June 30, 2026 is a U.S. federal contractor or a recipient of U.S. federal funding in connection with the products or services provided by our Group and (iv) none of our customer, supplier, third-party service provider or other collaborating partner during the Track Record Period and up to June 30, 2026 have been designated or identified as a "biotechnology company of concern" under the BioSecure Act framework and any of its predecessor legislative drafts. Accordingly, our U.S. legal advisors are of the view that the BioSecure Act is not applicable to the Group in any material respect during the Track Record Period and up to the Latest Practicable Date, and the BioSecure Act has not had any material impact on the business operations of our Group during the Track Record Period and up to the Latest Practicable Date. Our Group has not been required to suspend, modify or terminate any material customer relationship, supplier relationship, collaboration, product sale, research activity or other business arrangement as a result of the BioSecure Act.

Regulations on Combination Products

The FDA regulates products that comprise two or more different types of regulated components (e.g., a drug and a medical device) as "Combination Products" under section 3.2(e) of Title 21 of the Code of Federal Regulations.

A combination product is assigned to a lead FDA Center that will have primary jurisdiction over the product's pre-market review and regulation. This assignment is based on the FDA's determination of the product's Primary Mode of Action ("**PMOA**"), the mode of action expected to make the greatest contribution to the product's overall intended therapeutic effect.

- Center for Drug Evaluation and Research ("**CDER**") Lead: If the PMOA is pharmacological and attributable to a drug component, the FDA's CDER will generally serve as the lead center. In such cases, marketing authorization may involve submission of an NDA or abbreviated NDA (for generics).

- Center for Devices and Radiological Health ("**CDRH**") Lead: If the PMOA is primarily mechanical or physical and attributable to a device component, the FDA's CDRH will generally serve as the lead center. In such cases, marketing authorization may involve submission of a premarket approval ("**PMA**") application or a premarket notification under Section 510(k) of the Federal Food, Drug, and Cosmetic Act.

Regardless of which FDA Center is assigned to lead PMA, FDA will take into account the questions and considerations associated with each constituent part in its review of the combination product as a whole and its constituent parts.

OVERVIEW

We are a clinical-stage pharmaceutical company headquartered in Guangzhou, China. We are committed to the development and commercialisation of modified new drugs featuring dissolving microneedle drug delivery and nasal inhalation drug delivery . Our achievements have been enabled under the leadership of Dr. Wu, who is one of the inventors behind our key patents and is responsible for the overall strategic planning, business direction and operational management of our Company.

MILESTONES

Set out below are the significant milestones of our corporate and business development since our establishment up to the Latest Practicable Date:

Year	Event
2007	Our Company was established in the PRC[Note 1]
2012	Our Company commenced R&D on our inhalation drug formulation platform technologies, including nasal inhalation drug
2014	We received High and New Technology* (國家高科技企業) certificate
2015	Our Company commenced R&D on microneedle drug formulation platform technology
2016	We were certified as the 2015 Guangzhou Enterprise R&D Institution* (廣州市企業研究開發機構 (2015年度))
2018	We were honoured as the 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) by 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)
2020	Our new R&D headquarters was operational
2022	We initiated the R&D of DHMP and XJN010
	We completed Series A Financing with Yuexiu Redhill
	We completed Series A+ Financing
2023	We were recognized as the 2023 Guangdong Provincial Intellectual Property Demonstration Enterprise* (2023年廣東省知識產權示範企業)
2024	Our Company was recognised as the National "Little Giant" Enterprise for Specialised, Innovative, and High-Tech firms* (國家級專精特新"小巨人"企業)
	In April, we obtained IND approval from the NMPA for the pediatric indication of DHMP
	In August, we obtained IND approval from the NMPA for XJN010
2025	In February, we commenced Phase I clinical trials in PRC for the pediatric indication of DHMP[Note 2]
	In March, we completed Phase I clinical trials in PRC for the pediatric indication of DHMP
	In March, we commenced Phase I clinical trials in PRC for XJN010
	In June, we completed Phase I clinical trials in PRC for XJN010
	In July, we received no further objection from the NMPA in relation to the Phase II clinical trial protocol of the pediatric indication of DHMP proposed by our Company
	In August, we commenced Phase IIa clinical trials in PRC for the pediatric indication of DHMP
	In August, we initiated the Phase II clinical trials in PRC for XJN010 and the NMPA has had no objection for our commencement of the Phase II clinical trials

Year	Event
	In September, we obtained approval from the NMPA to initiate Phase II clinical trials in PRC for the adult indication of DHMP[Note 2]
	We completed Series B Financing and Series C Financing
	Our Company was converted into a joint stock limited company and renamed
	Our Company was recognized as the Guangdong Province Engineering Research Center for Medical Microneedles* (廣東省藥物微針工程技術研究中心) by the Department of Science and Technology of Guangdong Province (廣東省科學技術廳)
2026	In February, we received confirmation from the FDA that Phase II clinical trials for XJN010 may proceed in U.S.
	In February, correspondence with FDA confirmed that clinical studies for DHMP may proceed in U.S.
	In March, we commenced Phase II clinical trials in PRC for the adult indication of DHMP
	In April, we completed conduct of clinical studies for the Phase II clinical trial in the PRC for XJN010
	In April, we initiated Phase I clinical trial in the PRC for XJN026
	In June, we completed conduct of clinical studies for the Phase IIa clinical trial in the PRC for the pediatric indication of DHMP

Notes:

1. From 2007 to the financial year end of 2011, the Company carried out limited business activities involving advisory services provided by the Company, which were unrelated to the R&D of the Core Products and our other pipeline products, and had an aggregated revenue of less than RMB0.1 million during this period
2. Phase I clinical trials for the pediatric indication was conducted in healthy adults, accordingly, data obtained from the Phase I clinical trials for the pediatric indication was used to support the direct progression to Phase II clinical trials for the adult indication

OUR PRINCIPAL SUBSIDIARIES

As of the Latest Practicable Date, details of our principal subsidiaries are set forth below:

Subsidiaries	Date of establishment	Place of establishment	Approximate percentage of ownership interest	Registered capital	Principal activities
Jiangsu Hyken Pharm Co., Ltd. (江蘇恒濟醫藥有限公司)	July 24, 2024	PRC	100%	RMB60,000,000	Chemical Pharmaceutical Manufacturing
Guangzhou Novaken Pharmaceutical Research Institute Co., Ltd. (廣州新濟生物醫藥研究院有限公司) . . .	September 13, 2020	PRC	100%	RMB12,000,000	Pharmaceutical research and development

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and as of the Latest Practicable Date, we have not conducted any major acquisitions, disposals or mergers that we consider to be material to us.

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

(1) Establishment of our Company

Our Company was established in the PRC as a limited liability company on November 14, 2007, with an initial registered capital of RMB1,000,000 where each of Dr. Wu and Ms. Qin Haixia (覃海霞) ("**Ms. Qin**") contributed RMB500,000 and held 50% of our Company's then equity interest. Dr. Wu and Ms. Qin became acquainted with each other through the referral of a fellow professional in the same industry. Ms. Qin remained as a passive investor of our Company with no active role in the business operations. As of November 12, 2007, all the registered capital has been paid up.

(2) Subsequent Major Capital Changes and Equity Transfers

(a) 2010 Equity Transfer

Pursuant to an equity transfer agreement dated 18 December 2009 entered into between Dr. Wu and Ms. Qin, Ms. Qin transferred her 45% equity interest in our Company to Dr. Wu at nil consideration as Ms. Qin intended to pursue other business opportunities. The consideration was determined by the parties considering (i) our Company was at a loss-making position since its establishment; (ii) our Company was still at its early research and development stage and would require substantial capital to fund future R&D activities; and (iii) she did not intend to make further capital contributions pro-rated to her initial equity interest of 50% in our Company as she would like to utilise her personal financial resources on her other business opportunities and ventures, hence, Ms. Qin agreed to transfer her 45% equity interest in our Company to Dr. Wu at nil consideration. Uponcompletion of the registration of business changes relating to this equity transfer on 6 January 2010, our Company was owned by Dr. Wu and Ms. Qin as to 95% and 5%, respectively, with a registered capital of RMB1,000,000, with all registered capital paid up.

(b) Shareholding changes prior to Series A Financing

After a series of shareholding changes, including equity transfers, capital increase, nominee arrangements of minority shareholders, and the termination thereof, immediately before Series A Financing in April 2022, the shareholding structure of our Company was as follows:

Shareholders	Registered capital subscribed for	Equity interest
	(RMB)	*(%)*
Dr. Wu	4,712,584	38.41
Shanji Investment[(1)]	1,766,980	14.40
Guangji Investment[(2)]	1,227,069	10.00
Minji Investment[(3)]	1,104,362	9.00
Deji Investment[(4)]	1,104,362	9.00
Guangzhou Yuexiu Redhill Venture Capital Fund Partnership (L.P.) (廣州越秀區丹麓創業投資基金合夥企業(有限合夥)) ("**Yuexiu Redhill**")[(5)]	911,712	7.43
Mr. Chen Jian (陳劍)[(6)]	410,436	3.34
Guangzhou Houji Investment Biopharmaceutical Investment Enterprise (Limited Partnership)* (廣州厚濟生物醫藥投資合夥企業(有限合夥)) ("**Houji Investment**")[(7)]	392,656	3.20
Mr. Kong Zhenyong (孔鎮勇)[(8)]	331,309	2.70
Mr. Zhang Jun (張軍)[(9)]	165,654	1.35
Yujiang Yunsheng Enterprise Management Centre (Limited Partnership)* (余江縣允升企業管理中心(有限合夥)) ("**Yujiang Yunsheng**")[(10)]	110,436	0.90
Guangzhou Fengbang Consulting Co., Ltd.* (廣州豐邦諮詢有限公司) ("**Fengbang Consulting**")[(11)]	33,131	0.27
Total	**12,270,691**	**100**

Notes:

(1) For further details of Shanji Investment, please refer to the paragraph headed "— Pre-**[REDACTED]** Investments — (d) Information about our Pre-**[REDACTED]** Investors" in this section.

(2) Guangji Investment is the Employee Incentive Platform of our Company. For further details, please see the paragraph titled "— Employee Incentive Platform" in this section.

(3) For further details of Minji Investment, please refer to the paragraph headed "— Pre-**[REDACTED]** Investments — (d) Information about our Pre-**[REDACTED]** Investors" in this section.

(4) For further details of Deji Investment, please refer to the paragraph headed "— Pre-**[REDACTED]** Investments — (d) Information about our Pre-**[REDACTED]** Investors" in this section.

(5) For further details of Yuexiu Redhill, please refer to the paragraph headed "— Pre-**[REDACTED]** Investments — (d) Information about our Pre-**[REDACTED]** Investors" in this section.

(6) For the background information on Mr. Chen Jian, see the paragraph titled "— Pre-**[REDACTED]** Investments —(d) Information about Our Pre-**[REDACTED]** Investors" in this section.

(7) Houji Investment is a limited liability partnership set up under the laws of the PRC, with its general partner being Mr. Rao Hangzhou (饒杭州), one of the joint company secretaries of our Company who holds approximately 1.29% of the partnership interest. As of the Latest Practicable Date, Houji Investment had eight limited partners, namely Ms. Zhao Guichen (趙桂郴), Ms. Li Guofeng (黎國鳳), Mr. Liang Zhisheng (梁智盛), Ms Dong Tingyu (董婷玉),

Mr. Che Xu (車旭), Mr. Li Guohui (李國輝), Mr. Fang Shaoyu (方韶昱) and Mr. Fu Jianping (傅劍平), with their respective partnership interests in Houji Investment ranging from approximately 2.23% to 25.47%. To the best knowledge of our Directors, all of the limited partners of Houji Investment are Independent Third Parties.

(8) In August 2016, it was resolved that our Company's registered capital be increased from RMB10,000,000 to RMB11,043,622 with 11 investors agreed to subscribe for the increased registered capital at an aggregated consideration of RMB1,778,000 ("**Series Angel Financing**"). Mr. Kong Zhenyong (孔鎮勇) is one of the individual investors in Series Angel Financing subscribing increased registered capital of RMB331,309 in our Company at a consideration of RMB564,444. The considerations were determined by the parties after arm's length negotiations based on the then registered capital of our Company and having taken into account that our Company was still at its early research and development stage and was loss-making. The registration of business changes relating to the said capital increase was completed on August 22, 2016. For the background information on Mr. Kong Zhenyong, see the paragraph titled "— Pre-**[REDACTED]** Investments — (d) Information about Our Pre-**[REDACTED]** Investors" in this section.

(9) Mr. Zhang Jun (張軍) is an individual investor in Series Angel Financing subscribing the increased registered capital of RMB165,654 in our Company at a consideration of RMB282,222. The considerations were determined by the parties after arm's length negotiations based on the then registered capital of our Company and having taken into account that our Company was still at its early research and development stage and was loss-making. The registration of business changes relating to the said capital increase was completed on August 22, 2016. For the background information on Mr. Zhang Jun, see the paragraph titled "— Pre-**[REDACTED]** Investments — (d) Information about Our Pre-**[REDACTED]** Investors" in this section.

(10) For the background information on Yujiang Yunsheng, see the paragraph titled "— Pre-**[REDACTED]** Investments — (d) Information about Our Pre-**[REDACTED]** Investors" in this section.

(11) For the background information on Fengbang Consulting, see the paragraph titled "— Pre-**[REDACTED]** Investments — (d) Information about Our Pre-**[REDACTED]** Investors" in this section.

(c) Series A Financing

On 1 April 2022, it was resolved at a shareholders' meeting that the registered capital of our Company be increased from RMB12,270,691 to RMB13,673,056. The increased capital of RMB1,402,365 was subscribed by Yuexiu Redhill, at a consideration of RMB40,000,000, among which RMB1,402,365 was recorded as the registered capital of our Company and the rest was recorded as the capital reserve of our Company. The registration of business changes relating to the said transfers was completed on 2 April 2022.

Upon completion of the Series A Financing, the shareholding structure of our Company was as follows:

Shareholders	Registered capital subscribed for	Equity interest
	(RMB)	*(%)*
Controlling Shareholder Group		
Dr. Wu[(1)]	4,712,584	34.47
Shanji Investment[(1)]	1,766,980	12.92
Guangji Investment[(1)]	1,227,069	8.97
Minji Investment[(1)]	1,104,362	8.08
Deji Investment[(1)]	1,104,362	8.08
Other Shareholders		
Yuexiu Redhill	2,314,077	16.92
Mr. Chen Jian	410,436	3.00
Houji Investment	392,656	2.87
Mr. Kong Zhenyong	331,309	2.42
Mr. Zhang Jun	165,654	1.21
Yujiang Yunsheng	110,436	0.81
Fengbang Consulting	33,131	0.24
Total	**13,673,056**	**100**

Note:

1. Dr. Wu, Shanji Investment (being a limited partnership controlled by Dr. Wu as its general partner), Guangji Investment (being the Employee Incentive Platform controlled by Dr. Wu as its general and executive partner) Minji Investment (being a company owned as to 99% by Dr. Wu and 1% by Dr. Pan Xin), and Deji Investment (being a limited partnership controlled by Dr. Wu as its general partner) collectively were interested in approximately 72.52% of the equity interest in the Company.

(d) Series A+ Financing

On 12 May 2022, it was resolved at a shareholders' meeting of our Company that the registered capital of our Company be increased from RMB13,673,056 to RMB14,007,906. The increased capital of RMB334,850 was subscribed by Yangzhou Yaorongquan Venture Capital Enterprise (Limited Partnership) (揚州藥融圈創業投資合夥企業(有限合夥)) ("**Yangzhou Yaorongquan**"), at a consideration of

RMB12,000,000, among which RMB334,850 was recorded as the registered capital of our Company and the rest was recorded as the capital reserve of our Company ("**Series A+ Financing**"). For the background information of Yangzhou Yaorongquan, please refer to the paragraph headed "— Pre-**[REDACTED]** Investments — (d) Information about our Pre-**[REDACTED]** Investors" in this section.

Upon completion of the Series A+ Financing, the shareholding structure of our Company was as follows:

Shareholders	Registered capital subscribed for	Equity interest
	(RMB)	*(%)*
Controlling Shareholder Group		
Dr. Wu[(1)]	4,712,584	33.64
Shanji Investment[(1)]	1,766,980	12.61
Guangji Investment[(1)]	1,227,069	8.76
Minji Investment[(1)]	1,104,362	7.88
Deji Investment[(1)]	1,104,362	7.88
Other Shareholders		
Yuexiu Redhill	2,314,077	16.52
Mr. Chen Jian	410,436	2.93
Houji Investment	392,656	2.80
Yangzhou Yaorongquan	334,850	2.39
Mr. Kong Zhenyong	331,309	2.37
Mr. Zhang Jun	165,654	1.18
Yujiang Yunsheng	110,436	0.79
Fengbang Consulting	33,131	0.24
Total	**14,007,906**	**100**

Note:

1. Dr. Wu, Shanji Investment (being a limited partnership controlled by Dr. Wu as its general partner), Guangji Investment (being the Employee Incentive Platform controlled by Dr. Wu as its general and executive partner) Minji Investment (being a company owned as to 99% by Dr. Wu and 1% by Dr. Pan Xin), and Deji Investment (being a limited partnership controlled by Dr. Wu as its general partner) collectively were interested in approximately 70.77% of the equity interest in the Company.

(e) Series A++ Financing

On 7 October 2023, it was resolved at a shareholders' meeting of our Company that the registered capital of our Company be increased from RMB14,007,906 to RMB14,474,836. The increased capital of RMB466,930 was subscribed by Baiji Investment, at a consideration of RMB16,733,326, among which RMB466,930 was recorded as the registered capital of our Company and the rest was recorded as the capital reserve of our Company. For further details of Baiji Investment, please refer to the paragraph headed "— Pre-**[REDACTED]** Investments — (d) Information about our Pre-**[REDACTED]** Investors" in this section.

Upon completion of the Series A++ Financing, the shareholding structure of our Company was as follows:

Shareholders	Registered capital subscribed	Equity interest
	(RMB)	*(%)*
Controlling Shareholder Group		
Dr. Wu[(1)]	4,712,584	32.56
Shanji Investment[(1)]	1,766,980	12.21
Guangji Investment[(1)]	1,227,069	8.48
Minji Investment[(1)]	1,104,362	7.63
Deji Investment[(1)]	1,104,362	7.63
Baiji Investment[(1)]	466,930	3.23
Other Shareholders		
Yuexiu Redhill	2,314,077	15.99
Mr. Chen Jian	410,436	2.84
Houji Investment	392,656	2.71
Yangzhou Yaorongquan	334,850	2.31
Mr. Kong Zhenyong	331,309	2.29
Mr. Zhang Jun	165,654	1.14
Yijiang Yunsheng	110,436	0.76
Fengbang Consulting	33,131	0.23
Total	**14,474,836**	**100**

Note:

1. Dr. Wu, Shanji Investment (being a limited partnership controlled by Dr. Wu as its general partner), Guangji Investment (being the Employee Incentive Platform controlled by Dr. Wu as its general and executive partner), Minji Investment (being a company owned as to 99% by Dr. Wu and 1% by Dr. Pan Xin), Deji Investment (being a limited partnership controlled by Dr. Wu as its general partner) and Baiji Investment (being a limited partnership controlled by Dr. Wu as its general partner) collectively were interested in approximately 71.73% of the equity interest in the Company.

(f) Series B Financing

Our Company underwent Series B Financing from July 2024 to August 2025 through capital increases ("**Series B Financing**"). Pursuant to the capital increase agreements dated 23 July 2024, 23 December 2024, 27 June 2025, and 7 August 2025, respectively, the registered capital of our Company was increased to RMB19,953,361 and the following Series B Financing investors agreed to subscribe for a total amount of RMB5,478,525 in the registered capital of our Company at an aggregate consideration of RMB190,000,000. The respective subscription amount and consideration paid by the subscribers in Series B Financing are set out below:

Date of Shareholders' Meetings	Date of Capital Increase Agreements	Subscribers[1]	Registered capital subscribed for	Consideration	Basis of consideration
			(RMB)	*(RMB)*	
October 30, 2024 . .	July 23, 2024	Lianyungang Economic and Technological Development Area Xinchengxin Medical Investment Partnership (Limited Partnership) 連雲港經濟技術開發區新誠新醫藥投資合夥企業(有限合夥) ("**Xincheng New Medical**")	865,030	30,000,000	Determined based on arm's length negotiations among the relevant parties taking into account the pre-money valuation of our Company
	July 23, 2024	Lianyungang Lianjin Modern Services Investment Fund Partnership (Limited Partnership)* 連雲港市連金現代服務業投資基金合夥企業(有限合夥) ("**Lianjin Modern**")	576,687	20,000,000	Determined based on arm's length negotiations among the relevant parties taking into account the pre-money valuation of our Company
February 17, 2025 .	December 23, 2024	Zhuhai Fund III Venture Capital Partnership (Limited Partnership)* (珠海基金三期創業投資合夥企業(有限合夥)) ("**Zhuhai Fund III**")	865,030	30,000,000	Determined based on arm's length negotiations among the relevant parties taking into account the pre-money valuation of our Company
	December 23, 2024	Zhejiang Venture Capital Group Co., Ltd.* (浙江省創業投資集團有限公司) ("**Zhejiang VC**")	865,030	30,000,000	Determined based on arm's length negotiations among the relevant parties taking into account the pre-money valuation of our Company
July 9, 2025	June 27, 2025	Mr. Chu Xianfu (褚先富)	144,172	5,000,000	Determined based on arm's length negotiations among the relevant parties taking into account the pre-money valuation of our Company
	June 27, 2025	Mr. Pan Lu (潘璐)	144,172	5,000,000	Determined based on arm's length negotiations among the relevant parties taking into account the pre-money valuation of our Company
	June 27, 2025	Guangzhou Guangyao Industry Investment Venture Capital Fund Partnership (Limited Partnership)* (廣州廣藥產投創業投資基金合夥企業(有限合夥)) ("**Guangyao VC**")	865,030	30,000,000	Determined based on arm's length negotiations among the relevant parties taking into account the pre-money valuation of our Company
August 28, 2025 . .	August 7, 2025	Yueyang Haiyer Pharmaceutical Investment Partnership (Limited Partnership)* (岳陽市海耶爾醫藥產業投資合夥企業(有限合夥)) (formerly known as Yueyang Caijin Haiyer Taiyi Industry Investment Partnership (Limited Partnership)* 岳陽市財金海耶爾泰益產業投資合夥企業(有限合夥)) ("**Yueyang LP**")	1,153,374	40,000,000	Determined based on arm's length negotiations among the relevant parties taking into account the pre-money valuation of our Company

Note:

(1) For background information of the Pre-**[REDACTED]** Investors, please refer to the paragraph headed "— Pre-**[REDACTED]** Investments — (d) Information about Our Pre-**[REDACTED]** Investors" in this section.

Upon completion of the Series B Financing, the shareholding structure of our Company was as follows:

Shareholders	Registered capital subscribed for	Equity interest
	(RMB)	*(%)*
Controlling Shareholder Group		
Dr. Wu[(1)]	4,712,584	23.62
Shanji Investment[(1)]	1,766,980	8.86
Guangji Investment[(1)]	1,227,069	6.15
Deji Investment[(1)]	1,104,362	5.53
Minji Investment[(1)]	1,104,362	5.53
Baiji Investment[(1)]	466,930	2.34
Other Shareholders		
Yuexiu Redhill	2,314,077	11.60
Guangdong Province Entities		
Zhuhai Fund III[(2)]	865,030	4.34
Guangyao VC[(2)]	865,030	4.34
Subtotal	**1,730,060**	**8.68**
Yueyang LP	1,153,374	5.78
Xincheng New Medical	865,030	4.34
Zhejiang VC[(3)]	865,030	4.34
Lianjin Modern[(4)]	576,687	2.89
Mr. Chen Jian	410,436	2.06
Houji Investment	392,656	1.97
Yangzhou Yaorongquan	334,850	1.68
Mr. Kong Zhenyong	331,309	1.66
Mr. Zhang Jun	165,654	0.83
Mr. Chu Xianfu	144,172	0.72
Mr. Pan Lu	144,172	0.72
Yujiang Yunsheng	110,436	0.55
Fengbang Consulting	33,131	0.17
Total	**19,953,361**	**100**

Note:

1. Dr. Wu, Shanji Investment (being a limited partnership controlled by Dr. Wu as its general partner), Guangji Investment (being the Employee Incentive Platform controlled by Dr. Wu as its general and executive partner), Minji Investment (being a company owned as to 99% by Dr. Wu and 1% by Dr. Pan Xin), Deji Investment (being a limited partnership controlled by Dr. Wu as its general partner) and Baiji Investment (being a limited partnership controlled by Dr. Wu as its general partner) collectively were interested in approximately 52.03% of the equity interest in the Company.
2. Each of Zhuhai Fund III, Guangyao VC and Shaoguan LP is ultimately controlled by governmental bodies of the Guangdong Province, Guangdong Province People's Government is therefore deemed to be interested in the Shares held by Zhuhai Fund III, Guangyao VC and Shaoguan LP.
3. Zhejiang VC is ultimately controlled by Zhejiang Provincial People's Government.
4. Lianjin Modern is ultimately controlled by Lianyungang Municipal People's Government and Department of Finance of Jiangsu Province.

(g) Series C Financing

On November 17, 2025, it was resolved at a shareholders' meeting of our Company that the registered capital of our Company be increased from RMB19,953,361 to RMB20,352,428. Pursuant to the capital contribution agreement dated November 25, 2025, the increased capital of RMB399,067 was subscribed by Capital Development Investment Fund (韶關市首建投創業投資基金合夥企業(有限合夥)) ("**Shaoguan LP**"), at a consideration of RMB30,000,000, among which RMB399,067 was recorded as the registered capital of our Company and the rest was recorded as the capital reserve of our Company ("**Series C Financing**"). Shaoguan LP is a Pre-**[REDACTED]** Investor. For further details, see the paragraph titled "— Pre-**[REDACTED]** Investments — (d) Information about our Pre-**[REDACTED]** Investors" in this section.

(h) Conversion into a joint stock limited company

On November 12, 2025, it was resolved at a shareholders' meeting of our Company that our Company be converted in to a joint stock limited Company. On November 26, 2025, the conversion took place with the corporate name changed to Guangzhou Novaken Pharm Co., Ltd. (廣州新濟醫藥股份有限公司). Upon completion of the conversion, the registered capital of our Company was RMB19,953,361 divided into 19,953,361 shares, with a nominal value of RMB1.00 each.

Upon completion of the Series C Financing, the shareholding structure of our Company was as follows:

Shareholders	Number of shares	shareholding
		(%)
Controlling Shareholder Group		
Dr. Wu[(1)]	4,712,584	23.15
Shanji Investment[(1)]	1,766,980	8.68
Guangji Investment[(1)]	1,227,069	6.03
Deji Investment[(1)]	1,104,362	5.43
Minji Investment[(1)]	1,104,362	5.43
Baiji Investment[(1)]	466,930	2.29
Subtotal	**10,382,287**	**51.01**
Other Shareholders		
Yuexiu Redhill	2,314,077	11.37
Guangdong Province Entities		
— Zhuhai Fund III[(2)]	865,030	4.25
— Guangyao VC[(2)]	865,030	4.25
— Shaoguan LP[(2)]	399,067	1.96
Subtotal	**2,129,127**	**10.46**
Yueyang LP	1,153,374	5.67
Xincheng New Medical	865,030	4.25
Zhejiang VC[(3)]	865,030	4.25
Lianjin Modern[(4)]	576,687	2.83
Mr. Chen Jian	410,436	2.02
Houji Investment	392,656	1.93
Yangzhou Yaorongquan	334,850	1.65
Mr. Kong Zhenyong	331,309	1.63
Mr. Zhang Jun	165,654	0.81
Mr. Chu Xianfu	144,172	0.71
Mr. Pan Lu	144,172	0.71
Yujiang Yunsheng	110,436	0.54
Fengbang Consulting	33,131	0.16
Total	**20,352,428**	**100**

Note:

1. Dr. Wu, Dr. Pan Xin (being the spouse of Dr. Wu), Shanji Investment (being a limited partnership controlled by Dr. Wu as its general partner), Guangji Investment (being the Employee Incentive Platform controlled by Dr. Wu as its general and executive partner), Minji Investment (being a company owned as to 99% by Dr. Wu and 1% by Dr. Pan Xin), Deji Investment (being a limited partnership controlled by Dr. Wu as its general partner) and Baiji Investment (being a limited partnership controlled by Dr. Wu as its general partner) collectively are presumed to be interested in approximately 51.01% of the equity interest in the Company, and they constitute our Controlling Shareholder Group.
2. Each of Zhuhai Fund III, Guangyao VC and Shaoguan LP is ultimately controlled by governmental bodies of the Guangdong Province.
3. Zhejiang VC is ultimately controlled by Zhejiang Provincial People's Government.
4. Lianjin Modern is ultimately controlled by Lianyungang Municipal People's Government and Department of Finance of Jiangsu Province.

COMPLIANCE WITH PRC LAWS AND REGULATIONS

Our PRC Legal Advisor confirmed that the equity transfers, conversion into a joint stock limited company and the capital increases as described in this section were registered with local registration authorities of the PRC in accordance with applicable PRC laws and regulations, and the above equity changes are legal and valid.

EMPLOYEE INCENTIVE PLATFORM

In recognition of the contribution of our employees and to incentivise them to further promote our development, we adopted the Pre-**[REDACTED]** Equity Incentive Scheme in August 2025. The Pre-**[REDACTED]** Equity Incentive Scheme shall be administered by the department designated by the Board, who shall have the right to, among others, (i) determine the persons who will be granted awards under the Pre-**[REDACTED]** Equity Incentive Scheme and the relevant terms of the awards; (ii) develop, establish and construe the provisions of the Pre-**[REDACTED]** Equity Incentive Scheme, (iii) adjust and amend any of the provisions of the Pre-**[REDACTED]** Equity Incentive Scheme, (iv) terminate the Pre-**[REDACTED]** Equity Incentive Scheme, and (v) make such other decisions or determinations as it shall deem appropriate in the administration of the Pre-**[REDACTED]** Equity Incentive Scheme.

Guangji Investment was established as our Employee Incentive Platform on August 25, 2021 under the laws of the PRC, with its sole general and executive partner being Dr. Wu. Thus, all management power and voting rights of Guangji Investment reside with Dr. Wu. As of the Latest Practicable Date, Guangji Investment was controlled by Dr. Wu as its general partner, who directly owns approximately 1.00% of the partnership interest, and Dr. Wu as sole general partner exercises all the voting rights attached to the Shares held by Guangji Investment. As of the Latest Practicable Date, Guangji Investment had 27 limited partners, of which approximately 92.26% of the partnership interest was held by Huaji Investment, and the remaining partnership interest of approximately 6.74% was held by 26 individuals, all of whom are employees of our Group. Huaji Investment was in turn controlled by Ms. Jia Lu as its sole general and executive partner who owns approximately 9.76% of the partnership interest in Huaji Investment, the remaining partnership interest in Huaji Investment of approximately 90.24% was held by 20 individuals, all of whom are employees of our Group, with individual partnership interest ranging from 0.81% to 17.81%, and Ms. Jia Lu as sole general partner exercises all voting rights attached to the shares of Guangji Investment held by Huaji Investment.

As of the Latest Practicable Date, the awards under the Employee Incentive Platform have been fully granted. In addition, the underlying Shares under the Pre-**[REDACTED]** Equity Incentive Scheme had already been issued; no new Shares will be issued pursuant to the Pre-**[REDACTED]** Equity Incentive Scheme.

For further details of our Employee Incentive Platform, please also refer to "— Statutory and General Information — D. Other Information — 1. Pre-**[REDACTED]** Equity Incentive Scheme" in Appendix VI in this Document.

SHARE SUBDIVISION UPON THE [REDACTED]

Pursuant to the resolutions of the Shareholders dated December 12, 2025, the Shares will be split on a one-for-five basis immediately upon **[REDACTED]**, and the nominal value of the Shares will be changed from RMB1.0 each to RMB0.20 each (i.e. the Share Subdivision). Immediately after the Share Subdivision but prior to the completion of the **[REDACTED]**, the registered share capital of the Company will be RMB20,352,428 with 101,762,140 Shares at a nominal value of RMB0.20 each.

PRE-[REDACTED] INVESTMENTS

The Pre-**[REDACTED]** Investments comprise of (i) six rounds of Pre-**[REDACTED]** Investments to our Company pursuant to the respective capital increase agreements entered into with certain Pre-**[REDACTED]** Investors; and (ii) the acquisition of Shares by certain Pre-**[REDACTED]** Investors from existing Shareholders.

(a) Principal Terms of the Pre-[REDACTED] Investments and Pre-[REDACTED] Investors' Rights

The following table summarises the key terms of the six rounds of Pre-**[REDACTED]** Investments to our Company pursuant to the respective capital increase agreements entered into with certain Pre-**[REDACTED]** Investors:

	Series Angel[4][5][6]	Series A	Series A+	Series A++	Series B	Series C
Amount of registered capitals acquired by Pre-[REDACTED] Investors *(RMB)*	1,043,622	1,402,365	334,850	466,930	5,478,525	399,067
Amount of consideration paid *(RMB)*	1,778,000	40,000,000	12,000,000	16,733,326	190,000,000	30,000,000
Implied post-money valuation[1] *(RMB million)*	18.8	390.0	502.0	518.9	692.0	1,530.0
Date of agreement(s)	February 20, 2016	September 26, 2021	April 28, 2022	September 27, 2023	July 23, 2024, December 23, 2024, June 27, 2025, August 7, 2025	November 25, 2025

	Series Angel[4][5][6]	Series A	Series A+	Series A++	Series B	Series C
Date of payment of full consideration	November 1, 2016	March 29, 2022	May 10, 2022	December 9, 2025	August 28, 2025	November 27, 2025
Cost per Share paid under the Pre-[REDACTED] Investments (approximately) *(RMB)*[2]	0.34	5.70	7.17	7.17	6.94	15.04
Discount to the [REDACTED] (approximately)[3]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Basis of determination of the valuation and consideration	The considerations for each round of Pre-**[REDACTED]** Investments were determined based on arm's length negotiation amongst the respective Pre-**[REDACTED]** Investors and our Group after taking into consideration of the timing of the investments, the status of our business operations, financial performance of our Group, and the prospects of our business.					
Lock-up Period	Pursuant to the PRC Company Law, Shares issued by our Company prior to the **[REDACTED]** (including those held by the Pre-**[REDACTED]** Investors) will be subject to a lock-up period of one year from the **[REDACTED]**.					
[REDACTED] from the Pre-[REDACTED] Investments	We utilised the **[REDACTED]** from the Pre-**[REDACTED]** Investments for the principal business of our Group, including but not limited to research and development of our products, the growth and expansion of our business and general working capital purposes. As of the Latest Practicable Date, we have utilised 79.2% of the proceeds from the Pre-**[REDACTED]** Investments.					
Strategic benefits to our Company brought by the Pre-[REDACTED] Investors	At the time of the Pre-**[REDACTED]** Investment, we believed that our Group could benefit from the additional funds raised from the Pre-**[REDACTED]** Investments as well as their knowledge and experience. In addition, with the introduction of the Pre-**[REDACTED]** Investors, the management team of our Group has become increasingly experienced in corporate governance enhancement and shareholder communications.					

Notes:

(1) The primary reasons for the increase in the valuation of our Company are set forth below:

1. between Series Angel Financing and Series A Financing, the increase in the valuation of our Company was primarily due to the progress we made in our research and development as our Company has launched R&D on microneedle drug formulation technology platform in 2015, and has continued with research after securing Series Angel Financing, including but not limited to R&D of microneedle structures, core formulations, manufacturing processes and manufacturing equipment, and developed material patents for our microneedle drug formulation technology platform, including the patent on microneedle patch technologies and their preparation methods for weight loss, acne and hypertrophic scar improvement, anti-wrinkle and whitening;
2. between Series A Financing and Series A+ Financing, the increase in the valuation of our Company was primarily due to (i) our launch of R&D on our Core Product DHMP, (ii) the screening and validation of drug varieties, and (iii) the development of material patents for our technology platforms;
3. between Series A+ Financing, Series A++ Financing, and Series B Financing, there was no significant R&D progress made in the R&D of our Core Products, accordingly, the valuation of our Company remained relatively stable;
4. between Series B Financing and Series C Financing, the increase in the valuation of our Company was primarily due to the significant progress made in the R&D of our Core Products and achievements of milestones, including but not limited to the commencement and completion of Phase I clinical trials in PRC of the pediatric indication of our DHMP, the commencement of Phase II clinical trials in PRC of the pediatric indication of our DHMP, the obtaining of approval from the NMPA to initiate Phase II clinical trials in PRC of the adult indication of our DHMP, the commencement and completion of Phase I clinical trials in PRC of XJN010 and the commencement of Phase II clinical trials in PRC of XJN010 in 2025; and
5. between Series C Financing and upon **[REDACTED]**, the increase in valuation of our Company is primarily due to the clinical achievements and regulatory milestones for our pipeline products between November 2025 and **[REDACTED]**, the expected key progress includes (i) completion of Phase II clinical trials in PRC of the pediatric indication of our DHMP; (ii) commencement of Phase II clinical trials in PRC of the adult indication of our DHMP; (iii) obtaining IND approval from the FDA for commencing Phase I clinical trials in U.S. of the adult indication of our DHMP; (iv) obtaining IND approval from the FDA for commencing Phase II clinical trials in U.S. of XJN010; and (v) obtaining IND approval from NMPA for commencing Phase I clinical trials in PRC of XJN026.

(2) The cost per Share was calculated based on the amount of investment made and amount of registered capital or the number of Shares held by the Pre-**[REDACTED]** Investor immediately after the Pre-**[REDACTED]** Investment and assume that the Share subdivision is completed, pursuant to which the registered Shares of the Company with nominal value of RMB1.00 each is split into 5 Shares with nominal value of RMB0.20 each with effect on **[REDACTED]**.

(3) The discount to the **[REDACTED]** is calculated based on the assumption that the **[REDACTED]** is HK$**[REDACTED]** per **[REDACTED]** (being the mid-point of the indicative **[REDACTED]** range of HK$**[REDACTED]** to HK$**[REDACTED]** per **[REDACTED]**), assuming that the **[REDACTED]** is not exercised.

(4) The equity transfer in September 2015 is not included in the table, as the consideration of the transfer in the total amount of RMB400,000 was paid to Dr. Wu by the relevant Pre-**[REDACTED]** Investors, our Company did not receive any proceeds from the equity transfer in September 2015. Taking into account the Company's conversion into a joint stock limited company, the cost per Share of such transfer was approximately RMB1.0.

(5) The equity transfers in April 2017 by Dr. Wu to Minji Investment and Shanji Investment respectively are not included in the table, as the consideration of the transfers of RMB1,104,362 and RMB1,766,980 were paid to Dr. Wu by Minji Investment and Shanji Investment respectively, our Company did not receive any proceeds. Taking into account the Company's conversion into a joint stock limited company, the cost per Share of such transfers was approximately RMB1.0.

(6) The equity transfer in June 2017 is not included in the table, as the consideration of the transfer in the total amount of RMB188,148 was paid to Guangzhou Yinsui by Yujiang Yunsheng, our Company did not receive any proceeds from the equity transfer in June 2017. Taking into account the Company's conversion into a joint stock limited company, the cost per Share of such transfer was approximately RMB1.70.

(7) The equity transfer in October 2019 by Dr. Wu to Deji Investment is not included in the table, as the consideration of the transfer of RMB1,104,362 was paid to Dr. Wu by Deji Investment. Taking into account the Company's conversion into a joint stock limited company, the cost per Share of such transfers was approximately RMB1.0.

(8) The equity transfer in December 2021 is not included in the table, as the consideration of the transfer in the total amount of RMB15 million was paid to Yuexiu Redhill to Dr. Wu and Ms. Qin, respectively, our Company did not receive any proceeds from the equity transfer in December 2021. The considerations of such transfer were fully settled on 1 December 2021. Taking into account the Company's conversion into a joint stock limited company, the cost per Share of such transfer was approximately RMB16.45.

(b) Special Rights of the Pre-[REDACTED] Investors

Save for those who invested during Series Angel Financing, the Pre-**[REDACTED]** Investors were granted certain special rights in relation to our Company under their investment agreements, including, among others, redemption rights, pre-emptive sale rights, drag-along rights, anti-dilution rights, liquidation preference rights, inspection and information rights. Pursuant to the shareholders' agreements entered into by our Company and the relevant Shareholders on November 25, 2025, (i) all special rights that involve the Company's obligation to make cash (or other asset) payments had been terminated; (ii) the redemption rights will automatically terminate from the date preceding our Company's first submission of the **[REDACTED]** form to the Stock Exchange; and (iii) all other special rights (including but not limited to, pre-emptive sale rights, drag-along rights, anti-dilution rights, and liquidation preference rights) available to our Pre-**[REDACTED]** Investors not covered in (i) and (ii) above will terminate from the date preceding the **[REDACTED]**. In the event that the application for **[REDACTED]** is not approved, is withdrawn, or the review is terminated by the stock exchange or other securities regulatory authorities, the special rights shall be reinstated.

(c) Sole Sponsor's Confirmation

On the basis that (i) the respective consideration for the Pre-**[REDACTED]** Investments was settled no less than 120 clear days before the **[REDACTED]**, and (ii) all special rights will cease to exist after **[REDACTED]**, the Sole Sponsor confirms that the Pre-**[REDACTED]** Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants.

(d) Information about our Pre-[REDACTED] Investors

Our existing Pre-**[REDACTED]** Investors include a Sophisticated Investor identified pursuant to Chapter 2.3 of the Guide for New Listing Applicants issued by the Stock Exchange, namely Guangzhou Redhill Equity Investment Management Co., Ltd. (廣州丹麓股權投資管理有限公司) ("**Guangzhou Redhill**"), investing through Yuexiu Redhill. We became acquainted with our Pre-**[REDACTED]** Investors through our business network. The background information on our Pre-**[REDACTED]** Investors is as set out below.

Sophisticated Investor

1. Guangzhou Redhill (investing through Yuexiu Redhill)

Yuexiu Redhill is a limited partnership established under the laws of the PRC and is primarily engaged in enterprise management, trade management and investment management. As of Latest Practicable Date, Yuexiu Redhill had two general partners, namely (1) Guangzhou Redhill, which is ultimately controlled by Ms. Lu Qinchao (陸勤超), holding approximately 2.08% of the partnership interest; and (2) Guangzhou Redhill Investment Development Enterprise (Limited Partnership)* (廣州丹麓投資發展合夥企業(有限合夥)) ("**Redhill LP**"), the general partner of which is also Guangzhou Redhill, holding approximately 0.42% of the partnership interest therein. Accordingly, Ms. Lu Qinchao, as the sole general partner of both Guangzhou Redhill and Redhill LP, exercises all voting rights of Yuexiu Redhill (via Guangzhou Redhill and Redhill LP). As of the Latest Practicable Date, Guangzhou Redhill had four shareholders, with the largest shareholder, namely Ms. Lu Qinchao, holding 60% of the equity interest, and none of the remaining three shareholders held 30% or more equity interest therein. As of the Latest Practicable Date, Yuexiu Redhill had 17 limited partners, with the largest limited partner, Guangzhou Yuexiu Redhill Phase II Investment Development Partnership (Limited

Partnership)* (廣州越秀區丹麓二期投資發展合夥企業(有限合夥)) holding 20.00% of the partnership interest, and the remaining limited partners' partnership interest ranging from 1.67% to 16.67%, none of the 17 limited partners (including the largest limited partner, Guangzhou Yuexiu Redhill Phase II Investment Development Partnership (Limited Partnership) which holds 20% partnership interest) held 30% or more equity interest therein.

Guangzhou Redhill is an investment company focusing on investment in the biomedicine and healthcare industry, and had assets under management of not less than HK$1.5 billion as of September 30, 2021 (prior to the investment in our Company) and not less than HK$2.2 billion as of September 30, 2025 (including the investment in our Company). The investment portfolio of funds controlled by Guangzhou Redhill includes Beijing Meibai Pharmaceutical Biotechnology Development Co., Ltd. (北京美柏醫藥生物技術發展有限公司), Guangzhou Yuanbo Medical Technology Co., Ltd. (廣州源博醫藥科技有限公司) and Langmu Life (Wenzhou) Technology Co., Ltd. (朗目生命(温州)科技有限公司) (currently known as Guangzhou Langmu Life Science Technology Co., Ltd.* (廣州朗目生命科技有限公司)). Ms. Lu Qinchao obtained her Bachelor's degree in Clinical Medicine from the Tongji Medical College of Huazhong University of Science and Technology, Master of Business Administration from The Chinese University of Hong Kong and Executive Master of Business Administration from The Cheung Kong Graduate School of Business. Ms. Lu Qinchao has over 20 years of experience in the investment industry, particularly, she was responsible for investments in various companies in the healthcare and life sciences sector, such as Jianfan Biological Technology Group Co., Ltd. (健帆生物科技集團股份有限公司), Shenzhen New Industries Biomedical Engineering Co., Ltd. (深圳市新產業生物醫學工程股份有限公司), Winner Medical Co., Ltd. (穩健醫療用品股份有限公司), iRay Technology Company Limited (奕瑞電子科技集團股份有限公司) and XtalPi Holdings Limited (晶泰科技控股有限公司). Ms. Lu worked at Sequoia Capital China from 2005 to 2018, and last served as a Partner. Since 2018, Ms. Lu has held the position of Founding and Managing Partner (創始及執行合夥人) at Guangzhou Redhill. To the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, save that Mr. Li Jie, a non-executive Director, is the biotech partner of Redhill Capital (丹麓資本) group (which includes Guangzhou Redhill and other entities), each of Yuexiu Redhill, Guangzhou Redhill, Redhill LP, Ms. Lu Qinchao, the limited partners of Yuexiu Redhill and the limited partners of Redhill LP is an Independent Third Party.

Guangzhou Redhill first invested in our Company in December 2021 through the equity transfer from Dr. Wu and Ms. Qin to Yuexiu Redhill. Prior to making the investment decision, Guangzhou Redhill conducted comprehensive due diligence exercise on our Group, including but not limited to financial due diligence and legal due diligence exercises carried out by independent advisors of Guangzhou Redhill. Based on the results of such due diligence exercises, the investment committee of Guangzhou Redhill approved of the proposed investment of Guangzhou Redhill (through Yuexiu Redhill) in our Company.

Other Pre-*[REDACTED] ***Investors***

2. Minji Investment

Minji Investment is a limited liability company established under the laws of the PRC and its equity interest is owned as to 99% by Dr. Wu and 1% by Dr. Pan Xin, respectively. Minji Investment was set up principally as a family shareholding platform for Dr. Wu and his spouse, Dr. Pan Xin.

3. Shanji Investment

Shanji Investment is a limited partnership established under the laws of the PRC and is controlled by Dr. Wu as its general partner, who owns 37.50% of the partnership interest, and Dr. Wu as sole general partner exercises all voting rights attached to the Shares held by Shanji Investment. As of the Latest Practicable Date, Shanji Investment had six limited partners, namely, Mr. Li Dechao (李德超) (an Independent Third Party, and personal friend of Dr. Wu), Mr. Chen Hangping (陳航平) (a current employee of the Company), Ms. Nie Jinyuan (聶金媛) (a current employee of the Company), Dr. Pan Xin, Ms. Li Manqing (李蔓青) (a current employee of the Company) and Ms. Jia Lu, holding 31.25%, 12.50%, 6.25%, 6.25%, 4.69% and 1.56%, respectively, of the partnership interests in Shanji Investment. Shanji Investment was set up principally as a shareholding platform at the early stage of our development for Dr. Wu, Dr. Pan Xin and early investors with relatively small capital investment, including primarily employee shareholders and an external investor. The purposes of such shareholding platform are for streamlining our shareholding structure and ease of shareholders management . The limited partners each individually has insubstantial voting power due to their respective minority interest and would like to enhance shareholders decision making efficiency, and hence entrusted Dr. Wu to exercise all key management decisions of our Company by consolidating voting power to Dr. Wu.

4. Deji Investment

Deji Investment is a limited partnership established under the laws of the PRC and is controlled by Dr. Wu as its general partner, who owns approximately 40.92% of the partnership interest, and Dr. Wu as sole general partner exercises all voting rights attached to the Shares held by Deji Investment. As of the Latest Practicable Date, Deji Investment had eight limited partners, including (i) Mr. Zhang Jiayi (張家義), Mr. Zhou Hui (周輝), Mr. Liu Lei (劉磊), Zhuhai Hengqin Yuandian Junren Venture Capital Center (Limited Partnership)* (珠海橫琴原點君仁創業投資中心(有限合夥)), Mr. Zhao Hui (趙輝), Guangzhou Heguang Tongchen Business Management Limited Liability Company* (廣州和光同塵商務管理有限責任公司), Mr. Kong Lei (孔雷), all being Independent Third Parties; and (ii) Mr. Pang Hao (龐浩), a former director of a subsidiary of our Company, with their respective partnership interests in Deji Investment ranging from approximately 2.63% to 17.54%. Deji Investment was set up principally as a shareholding platform at the early stage of our development for Dr. Wu and investors with relatively small capital investment. The purposes of such shareholding platform are for streamlining our shareholding structure and ease of shareholders management of external investors . The limited partners each individually have insubstantial voting power due to their respective minority interest and would like to enhance shareholders decision making efficiency, and hence entrusted Dr. Wu to exercise all key management decisions of our Company by consolidating voting power to Dr. Wu.

5. Baiji Investment

Baiji Investment is a limited partnership established under the laws of the PRC and is controlled by Dr. Wu as its general partner who owned approximately 0.05% of the partnership interest, and Dr. Wu as sole general partner exercises all voting rights attached to the Shares held by Baiji Investment. As of the Latest Practicable Date, Baiji Investment had two limited partners, namely, Double Sky Investments Limited (德天投資有限公司), a company wholly owned by Mr. Yang Tianrun, an Independent Third Party and personal friend of Dr. Wu, and Dr. Pan Xin, holding approximately 99.94% and 0.01%, respectively, of the partnership interests in Baiji Investment (due to the statutory requirement of having a minimum of two partners for a limited partnership, Dr. Pan Xin subscribed for a nominal partnership interest at the time of establishment of Baiji Investment prior to the finalisation of the investment by Double Sky Investments Limited in our Company via Baiji Investment). Baiji Investment was set up principally as a shareholding platform for an external investor, namely Double Sky Investments Limited. Double Sky Investments Limited has insubstantial voting power due to its minority interest and would like to enhance shareholders decision making efficiency, and hence entrusted Dr. Wu to exercise all key management decisions of our Company by consolidating voting power to Dr. Wu.

6. Guangdong Province Entities — Zhuhai Fund III, Guangyao VC and Shaoguan LP

Zhuhai Fund III

Zhuhai Fund III is a limited partnership established under the laws of the PRC and is primarily engaged in private equity investment and investment management. As of the Latest Practicable Date, the general partner of Zhuhai Fund III is Guangdong Hengqin Jintou Venture Investment Fund Management Co., Ltd* (廣東橫琴金投創業投資基金管理有限公司), holding approximately 0.10% of the partnership interest and is wholly owned by Zhuhai Gree Group Co., Ltd. (珠海格力集團有限公司) ("**Zhuhai Gree**"), whose beneficial owners are Zhuhai Municipal People's Government State-owned Assets Supervision and Administration Commission (珠海市人民政府國有資產監督管理委員會) as to 90% of the equity interest and Department of Finance of Guangdong Province as to 10% of the equity interest. As of the Latest Practicable Date, Zhuhai Fund III had one limited partner, namely Zhuhai Gree, which held 99.90% of the partnership interest.

To the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, each of Zhuhai Fund III, Guangdong Hengqin Jintou Venture Investment Fund Management Co., Ltd, and Zhuhai Gree is an Independent Third Party.

Guangyao VC

Guangyao VC is a limited liability partnership established under the laws of the PRC and is primarily engaged in venture capital investment, equity investment and investment management. The general partner of Guangyao VC is Guangzhou Guangyao Capital Private Fund Management Co., Ltd.* (廣州廣藥資本私募基金管理有限公司) ("**Guangzhou VC**"), holding approximately 1.00% of the partnership interest and is owned as to (1) 80% by Guangzhou Pharmaceutical Holdings Limited (廣州醫藥集團有限公司), whose beneficial owner is The People's Government of Guangzhou City (廣州市人民政府); and (2) 20% by Guangzhou Mingshuo Investment Co., Ltd. (廣州明碩投資有限公司), the ultimate beneficial owner of which is Mr. Chen Jing (陳靜), holding 65.00% of the equity interest. We became acquainted with Guangyao VC through our business network. As of the Latest Practicable Date, Guangyao VC had three limited partners, namely Guangzhou Pharmaceutical Fund Equity Investment

Partnership (Limited Partnership) (廣州廣藥基金股權投資合夥企業(有限合夥)) ("**Guangyao Equity**"), Guangzhou State-owned Enterprise Innovation Fund Co., Ltd., (廣州國企創新基金股份有限公司) ("**Guangzhou SOE**") and Guangzhou Industrial Investment Biomedical and Health Special Fund of Funds Partnership (Limited Partnership) (廣州產投生物醫藥與健康專項母基金合夥企業(有限合夥)) ("**Guangzhou Industrial**"), holding approximately 39.00%, 30.00% and 30.00% of the partnership interests, respectively. The general partner of Guangyao Equity is Guangzhou VC. The sole shareholder of Guangzhou SOE is Guangzhou Jinkong Fund Management Co., Ltd (廣州金控基金管理有限公司), which is owned by The People's Government of Guangzhou City as to 90.75% of the shares and Department of Finance of Guangdong Province (廣東省財政廳) as to 9.25% of the shares. Each of the general partner and limited partner(s) of Guangyao Equity and Guangzhou Industrial is also ultimately controlled by The People's Government of Guangzhou City. The general partner of Guangzhou Industry is Guangzhou Industrial Investment Private Equity Fund Management Co., Ltd.* (廣州產投私募基金管理有限公司) ("**Guangzhou Investment**"), holding approximately 0.02% of the partnership interest and is ultimately controlled by The People's Government of Guangzhou City and Department of Finance of Guangzhou Province. Guangzhou Industrial has two limited partners, namely Guangzhou Industrial Investment Master Fund Co., Ltd.* (廣州產業投資母基金有限公司) and Guangzhou Industrial Investment Capital Management Co., Ltd.* (廣州產業投資資本管理有限公司), holding approximately 98.98% and 1% of the partnership interest, respectively. Guangzhou Industrial Investment Master Fund Co., Ltd. is owned by The People's Government of Guangzhou City and Department of Finance of Guangzhou Province.

To the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, each of Guangyao VC, Guangzhou VC, Guangzhou Pharmaceutical Holdings Limited, Guangzhou Equity, Guangzhou SOE, and Guangzhou Industrial is an Independent Third Party.

Shaoguan LP

Shaoguan LP is a limited partnership established under the laws of the PRC and is primarily engaged in investment through private equity fund, investment management and asset management. The general partner of Shaoguan LP is Shoujiantou Investment Management (Beijing) Co., Ltd. (首建投投資管理(北京)有限公司), ("**Shoujiantou Investment**"), holding approximately 0.9% of the partnership interest. Shoujiantou Investment is owned as to 52% by Shoujiantou Capital Investment (Beijing) Company Limited* (首建投資本管理(北京)股份有限公司) ("**Shoujiantou Capital**"). Shoujiantou Capital was owned as to 65% of the shareholding interest by Beijing Yalong Technology Center (Limited Partnership)* (北京椏櫳科技中心(有限合夥)), which was controlled by its general partner, namely Mr. Liu Chang (劉暢), as to 78% of the partnership interest. None of the other three shareholders of Shoujiantou Investment held more than 30% of the shareholding interests. As of the Latest Practicable Date, Shaoguan LP had one limited partner, namely Wengyuan County Lanjian Management Consulting Center (Limited Partnership)* (翁源縣蘭建管理諮詢中心(有限合夥)), holding 99.1% of the partnership interest, which was ultimately controlled by Wengyuan County Public Asset Management Center* (翁源縣公共資產管理中心). To the best of our Director's knowledge, information and belief, having made all reasonable enquires, each of Shaoguan LP, Shoujiantou Investment, Shoujiantou Capital, Mr. Liu Chang, Wengyuan County Lanjian Management Consulting Center (Limited Partnership) and Wengyuan County Public Asset Management Center is an Independent Third Party.

7. Mr. Chen Jian

Mr. Chen Jian is an individual investor of our Company and is a senior partner at Beijing Guoding Law Firm* (北京國鼎律師事務所). Mr. Chen Jian is an acquaintance of Dr. Wu and was introduced to the Company by Dr. Wu. To the best knowledge of our Directors, Mr. Chen Jian is an Independent Third Party.

8. Mr. Kong Zhenyong

Mr. Kong Zhenyong is an individual investor of our Company and is the chairman of the board of Shenzhen Hanmo Private Fund Investment Partnership (Limited Partnership)* (深圳瀚漠私募證券基金管理合夥企業(有限合夥)). Mr. Kong Zhenyong was introduced to the Company by Mr. Rao Hangzhou, joint company secretary of our Company, during Mr. Rao's tenure at Zhongtai Securities Co., Ltd. To the best knowledge of our Directors, Mr. Kong Zheyong is an Independent Third Party.

9. Mr. Zhang Jun

Mr. Zhang Jun is an individual investor of our Company. He is a retired individual. Mr. Zhang Jun was introduced to the Company by Mr. Rao during Mr. Rao's tenure at Zhongtai Securities Co., Ltd. To the best knowledge of our Directors, Mr. Zhang Jun is an Independent Third Party.

10. Yujiang Yunsheng

Yujiang Yunsheng is a limited partnership set up under the laws of PRC, and is primarily engaged in capital markets and investment services. As of the Latest Practicable Date, Yujiang Yunsheng is owned as to 1% of the partnership interest by its general partner, Yujiang Anhe Enterprise Management Centre* (余江縣安和企業管理有限公司) ("**Yujiang Anhe**"), which is ultimately controlled by Mr. Hu Zhiyong (胡志勇), and 99% of the partnership interest by its limited partner, Yujiang Shenghe Investment Service Center* (余江縣升和投資服務中心) ("**Yujiang Investment**"), which Mr. HuZhiyong wholly owns. To the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, each of Yujiang Yunsheng, Yujiang Anhe, Yujiang Investment and Mr. Hu Zhiyong is an Independent Third Party.

11. Fengbang Consulting

Fengbang Consulting is a limited liability company set up under the laws of PRC, and is primarily engaged in investment consulting. As of the Latest Practicable Date, Fengbang Consulting is owned as to 90.00% of the equity interest by Guangzhou Fengying Information Technology Co., Ltd.* (廣州市豐贏信息科技有限責任公司), which is ultimately controlled by Ms. Wu Xuehuan (巫雪環). To the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, each of Fengbang Consulting, Guangzhou Fengying Information Technology Co., Ltd., and Ms. Wu Xuehuan is an Independent Third Party.

12. Yangzhou Yaorongquan

Yangzhou Yaorongquan is a limited partnership established under the laws of the PRC and is primarily engaged in venture capital investment. The general partner of Yangzhou Yaorongquan is Nanjing Anhong Huisheng Fund Management Co., Ltd* (南京安鴻匯盛基金管理有限公司) ("**Nanjing Anhong**"), holding approximately 0.71% of the partnership interest. Nanjing Anhong is owned as to approximately 62.5% by its largest shareholder, Mr. Tang Huaisong (湯懷松) and the remaining equity interests are held by three other shareholders, each holding less than 30% equity interest in Nanjing Anhong. As of the Latest Practicable Date, Yangzhou Yaorongquan had two limited partners, with the larger limited partner, Nanjing Yaorongquan Anhong No.1 Venture Capital Partnership (L.P.)* (南京藥融圈安鴻一號創業投資合夥企業(有限合夥)) ("**Anhong No. 1**"), holding approximately 97.87% of the partnership interest. The general partner of Anhong No. 1 is Nanjing Anhong, holding approximately 2.90% of the partnership interest, and the largest limited partner of Anhong No. 1 is Nanjing Anxiang Fengyu No. 1 Venture Capital Partnership (L.P.)* 南京安享豐譽一號創業投資合夥企業(有限合夥) holding approximately 65.22% of partnership interest in Anhong No. 1. To the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, each of Yangzhou Yaorongquan, Nanjing Anhong, Mr. Tang Huaisong and limited partners of Yangzhou Yaorongquan is an Independent Third Party.

13. Xincheng New Medical

Xincheng New Medical is a limited partnership established under the laws of the PRC and is primarily engaged in private equity investment and investment management. The general partner of Xincheng New Medical is Puyu (Jiangsu) Private Fund Management Co., Ltd* (朴械(江蘇)私募基金管理有限公司) ("**Puyu Management**"), holding approximately 0.50% of the partnership interest, and Puyu Management as sole general partner exercises all voting rights attached to the Shares held by Xincheng New Medical.

As of the Latest Practicable Date, Puyu Management is owned as to (1) approximately 65% by Nanjing Puyu Yuanxiang Enterprise Management Center (Limited Partnership)* (南京朴械原象企業管理中心(有限合夥), which is ultimately controlled by Mr. Zhao Yuanqi (趙元奇); and (2) as to approximately 35% by Jiangsu Equity Investment Center Co., Ltd. (江蘇省股權中心有限公司), which is ultimately wholly owned by the Department of Finance of Jiangsu Province (江蘇財政廳). As of the Latest Practicable Date, Xincheng New Medical had two limited partners, including (1) Jiangsu Xinhaicheng Development Group Co., Ltd.* (江蘇新海誠發展集團有限公司), which held 60.00% of the partnership interest and was ultimately wholly owned by Lianyungang Economic & Technological Development Area Administration Committee (連雲港經濟技術開發區管理委員會), and (2) Jiangsu Xinhailian Development Group Co., Ltd.* (江蘇新海連發展集團有限公司), which held 39.50% of the partnership interest and was ultimately wholly owned by Lianyungang Municipal People's Government (連雲港市人民政府). To the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, save that Mr. Yu, a non-executive director, is a partner of Puyu Management, each of Xincheng New Medical, Nanjing Puyu Yuanxiang Enterprise Management Center (Limited Partnership), Mr. Zhao Yuanqi and the limited partners of Xincheng New Medical is an Independent Third Party.

14. Lianjin Modern

Lianjin Modern is a limited partnership established under the laws of the PRC and is primarily engaged in private equity investment and investment management. The general partner of Lianjin Modern is Lianyungang Jinhai Venture Investment Co., Ltd* (連雲港金海創業投資有限公司) ("**JinhaiVenture**"), holding approximately 0.42% of the partnership interest and is wholly owned by Lianyungang Financial Holdings Group Co., Ltd. (連雲港市金融控股集團有限公司) ("**Lianyungang Financial**"), which is owned as to 1.4% by Lianyungang Municipal People's Government (連雲港市人民政府) and as to 98.6% by Jiangsu Jinhai Investment Co., Ltd.* (江蘇金海投資有限公司), of which the shareholders are Lianyungang Municipal People's Government and Department of Finance of Jiangsu Province. We became acquainted with Lianjin Modern through our business network. As of the Latest Practical Date, Lianjin Modern had one limited partner, namely Lianyungang Jinkong Equity Investment Fund Partnership (Limited Partnership)* (連雲港金控股權投資基金合夥企業(有限合夥)), holding 99.58% of the partnership interest in Lianjin Modern, which was in turn owned as to 1% by Jinhai Venture as its general manager and as to 99% by Lianyungang Financial as its limited partner. To the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, each of Lianjin Modern, Lianyungang Jinkong Equity Investment Fund Partnership (Limited Partnership), Jinhai Venture, and Lianyungang Financial is an Independent Third Party.

15. Zhejiang VC

Zhejiang VC is a limited liability company established under the laws of the PRC and is primarily engaged in private equity investment, investment management and investment consulting. Zhejiang VC is owned as to approximately 44.00% by its largest shareholder, Zhejiang Guoyou Capital Operation Co., Ltd. (浙江省國有資本運營有限公司), which in turn is wholly owned by the State-owned Assets Supervision and Administration Commission of Zhejiang Provincial People's Government (浙江省人民政府國有資產監督管理委員會), and approximately 34.00% by Zhejiang Zheneng Electric Power Co., Ltd. (浙江浙能電力股份有限公司), an electronics company listed on the Shanghai Stock Exchange (stock code: 600023), respectively. The remaining equity interests were held by two other corporate shareholders, neither of which had a shareholding percentage of more than 30.00% as of the Latest Practicable Date. To the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, each of Zhejiang VC, Zhejiang Guoyou Capital Operation Co., Ltd., and Zhejiang Zheneng Electric Power Co., Ltd is an Independent Third Party. We became acquainted with Zhejiang VC in through our business network.

16. Mr. Chu Xianfu

Mr. Chu Xianfu is an individual investor of our Company. Mr. Chu is the legal representative and executive director of Shanghai Kedebao Industrial Fabrics Co., Ltd.* (上海科得堡產業用布有限公司), a high-tech enterprise specializing in the research, development and production of industrial fabrics, filter fabrics, cleanroom wipes and cleanroom garments. Mr. Chu Xianfu was introduced to the Company by Mr. Pan Lu (via Guide Capital). To the best knowledge of our Directors, Mr. Chu is an Independent Third Party.

17. Mr. Pan Lu

Mr. Pan Lu is an individual investor of our Company. Mr. Pan is an expert in pharmaceutical and medicinal chemistry in the PRC with around 30 years of experience and achievements in pharmaceutical manufacturing and compliance. He is the registration manager of the R&D department of Changzhou Siyao Pharmaceuticals Co., Ltd. (常州四藥製藥有限公司) Mr. Pan Lu was introduced to the Company by Guide Capital, an investment firm in PRC focusing on early-stage investments in biotech and healthcare sectors. To the best knowledge of our Directors, Mr. Pan is an Independent Third Party.

18. Yueyang LP

Yueyang LP is a limited liability partnership established under the laws of the PRC and is primarily engaged in equity investment, venture capital investment and project investment. The general partner of Yueyang LP is Beijing Taiyi Investment Management Co., Ltd* (北京泰益投資管理有限公司) ("**Beijing Taiyi**"), which holds approximately 1.00% of the partnership interest in Yueyang LP. Beijing Taiyi is owned as to 40% by Beijing Taiyou Venture Capital Management Co., Ltd.* (北京泰有系創業投資管理有限公司), which is in turn controlled as to 43% by Ms. Wang Min (汪敏). As of the Latest Practicable Date, the remaining equity interests in Beijing Taiyi were held by four other shareholders, none of which had more than 30% of the equity interest in Beijing Taiyi. We became acquainted with Yueyang LP through our business network. As of the Latest Practicable Date, Yueyang LP had ten limited partners, where its largest limited partner, Yueyang Caijin High-tech Industry

Investment Co., Ltd. (岳陽市財高新產業投資有限公司), a company ultimately controlled by Yueyang Municipal Finance Bureau (岳陽市財政局), held 40.00% of the partnership interest. None of the remaining limited partners of Yueyang LP had more than 30% of the partnership interest in Yueyang LP.

To the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, each of Yueyang LP, Beijing Taiyi, Beijing Taiyou Venture Capital Management Co., Ltd., Mr. Yu Longwen, Yueyang Caijin High-tech Industry Investment Co., Ltd., and limited partners of Yueyang LP is an Independent Third Party.

PUBLIC FLOAT

Assuming that the **[REDACTED]** is not exercised, based on an **[REDACTED]** of (i) HK$**[REDACTED]** per H Share (being the maximum **[REDACTED]** of the indicative **[REDACTED]** range), the expected market capitalization of the H Shares immediately upon **[REDACTED]** is expected to be approximately HK$**[REDACTED]** million; (ii) HK$**[REDACTED]** per H Share (being the mid-point of the indicative **[REDACTED]** range), the expected market capitalization of the H Shares immediately upon **[REDACTED]** is expected to be approximately HK$**[REDACTED]** million; and (iii) HK$**[REDACTED]** per H Share (being the minimum **[REDACTED]** of the indicative **[REDACTED]** range), the expected market capitalization of the H Shares immediately upon **[REDACTED]** is expected to be approximately HK$**[REDACTED]** million. Pursuant to Rule 19A.13A(1) of the Listing Rules, where a listing applicant is a PRC issuer with no other listed shares at the time of listing and the expected market value of the class of shares to which H shares belong at the time of listing does not exceed HK$6,000,000,000, the minimum number of H shares held by the public at the time of listing as a percentage of the total number of shares in the class to which H shares belong should be 25%. Accordingly, based on each of the minimum, mid-point and maximum **[REDACTED]** of the indicative **[REDACTED]** range, at least 25% of the total number of issued H Shares must be held by the public upon **[REDACTED]**.

Upon the completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised) and the conversion of all the existing **[REDACTED]** Unlisted Shares (taking into account the Share Subdivision) into H Shares as applied in "Full Circulation":

(1) **[REDACTED]** H Shares to be directly held by the Controlling Shareholder Group will not be counted towards the public float;

(2) a total of **[REDACTED]** H Shares will be converted from the Unlisted Shares and will be held by our Shareholders who are not our core connected persons (nor are accustomed to take instructions from core connected persons of the Company in relation to the acquisition, disposal, voting or other disposition of their shares, and their acquisition of shares were not financed directly or indirectly by core connected persons of the Company). These H shares will be counted towards the public float; and

(3) the issue of **[REDACTED]** H Shares pursuant to the **[REDACTED]**, will be counted as part of the public float.

Assuming that all the **[REDACTED]** are allotted, the number of H Shares (including H Shares that are converted from Unlisted Shares) held by the public at the time of the **[REDACTED]** would be **[REDACTED]** H Shares (representing approximately **[REDACTED]**% of our total number of issued H Shares), which will be regarded as public float and will satisfy the requirement under Rule 19A.13A(1)of the Listing Rules (assuming that the **[REDACTED]** is not exercised).

FREE FLOAT

Immediately following the completion of the **[REDACTED]**, based on the **[REDACTED]** (at the lower end) of HK$**[REDACTED]** per H Share, assuming that the **[REDACTED]** are not exercised, the number of and expected market value of the H Shares being held by the public and not subject to any disposal restrictions at the time of **[REDACTED]** under Rule 19A.13C of the Listing Rules would be **[REDACTED]** H Shares (representing approximately **[REDACTED]**% of our total number of issued H Shares) and amount to approximately HK$**[REDACTED]** million, respectively. Hence, it is more than 10% of the total number of issued shares in the class to which H shares belong at the time of **[REDACTED]** (excluding treasury shares), with an expected market value at the time of **[REDACTED]** of not less than HK$50 million. The Company will be able to satisfy the minimum prescribed free float percentage requirement (i.e. 10%) under Rule 19A.13C(1)(a) of the Listing Rules.

PRE-[REDACTED] EQUITY INCENTIVE SCHEME

In recognition of the contributions of our employees and consultants and to incentivise them to further promote our development, we have adopted the Pre-**[REDACTED]** Equity Incentive Scheme, details of which are set forth in "Appendix VI — Statutory and General Information — D. Other Information — 1. Pre-**[REDACTED]** Equity Incentive Scheme." As of the Latest Practicable Date, all awards subject to the Pre-**[REDACTED]** Equity Incentive Scheme were granted to and subscribed for by the specified participants.

As of the Latest Practicable Date, all the underlying Shares of the awards granted under the Pre-**[REDACTED]** Equity Incentive Scheme have been issued to our Employee Incentive Platform. For details of the Employee Incentive Platform, see "Appendix VI — Statutory and General Information — D. Other Information — 1. Pre-**[REDACTED]** Equity Incentive Scheme."

CAPITALISATION OF OUR COMPANY

The table below sets out a summary of the capitalisation of our Company as of the Latest Practicable Date and the **[REDACTED]** (assuming the **[REDACTED]** is not exercised):

	As of the Latest Practicable Date without taking into account Share Subdivision			As of the date of [REDACTED] taking into account the Share Subdivision		
Name of Shareholder	**Number of Shares**	**Description of Shares**	**Approximate ownership percentage**	**Number of Shares[1]**	**Description of Shares**	**Approximate ownership percentage**
Controlling Shareholders Group						
Dr. Wu[2]	4,712,584	Unlisted Shares	23.15%	**[REDACTED]**	H Shares	**[REDACTED]**
Shanji Investment[2]	1,766,980	Unlisted Shares	8.68%	**[REDACTED]**	H Shares	**[REDACTED]**
Guangji Investment[2]	1,227,069	Unlisted Shares	6.03%	**[REDACTED]**	H Shares	**[REDACTED]**
Deji Investment[2]	1,104,362	Unlisted Shares	5.43%	**[REDACTED]**	H Shares	**[REDACTED]**
Minji Investment[2]	1,104,362	Unlisted Shares	5.43%	**[REDACTED]**	H Shares	**[REDACTED]**
Baiji Investment[2]	466,930	Unlisted Shares	2.29%	**[REDACTED]**	H Shares	**[REDACTED]**
Subtotal	**10,382,287**	**Unlisted Shares**	**51.01**	**[REDACTED]**	**H Shares**	**[REDACTED]**
Yuexiu Redhill	2,314,077	Unlisted Shares	11.37%	**[REDACTED]**	H Shares	**[REDACTED]**
Guangdong Province entities						
— Zhuhai Fund III[3]	865,030	Unlisted Shares	4.25%	**[REDACTED]**	H Shares	**[REDACTED]**
— Guangyao VC[3]	865,030	Unlisted Shares	4.25%	**[REDACTED]**	H Shares	**[REDACTED]**
— Shaoguan LP[3]	399,067	Unlisted Shares	1.96%	**[REDACTED]**	H Shares	**[REDACTED]**
Subtotal	**2,129,127**	**Unlisted Shares**	**10.46%**	**[REDACTED]**	**H Shares**	**[REDACTED]**
Yueyang LP	1,153,374	Unlisted Shares	5.67%	**[REDACTED]**	H Shares	**[REDACTED]**
Xincheng New Medical	865,030	Unlisted Shares	4.25%	**[REDACTED]**	H Shares	**[REDACTED]**
Zhejiang VC[4]	865,030	Unlisted Shares	4.25%	**[REDACTED]**	H Shares	**[REDACTED]**
Lianjin Modern[5]	576,687	Unlisted Shares	2.83%	**[REDACTED]**	H Shares	**[REDACTED]**
Mr. Chen Jian	410,436	Unlisted Shares	2.02%	**[REDACTED]**	H Shares	**[REDACTED]**
Houji Investment	392,656	Unlisted Shares	1.93%	**[REDACTED]**	H Shares	**[REDACTED]**
Yangzhou Yaorongquan	334,850	Unlisted Shares	1.65%	**[REDACTED]**	H Shares	**[REDACTED]**
Mr. Kong Zhenyong	331,309	Unlisted Shares	1.63%	**[REDACTED]**	H Shares	**[REDACTED]**
Mr. Zhang Jun	165,654	Unlisted Shares	0.81%	**[REDACTED]**	H Shares	**[REDACTED]**
Mr. Chu Xianfu	144,172	Unlisted Shares	0.71%	**[REDACTED]**	H Shares	**[REDACTED]**
Mr. Pan Lu	144,172	Unlisted Shares	0.71%	**[REDACTED]**	H Shares	**[REDACTED]**
Yujiang Yunsheng	110,436	Unlisted Shares	0.54%	**[REDACTED]**	H Shares	**[REDACTED]**
Fengbang Consulting	33,131	Unlisted Shares	0.16%	**[REDACTED]**	H Shares	**[REDACTED]**
Investors taking part in the **[REDACTED]**	—	—	—	**[REDACTED]**	H Shares	**[REDACTED]**
Total	**20,352,428**	**Unlisted Shares**	**100%**	**[REDACTED]**	**H Shares**	**100%**

Notes:

(1) The 101,762,140 Unlisted Shares (taking into account the Share Subdivision) held by all existing Shareholders will be converted to H Shares upon **[REDACTED]**.

(2) Such Shareholders are members of our Controlling Shareholder Group. Accordingly, Shares held by such Shareholders will not be counted towards the public float.

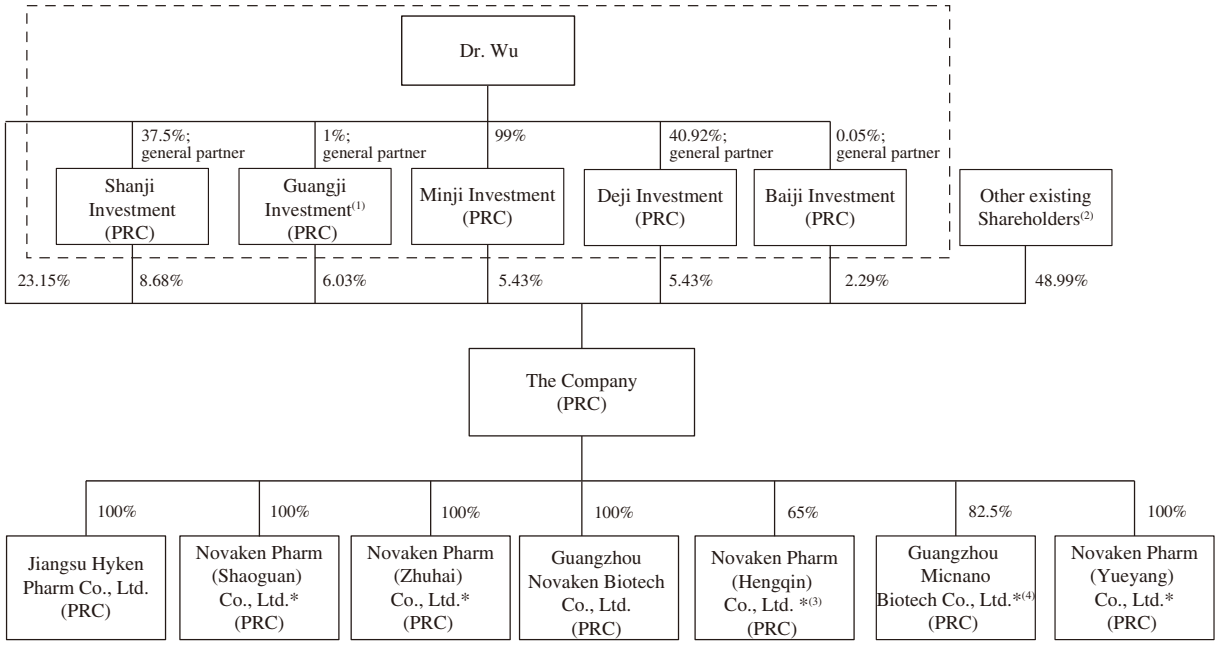
(3) Each of Zhuhai Fund III, Guangyao VC and Shaoguan LP is ultimately controlled by governmental bodies of the Guangdong Province.

(4) Zhejiang VC is ultimately controlled by Zhejiang Provincial People's Government.

(5) Lianjin Modern is ultimately controlled by Lianyungang Municipal People's Government and Department of Finance of Jiangsu Province.

CORPORATE STRUCTURE IMMEDIATELY BEFORE THE [REDACTED]

The chart below sets out the corporate structure of our Group immediately before the **[REDACTED]**:



– – – Controlling Shareholders

Notes:

(1) Guangji Investment was established on 25 August 2021 under the laws of the PRC as our Employee Incentive Platform. For further details, please refer to the paragraph headed "Employee Incentive Platform" of this section.

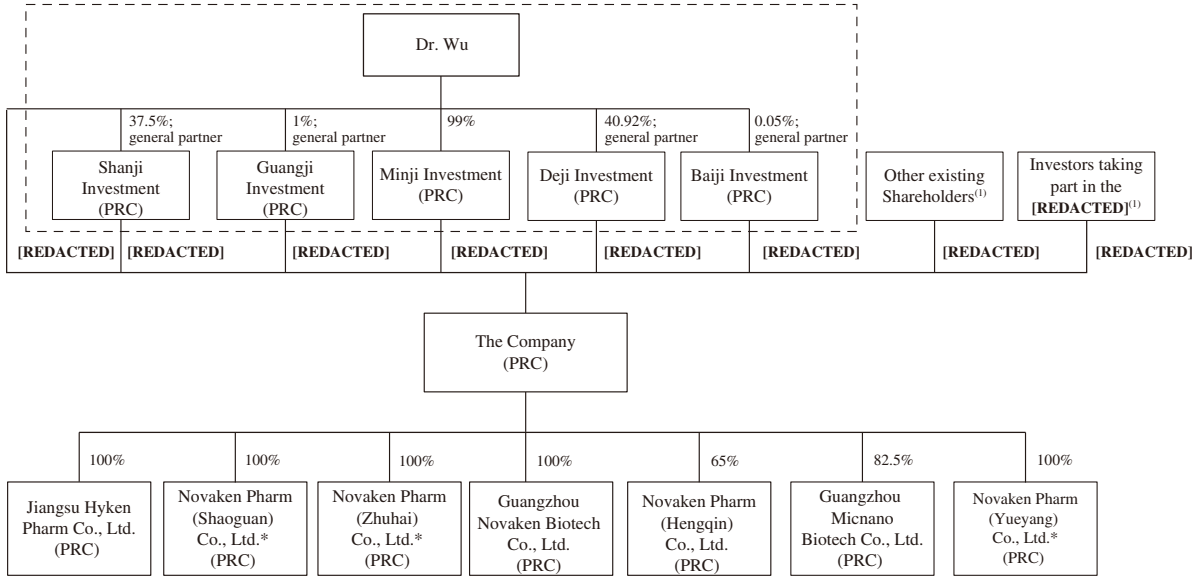
(2) For details of the other existing Shareholders, please refer to the paragraphs headed "— Series C Financing", "- Pre-**[REDACTED]** Investments" and "— Capitalization of our Company" in this section.

(3) Immediately before the **[REDACTED]**, Novaken Pharm (Hengqin) Co., Ltd.* is owned as to 65% and 35% by our Company and Dr. Wu, respectively.

(4) Immediately before the **[REDACTED]**, Guangzhou Micnano Biotech Co., Ltd.* is owned as to approximately 82.5%, 5.95%, 4.29%, 2.95%, 1.85%, 1.49% and 0.98% by our Company, Deji Investment, Yuanji Investment Development (Guangzhou) Partnership (Limited Partnership), Dr. Wu, Mr. Huang Ye (an Independent Third Party), Mr. Hu Lin (an Independent Third Party) and Mr. Chen Jian, respectively.

CORPORATE STRUCTURE UPON COMPLETION OF THE [REDACTED]

The chart below sets out the corporate structure of our Group immediately upon completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised):



Notes:

(1) These shares will count towards the public float upon **[REDACTED]**. Please refer to the paragraph headed "— Public Float" in this section.

BUSINESS

OVERVIEW

We are a clinical-stage pharmaceutical company headquartered in Guangzhou, China. We are committed to the development and commercialization of modified new drugs based on previously approved APIs, by applying alternative formulations and drug-delivery technologies featuring dissolving microneedle drug delivery and nasal inhalation drug delivery. Committed to advancing formulation technologies, we aim to reduce the need for conventional injections, enhance drug administration convenience, and provide therapeutic options to address clinical needs. We do not engage in the discovery or development of new API.

Our dissolving microneedle drug formulations are designed to provide a 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 nasal delivery approach, which may enable drug transport to the CNS via the 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 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 competitive pipeline of product candidates aimed at addressing limitations of traditional routes of administration and supporting patient compliance.

Our product candidates developed using our formulation technology platforms are designed to provide minimally invasive and more patient-friendly treatment options by improving the delivery, release, and absorption pathways of 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, DHMP, is the first dissolving microneedle drug patch approved for clinical trials in China. As of the Latest Practicable Date, DHMP has completed the conduct of clinical studies for Phase IIa clinical trial for the pediatric indication, and Phase IIa is expected to be completed by the third quarter of 2026 with the issuance of the clinical study report. DHMP has also entered Phase II clinical trial for the adult indication, 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 completed the conduct of clinical studies for Phase II clinical trial and Phase II is expected to be completed by the third quarter of 2026 with the issuance of the clinical study report.

OUR PIPELINE OF PRODUCT CANDIDATES

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.

	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[5]
Dissolving microneedle drug formulation technology platform	★ Dexmedetomidine hydrochloride microneedle patch	α_2-adrenergic receptor	Mono	Preoperative sedation for children 2–6 years old	Phase II	NMPA	IND approval granted in April 2024; Phase I commenced in February 2025, completed in March 2025[3]; 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	Phase II	NMPA	Phase II approval granted in September 2025[4]; Phase II commenced in the first quarter of 2026	Q4 2026 – Complete Phase II		
					IND preparation	FDA	IND granted in February 2026[6]	Q4 2026 – Initiate Phase I		
	XJN 1102	GLP-1 receptor	Mono	Glucose control for adult type 2 diabetes	Preclinical research	NMPA		Q4 2026 – Submit IND Application	Company[9]	Global
					Preclinical research	FDA		Q4 2026 – Submit IND Application		
				Long term weight management for overweight or obese adults	Preclinical research	NMPA		Q4 2026 – Submit IND Application		
					Preclinical research	FDA		Q4 2026 – Submit IND Application		
Nasal inhalation drug formulation technology platform	★ XJN 010[7]	basal ganglia neurons	Mono	For the on--demand treatment of "Off" episodes in adult patients with Parkinson's disease[2]	Phase II	NMPA	IND approval granted in August 2024; Phase I commenced in March 2025, completed in June 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
					IND preparation	FDA	IND approval for direct Phase II entry granted in February 2026[1]	Q3 2026 – Initiate Phase II		
	☆ XJN 026	5-$HT_{1B/1D}$ receptor	Mono	For the acute treatment of migraine attacks with or without aura	Clinical Phase I	NMPA	IND approval granted in January 2026; Phase I initiated in April 2026	Q1 2027 – Complete Phase I	Company[9]	Global
					IND preparation	FDA		Q4 2026 – Submit IND Application		
	XJN 2503	5-HT_3 receptor	Mono	For the acute treatment of nausea and vomiting caused by radiotherapy, chemotherapy, or surgery	Preclinical research	NMPA		Q4 2026 – Submit IND Application	Company[9]	Global

★ Core Product ☆ key product

Notes:

1. The 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 the 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 the Company may proceed directly to a Phase II clinical trial, subject to the FDA's formal review. In October 2025, the 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.

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

3. 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術指導原則), 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.

4. 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.

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

6. 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.

7. 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.

8. 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.

9. For XJN026, 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 XJN1102 and XJN2503, 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.

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 modified new drugs to the market.

Our management team brings multidisciplinary experience across the life cycle of modified new drugs, 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 modified new drugs 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

Technology platforms that support the continuous development of multiple 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 in a relatively advanced stage of research and development globally and possess strong potential for early market entry, as confirmed by Frost & Sullivan.

Our DHMP for preoperative sedation in pediatric patients completed Phase I and entered Phase IIa clinical trial in China in August 2025. As of the Latest Practicable Date, conduct of clinical studies for the Phase IIa clinical trial has been completed, and Phase IIa is expected to be completed by the third quarter of 2026. 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 multiple technological features relating to drug delivery efficiency and dosing precision, establishing a high technological barrier in the field of microneedle transdermal drug delivery. Our effective 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 effective targeted delivery technology and effective transdermal absorption technology act together to support transdermal delivery. 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 transdermalabsorption 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, our precise and controllable drug loading technology and precise continuous infusion technology 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 therapeutic area that we believe is relatively underexplored. While traditional nasal drug products primarily target local effects or systemic absorption, our platform is designed to support intranasal CNS delivery and is intended to facilitate drug transport to the brain, including potentially via pathways associated with the olfactory and/or trigeminal nerves, which may enable bypass of the BBB. 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, including diazepam nasal spray, which is indicated for the treatment of epilepsy, and sumatriptan nasal spray, which is indicated for migraine. According to Frost & Sullivan, 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 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. As of the Latest Practicable Date, conduct of clinical studies for Phase II clinical trial has been completed, and Phase II is expected to be completed by the third quarter of 2026. 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 competitively positioned in 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 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, which may provide 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 effective mucosal absorption and intracerebral transport technology utilizes permeation-enhancing excipient compositions designed to improve drug absorption efficiency across the olfactory mucosa and potentially facilitate 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 may also reduce 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, 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, 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, DHMP, 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 technology system relating to delivery efficiency, the product possesses competitive advantages in the following aspects:

Technological leadership

DHMP 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 DHMP 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, modified new drugs 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 modified new drugs 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 minimally invasive, 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 modified new drugs 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. Modified new drugs 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, as confirmed by Frost & Sullivan

Another Core Product, XJN010, is designed to capitalize on the potential advantages of nasal delivery for CNS-targeted therapies, including avoidance of first-pass metabolism, rapid onset of action, and the potential ability to bypass the BBB to achieve higher drug exposure in brain. Combined with our precise olfactory-region delivery technology and effective intracerebral transport technology, the product possesses 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 may enable 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 1.42 million in 2021 to 2.35 million by 2030, while the corresponding market size is projected to expand significantly from US$0.31 billion in 2021 to approximately US$0.85 billion by 2030. Globally, the Parkinson's disease "Off" episode market is also undergoing rapid expansion, having grown from US$5.72 billion in 2021 to US$8.10 billion in 2025, and is expected to reach US$13.02 billion by 2030, 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 pipeline based on selected indications and alternative formulation technologies

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 clinical 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.
- Patient-oriented drug administration: 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 continuing clinical needs.
- Significant commercial value: Each of our product candidates is designed to deliver clinical benefits and patient value within its respective application scenario, thereby demonstrating 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 alternative formulation technologies to create 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 drug delivery technologies into therapeutic solutions that respond to real-world clinical challenges. Our products offer meaningful benefits to patients and healthcare providers.

A management team with extensive industry expertise and market insight

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. 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. 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 DHMP. 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 company dedicated to developing modified new drugs. Guided by our goal to become a global technology leader in modified new drugs, 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 Core Products to market as quickly as possible to address continuing clinical needs.

Clinical development and registration of Core Product DHMP

We conducted a multi-center, randomized, double-blind, placebo-controlled Phase IIa clinical trial in China for preoperative sedation for children of 2–6 years old. As of the Latest Practicable Date, conduct of clinical studies for the Phase IIa clinical trial has been completed, and preparation of the clinical study report is ongoing. We 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, following pre-IND communication with the U.S. FDA, we submitted an IND application in January 2026 for the adult indication and obtained FDA clearance to proceed with Phase I clinical trial in February 2026. We plan to commence a Phase I clinical trial in the U.S. in Q4 2026.

We plan to allocate approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**%) of the net **[REDACTED]** from the **[REDACTED]** to fund our clinical development and regulatory submissions of our Core Product DHMP. For details, please refer to the section headed "Future Plans and Use of **[REDACTED]** — Use of **[REDACTED]**" in this Document.

Clinical development and registration of Core Product XJN010

We conducted 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. As of the Latest Practicable Date, conduct of clinical studies for the Phase II clinical trial has been completed, and preparation of the clinical study report is ongoing. We 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 and received FDA approval in February 2026 for directly entering Phase II clinical trial in the U.S. We plan to initiate clinical studies in the U.S. in the third quarter of 2026.

We plan to allocate approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**%) of the net **[REDACTED]** from the **[REDACTED]** to fund our clinical development and regulatory submissions of our Core Product XJN010. For details, please refer to the section headed "Future Plans and Use of **[REDACTED]** — Use of **[REDACTED]**" in this Document.

Enhance the delivery capabilities of our Core Products and accelerate the global commercialization

To support the future clinical and commercial supply of our Core Products and other modified new drugs, 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. For further details of these industrial bases, including their planned production lines, designed annual production capacity and utilisation rates, see "Business — Testing and Manufacturing Capacity — Our production facilities".

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 todo 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.

We plan to allocate approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**%) of the net **[REDACTED]** from the **[REDACTED]** to fund the expansion of our production capacity and support the commercialization of our pipeline products upon regulatory approval and sales authorization. For details, please refer to the section headed "Future Plans and Use of **[REDACTED]** — Use of **[REDACTED]**" in this Document.

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 self-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 intend to establish a microneedle drug formulation manufacturing hub representing China's innovation in biopharmaceuticals. We do not plan to allocate any net **[REDACTED]** from the **[REDACTED]** to support our execution of this strategy.

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 advantages of our core technologies. Through continuous technological iteration and optimization, we aim to strengthen our 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. We do not plan to allocate any net **[REDACTED]** from the **[REDACTED]** to support our execution of this strategy.

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. Save for the net **[REDACTED]** allocated for establishing local sales, operation and after-sales team under the strategy headed "Enhance the delivery capabilities of our Core Products and accelerate the global commercialization", we do not plan to allocate additional net **[REDACTED]** from the **[REDACTED]** to support our execution of this strategy.

OUR TECHNOLOGY PLATFORMS

Our Core Products and major pipeline assets are built upon our two core platforms : dissolving microneedle drug formulation technology platform and nasal inhalation drug formulation technology platform, each addressing significant 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 formulation capabilities.

Guided by the scientific principles of precise transdermal delivery and supported by our innovations, we have developed a core technology platform with independent intellectual property rights, comprising effective skin penetration, effective targeted delivery, and effective transdermal absorption technologies, together with precise and controllable drug loading and precise continuous infusion technologies. These technologies are designed to improve microneedle penetration performance, targeting accuracy, transdermal drug absorption, as well as accurate dose control and stable, continuous drug loading. Together, they provide 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:

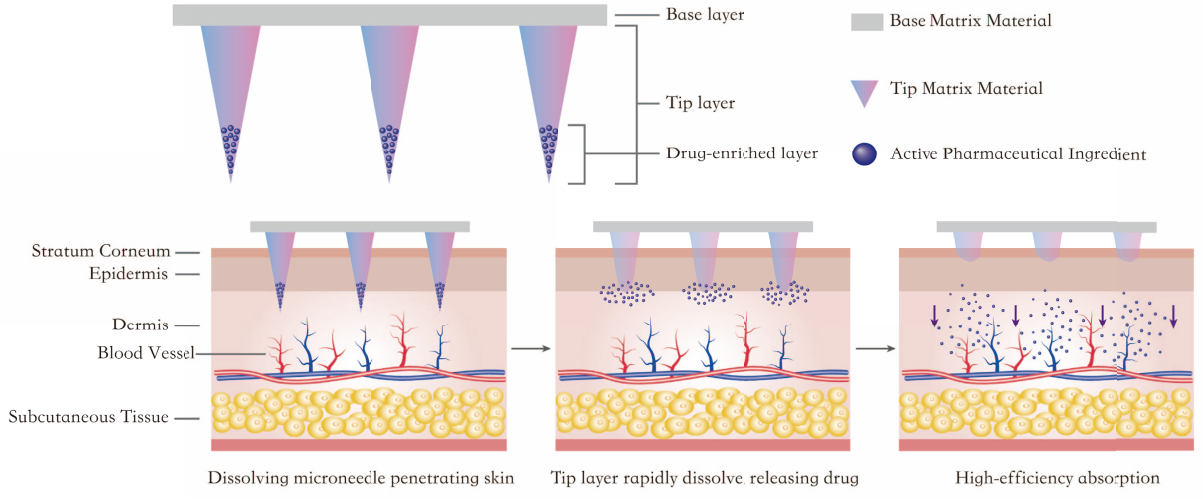


Illustration of dissolving microneedles drug delivery process

Effective 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.

Effective 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.

Effective 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. The delivery method integrates microchannel formation and permeation enhancement, where physical microchannels created by microneedle penetration are combined with effective 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 key aspect 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

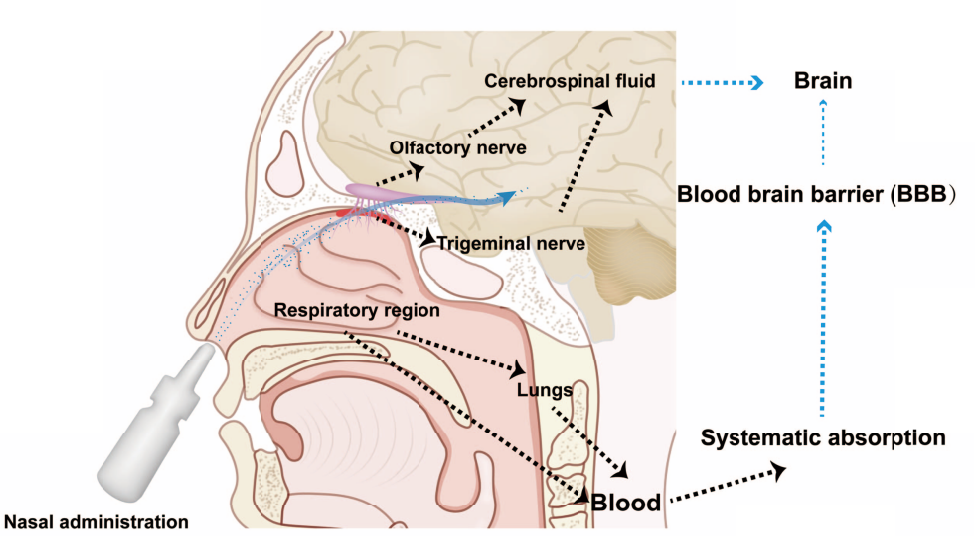
Precise continuous infusion technology serves as a core foundation for achieving high-quality and large-scale production of dissolving microneedle drug formulations. We are progressing as planned with the step-by-step establishment of microneedle formulation production lines that comply with GMP standards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

We are developing a portfolio of product candidates under this platform. Leading the pipeline is our Core Product DHMP. We are also developing another product, XJN1102, a glucagon-like peptide-1 (GLP-1) microneedle patch.

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 permeation enhancement technologies, we have successfully established a technology system with independent intellectual property rights, comprising precise olfactory-region administration and effective intracerebral transport technology. This system is designed to improve drug deposition in the olfactory region and enhances absorption across the olfactory mucosa, which may enhance drug exposure in brain and providing 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 intranasal CNS 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 an olfactory-targeted spray device, which, when integrated with our formulation design, is expected to support 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.

Effective 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 is intended to improve absorption across the olfactory mucosa and support the intranasal CNS delivery approach. In preclinical studies, this approach was associated with findings consistent with enhanced delivery from the nasal cavity to brain tissues and increased brain exposure in the relevant study.

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.

Preclinical and scientific basis of nose-to-brain delivery pathway

Our nasal inhalation drug formulation technology platform is designed to support CNS-targeted nasal delivery and may facilitate drug transport via the nose-to-brain pathway. The scientific rationale for this approach is based on formulation design, together with preclinical observations (including animal pharmacokinetic, tissue distribution and imaging studies for certain product candidates, including XJN010), which were consistent with the possibility of transport from the nasal cavity to brain tissues. However, these findings do not establish in humans that direct nose-to-brain transport is the primary mechanism of delivery.

OUR PIPELINE PRODUCTS

DHMP — our Core Product for preoperative sedation

Overview

DHMP is a self-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 potentially 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.

DHMP is designed to address certain practical limitations of existing sedation methods. It is designed to support 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. For the adult indication, Phase II clinical trial is ongoing in China to evaluate clinical efficacy, dose optimization, and patient acceptability in the target patient population, and is expected to be completed by the fourth quarter of 2026. For the pediatric indication, conduct of clinical studies for the Phase IIa clinical trial in China has been completed as of the Latest Practicable Date, and Phase IIa is expected to be completed by the third quarter of 2026. DHMP 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

DHMP 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.

DHMP is designed to translate these clinical advantages into practice through a precisely engineered dissolving microneedle system designed for rapid, efficient, and minimally invasive 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 are designed to cross the stratum corneum and deliver the drug into the superficial dermis, where it is intended to be absorbed into systemic circulation.

Through its combination of precisely engineered delivery technology and stable preparation technology, DHMP 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, DHMP offers an alternative mode of administration that is

minimally invasive and operationally convenient. It is intended to provide a rapid and practical 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.

For details of the market size and growth outlook of the global, China and U.S. sedative drug markets, see "Industry Overview — Preoperative Sedation Market."

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 DHMP 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 may be one of the earlier entrants 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 adjunctivetreatment 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 comfortable, patient-friendly sedation approach. 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 DHMP as a standard, convenient solution for sedation and analgesia in perioperative care and invasive procedures, with the aim of supporting broader use in clinical practice.

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 DHMP introduces a new approach: a dissolving microneedle patch delivering a proven sedative through microneedle technology platform. According to Frost & Sullivan, DHMP is the first and only microneedle-based dexmedetomidine hydrochloride product to enter Phase II clinical trials in China, and may therefore be among the earlier entrants in this segment. This innovation is designed to addresses certain limitations of existing delivery routes while offering potential benefits for patients, clinicians, and healthcare systems.

Minimally invasive, easy-to-administer format

Our DHMP 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 DHMP is designed to enable systemic absorption through the capillary network. In our clinical pharmacokinetic study, DHMP reached maximum plasma concentration (T_{max}) within 0.08 to 0.25 hours across tested dose groups, compared with approximately 0.33 hours for dexmedetomidine IV injection at the 68 μg dose level, indicating a broadly similar absorption profile in our study. In our clinical pharmacodynamic study using the Ramsay sedation score, except for the 34 μg dose group, the microneedle patch groups achieved a median score of ≥3 within 10 minutes. In particular, both the 68 μg DHMP group and the same-dose dexmedetomidine IV injection group achieved a median Ramsay sedation score of 3.0 at 10 minutes after administration. Accordingly, at the 68 μg dose level, DHMP demonstrated a sedation onset broadly comparable to IV injection in our study. Sedation in the microneedle patch groups generally declined to a mean score of <3 after approximately 1.25 hours, whereas the IV injection group maintained a mean score of ≥3 from 10 minutes up to 2 hours. Accordingly, the microneedle patch demonstrated a shorter duration of sedation, which may be preferable in certain short procedures or diagnostic settings.

Based on our Phase I clinical study, DHMP showed sedation onset within approximately 10 to 15 minutes, depending on the dose group. We believe such onset time may be clinically suitable for preoperative sedation. While depending on the dose group, DHMP may have a longer onset time than intravenously administered dexmedetomidine, Frost & Sullivan is of the view that an onset time of ≤ 30 minutes would be clinically suitable for preoperative sedation. In addition, in clinical practice, chloral hydrate, a widely used central sedative, is commonly administered approximately 20 minutes before a procedure, with reported onset generally within 15 to 30 minutes and peak effect at around 30 minutes. This reflects a commonly accepted effective time window of approximately 10 to 30 minutes for preoperative sedation. The observed 10 to 15-minute onset time of DHMP falls within such time window and therefore suggests that DHMP may be compatible with routine preoperative sedation workflow, although its clinical suitability will need to be further evaluated in later-stage clinical trials.

Broader applicability and clinical flexibility

DHMP 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.

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 DHMP, 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.

Limitations

DHMP is subject to certain limitations and uncertainties. As of the Latest Practicable Date, conduct of clinical studies for Phase IIa clinical trial for the pediatric indication has been completed, and preparation of the clinical study report is ongoing. Phase II clinical trial for the adult indication is still 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. In addition, unlike IV administration, use of a microneedle patch may be associated with local skin reactions at the application site. The microneedle patch may also be unsuitable for patients with extensive skin damage at the intended application site or systemic dermatological diseases, and such patients may be unable to use the microneedle patch.

Clinical trial sponsor(s)

We are the sole sponsor of the clinical trials for DHMP. As the sponsor, we are responsible for, among other things, the overall initiation, management and financing of the relevant clinical trials, and for ensuring compliance with applicable regulatory and ethical requirements.

Summary of clinical trial results

In pediatric patients

We commenced preclinical studies of our DHMP since May 2022. We submitted the IND application to the NMPA in February 2024 and received the Notification of Approval for Drug Clinical Trial (藥物臨床試驗批准通知書) in April 2024 to conduct Phase I clinical trial in China for the indication of preoperative sedation in pediatric patients of 2 to 6 years old. We 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 as of the Latest Practicable Date, conduct of clinical studies for the Phase IIa clinical trial has been completed, and preparation of the clinical study report is ongoing. 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 DHMP for preoperative sedation in pediatric patients.

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

Phase IIa Clinical Trial

- Trial design

The Phase IIa clinical trial of DHMP in children employed a randomized, double-blind, placebo-controlled, multicenter clinical trial design. The trial consisted of three stages. Stage 1 enrolled 16 large-weight children for safety, pharmacokinetics, and efficacy evaluation. Stage 2 further validated the proposed dose extrapolated from Stage 1, with 24 large-weight children to be enrolled for safety, pharmacokinetics, and efficacy evaluation. Stage 3 enrolled 24 small-weight children, who were administered different doses of DHMP 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 the Latest Practicable Date, conduct of clinical studies for Phase IIa clinical trial has been completed. Preparation of the clinical study report is ongoing, and we expect to issue the clinical study report in the third 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 including the ICH E11(R1) guideline on clinical investigation of medicinal products in the pediatric population, 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 DHMP in pediatric use was conducted in healthy adults. Following the completion of the Phase I clinical trial in healthy adults, we held a formal communication meeting with the NMPA in July 2025 to discuss our subsequent clinical development plan for the pediatric indication. Based on the data obtained from the

adult Phase I trial, we reached an agreement with the NMPA on the rationality of the development plan, concluding that the potential benefits outweighed the risks, and that the proposed dosage for children was safe. As of the Latest Practicable Date, the NMPA has no objection for the Company to commence the Phase II clinical trial.

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 DHMP 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 our clinical trial application for the adult indication submitted in June 2025, we explained in the application materials that the adult and pediatric indication applications were identical in terms of pharmaceutical development and non-clinical research materials and 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. We cited such Phase I clinical results as the safety basis for the adult Phase II clinical trial. The NMPA accepted the adult indication clinical trial application in July 2025 and subsequently 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. The adult indication Phase II clinical trial commenced in March 2026.

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 DHMP in healthy adult subjects in China. The trial planned to enroll 36 subjects, and 36 subjects were actually enrolled. 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. As confirmed by Frost & Sullivan, the short duration of Phase I clinical trial is in line with industry norm. Of the 36 subjects enrolled, 35 subjects completed the trial and one subject discontinued the trial for personal reasons unrelated to the trial, study treatment or any adverse event.

- 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. DHMP was absorbed rapidly and did not exhibit significant sustained-release characteristics.

DHMP 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.

Based on our Phase I clinical study, the DHMP demonstrated rapid systemic absorption. In the PK analysis, the observed median T_{max} for DHMP across the studied groups was generally approximately 0.08 to 0.25 hours, as compared to approximately 0.33 hours for the intravenous injection group. These data suggest that DHMP is capable of achieving systemic exposure within a relatively short period following administration.

As of the Latest Practicable Date, we are not aware of any other relevant dissolving microneedle formulations of dexmedetomidine that would permit a meaningful comparison with DHMP.

We have also referred to publicly available clinical trial data for the marketed dexmedetomidine hydrochloride nasal spray product Aibeimei® (艾倍美®), according to which the reported onset time of clinically effective sedation was 23 minutes and the reported median T_{max} was 30 minutes, whereas in our Phase I clinical study, the DHMP showed an onset time of 15 minutes and a T_{max} of 15 minutes. Such comparison is not based on a head-to-head clinical study, and the data were derived from different studies and therefore may not be directly comparable.

- 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. The reported AEs and ARs primarily consisted of minor fluctuations in vital signs, such as heart rate and blood pressure; temporary variations in laboratory parameters including blood uric acid, triglycerides, bilirubin, and routine urinalysis findings; and occasional instances of mild dizziness and nausea. These events are consistent with the established safety profile for dexmedetomidine hydrochloride, and no new or unexpected safety signals were identified.

Summary of preclinical studies

DHMP 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 DHMP 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 DHMP 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 DHMP 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 commenced the adult indication Phase II clinical trial in March 2026 and expect to complete it 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. We submitted an IND application on 15 January 2026 and the IND became effective from 15 February 2026 since no clinical hold was imposed by the FDA during the 30-day review period. We plan to commence a Phase I clinical trial in the U.S. in Q4 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.

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 a self-developed, 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 levodopa-based regimen. Levodopa-based regimens 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. XJN010 differs from conventional formulations primarily in its formulation and delivery route, namely intranasal administration via the nose-to-brain pathway, rather than in the active pharmaceutical ingredient itself. "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 nasal inhalation drug formulation platform technologies, XJN010 is designed to support nasal delivery for CNS-targeted therapy and may facilitate transport of the drug via the nose-to-brain pathway, with potential advantages such as avoidance of first-pass metabolism, rapid onset, and high drug exposure in brain. The nasal inhalation route may enable bypass of the blood-brain barrier (BBB), a major obstacle in CNS drug delivery, and may reduce the delays and variability associated with conventional oral and pulmonary administration. The approach is intended to provide a fast-acting, patient-friendly rescue therapy to support symptom management 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. 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. We subsequently completed our Phase I clinical trial in June 2025. These studies demonstrated rapid absorption of the API following administration and showed a favorable safety and tolerability profile. Through our nasal inhalation drug formulation platform technologies, XJN010 is designed to support faster absorption and enhanced delivery.

In August 2025, we commenced Phase II clinical trials to evaluate clinical efficacy, dose optimization, and patient compliance in target patient populations, and the NMPA has had no objection for our commencement of this Phase II study. As of the Latest Practicable Date, conduct of clinical studies for the Phase II clinical trial has been completed, and Phase II is expected to be completed by the third quarter of 2026 with the issuance of the clinical study report. Subject to clinical development progress and regulatory communications, we currently expect the Phase III clinical trial to be completed in 2027, after which we plan to submit an 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. We submitted an IND application in October 2025 and received approval in February 2026 for directly entering Phase II clinical trial in the U.S. We plan to initiate the Phase II clinical trial in the third quarter of 2026.

Mechanism of action

XJN010 is a liquid suspension nasal inhalation drug formulation being 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 treatment options in this therapeutic area remain limited.

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 support nasal delivery and may facilitate transport of the API via the nose-to-brain, potentially 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.

For XJN010, preclinical pharmacokinetic, tissue distribution and imaging studies in animals provided support for the scientific rationale of its intended nose-to-brain delivery approach, including observations of rapid absorption and findings consistent with the possibility of transport from the nasal cavity to brain tissues. However, such findings do not establish the primary delivery pathway in humans. See "Summary of preclinical studies" for XJN010 for further information.

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, significantly 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 patient population and market size for Parkinson's disease "Off" episodes have been growing in the global, China and U.S. markets and are expected to continue to expand. For details, see "Industry Overview — NASAL SPRAY FORMULATION MARKET — Parkinson's disease Market — Global Market".

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 USD 0.31 billion in 2021 to USD 0.85 billion by 2030. This corresponds to a high CAGR of 9.41% from 2021 to 2025, accelerating to 13.36% from 2026 to 2030. 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 0.25 million in 2021 to 0.44 million in 2030. The CAGR remains robust, reaching 7.45% during 2021 to 2025 and slightly moderating to 5.14% from 2026 to 2030. 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 USD1.09 billion in 2021 to USD2.58 billion in 2030. With a CAGR of 10.00% during 2021 to 2025 and peaking at 9.84% during 2026 to 2030, 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 is differentiated by its innovative nasal inhalation drug formulation. This 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, modified new drugs 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 arelimited, 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 intended to support relief of motor symptoms during "Off" episodes.

As there are currently no medications specifically approved for treating Parkinson's disease "Off" episodes as an independent indication, management generally relies on existing Parkinson's disease therapies, which are predominantly oral formulations (including levodopa-based products). Accordingly, the reference product used in our pharmacokinetic assessment of XJN010 in the Phase I clinical trial was an oral drug. In healthy subjects, following a single intranasal dose of 40 mg XJN010, the median plasma T_{max} was 0.98 hour. In comparison, following single-dose oral administration of the reference product, the median T_{max} was 1.23 hours, and following a high-fat meal with a single oral dose of the reference product, the median T_{max} was 2.49 hours. This suggests that XJN010 may achieve peak exposure more quickly and with less susceptibility to food-related delays than oral therapy, which may be beneficial when rapid symptom relief is desired.

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.

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

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

Limitations

XJN010 is subject to certain limitations and uncertainties. As of the Latest Practicable Date, conduct of 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, although the Phase I clinical trial results demonstrated a favorable safety and tolerability profile, the efficacy of XJN010 in the target patient population remains subject to evaluation based on the results of Phase II and any subsequent clinical trials. 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 through analysis of the Phase II clinical trial results and subsequent clinical trials. 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. In addition, as a nasal spray, XJN010 may be unsuitable for certain patient groups and clinical circumstances. In particular, it may not be suitable for patients with severe rhinitis, nasal cavity injury, or abnormal nasal anatomy/physiological structure, as these conditions may affect administration, tolerability and/or absorption.

Clinical trial sponsor(s)

We are the sole sponsor of the clinical trials for XJN010. As the sponsor, we are responsible for, among other things, the overall initiation, management and financing of the relevant clinical trials, and for ensuring compliance with applicable regulatory and ethical requirements.

Summary of clinical trial results

We commenced preclinical studies of our XJN010 nasal spray since September 2022. The Phase I clinical trial was commenced in March 2025 and successfully completed 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 as of the Latest Practicable Date, conduct of clinical studies for the Phase II clinical trial has been completed, and preparation of the clinical study report is ongoing. 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.

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 levodopa treatment with dopa decarboxylase inhibitor.

We planned 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 were randomly assigned in a 3:1 ratio to receive either XJN010 or a placebo nasal spray. Treatment lasted 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.

Secondary endpoints: the mean change from pre-dose in the UPDRS-III score at 15 minutes, 30 minutes and 60 minutes after each treatment on D1, D7 and D14; the mean change from pre-dose in the WOQ-9 score at 5 minutes and 10 minutes after each treatment on D1, D7 and D14; the proportion of patients who, within 60 minutes after treatment on D1, D7 and D14, achieved a transition from the "OFF" state to the "ON" state and maintained the "ON" state; the change from baseline in the average daily duration of the "OFF" state on D7 and D14; the change from baseline in the PGI-C assessment on D7 and D14; the change from baseline in the PDQ-39 score on D7 and D14; safety, including the incidence and severity of adverse events, including local irritation reactions (with severity graded according to NCI CTCAE v6.0), as well as vital signs, physical examinations, clinical laboratory tests and auxiliary examination results; and pharmacokinetic parameters, including T_{max}, $T_{0\text{-}4h}$, C_{max} and $AUC_{0\text{-}4h}$.

- Trial status

As of the Latest Practicable Date, conduct of clinical studies for Phase II clinical trial has been completed. Preparation of the clinical study report is ongoing, and we expect to issue the clinical study report in 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 ($AUC_{0\text{-}t}$ and $AUC_{0\text{-}\infty}$) increased with increasing dose, with mean $AUC_{0\text{-}t}$ values of 692, 1,827, and 2,381 h*ng/mL, and mean $AUC_{0\text{-}\infty}$ 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.

In simple terms, our Phase I trial was designed to assess how quickly XJN010 is absorbed after nasal administration, how high the blood drug levels rise, how long the drug stays in the body, and the safety and tolerability. The results showed that the API in XJN010 was absorbed into the bloodstream within a relatively short period of time after nasal administration and reached peak blood levels in less than one hour across the tested dose groups. Clearance was generally consistent across dose groups. XJN010 was also generally well tolerated in this study, with all reported adverse events being mild (CTCAE Grade 1), recovered/resolved, and no severe adverse events observed.

In addition, published literature, including Levodopa Dose Equivalency in Parkinson's Disease: Updated Systematic Review and Proposals (Dafsari et al., Movement Disorders 38(7):p1236-1252, July 2023.), which cited Preclinical and clinical assessment of inhaled levodopa for OFF episodes in Parkinson's disease (Freed et al., Sci Transl Med. 2016 Oct 12;8(360):360ra136.), suggests that levodopa plasma concentrations above 400 ng/mL may be associated with meaningful improvement of OFF periods in Parkinson's disease patients. In our Phase I study, following a single 40 mg dose of XJN010 nasal spray, the API in XJN010 reached a peak blood concentration above this referenced level, within a relatively short period of time, and remained above that level for a period of time in the study. Our Phase I trial was not designed to evaluate disease control or clinical efficacy in Parkinson's disease patients, and we do not have efficacy data from this Phase I trial. However, based on the published literature and our pharmacokinetic data, these findings may support further clinical evaluation of XJN010 in Parkinson's disease "Off" episodes. These observations are provided as pharmacokinetic reference only and do not constitute clinical efficacy evidence in Parkinson's disease patients.

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 API in XJN010 is levodopa, for which the mechanisms of action, binding targets, and safety profile are well established. Nonclinical safety information of the API, including genotoxicity, carcinogenicity, reproductive and developmental toxicityis available from existing formulations with the same API. Our nonclinical studies investigated toxicity, nasal irritation, respiratory function effects, CNS effects, efficacy, pharmacokinetic behavior and tissue distribution characteristics in animals.

Preclinical pharmacology studies showed activity of XJN010 in an animal model of Parkinson's disease-related motor symptoms. In safety pharmacology and toxicology studies, XJN010 was generally well tolerated, with no material abnormal findings attributable to XJN010 in evaluated CNS, cardiovascular or respiratory parameters, and no significant local irritation or allergic reactions observed under the tested conditions.

These findings are preclinical in nature and do not constitute clinical efficacy evidence in Parkinson's disease patients. While they may support further clinical evaluation of XJN010, there can be no assurance that such preclinical observations will translate into clinical benefit in humans. The above studies were conducted under GLP experimental conditions.

In preclinical animal studies, intranasal administration of XJN010 was associated with earlier brain tissue exposure and higher peak levels and overall exposure in brain tissue in the relevant study, as compared to oral reference. Preclinical pharmacokinetic studies in rats further showed rapid absorption after intranasal administration and distribution to tissues at and around the administration site as well as brain tissue, with earlier brain tissue exposure than observed with oral administration in the relevant study. Imaging/tracer observations after nasal administration were also consistent with the possibility of transport from the nasal cavity to brain tissues. These findings support the scientific rationale for further clinical evaluation of XJN010's intended nose-to-brain delivery approach. However, these findings are preclinical in nature, do not establish the primary delivery pathway in humans, and may not be predictive of human pharmacokinetics, brain exposure or clinical efficacy.

Direct confirmation in living human patients of the precise transport pathway(s) by which intranasally administered drug reaches brain tissues is inherently limited. Such confirmation would generally require invasive and/or impractical methods, such as direct sampling of brain tissue and/or region-specific intracranial fluids, which are not ethically or clinically appropriate in routine clinical trials for our target indications. Accordingly, our assessment is based on formulation design, preclinical data and published scientific literature, each of which has limitations.

Material Communications and Next Steps

In May 2024, we submitted an IND application to the NMPA for XJN010 in China. In August 2024, we received the Notification of Approval for Drug Clinical Trial from the NMPA. As disclosed in the Summary and the overview of XJN010 in this section, the notification provides that, 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. As of the Latest Practicable Date, we have completed conduct of clinical studies for our Phase II clinical trial in China and had not received any material questions or objections from the NMPA regarding our Phase I and Phase II clinical development plans for XJN010.

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 our nonclinical and clinical data appeared sufficient to support the proposed Phase II clinical trial. Accordingly, we submitted a formal IND application in October 2025, and received IND approval from the FDA in February 2026 to enter Phase II clinical trial in the U.S. directly. 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.

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

Classification of XJN010

XJN010 comprises a drug component and a nasal spray delivery component. We have not obtained a standalone formal classification ruling from the relevant regulatory authorities in China or the U.S. expressly determining the classification of XJN010.

In China, based on our actual IND filing path and the relevant application materials, XJN010 was filed as a drug, and the relevant application materials did not indicate XJN010 to be a drug-device combination product. In addition, according to published property determination results of the NMPA, esketamine nasal spray, as a reference product for nasal spray products, was determined not to be a drug-device combination product and should be filed as a drug. Based on our actual filing situation and the published property determination results relating to nasal spray products, we do not consider XJN010 to be a drug-device combination product in China.

In the U.S., based on the applicable FDA framework and our actual IND filing path, XJN010 has been treated as a combination product. In our IND submission to the FDA, the combination product field in the application form was marked "Yes", with "Combination Product Type 2" selected, and the FDA accepted and approved the clinical trial application on that basis. We also note that, under the FDA's combination product framework, Type 2 refers to a prefilled drug delivery device/system, where the drug is filled into or otherwise combined with the device and the sole purpose of the device is to deliver the drug, and nasal spray is listed as a common example. "Combination Product Type 2" is not a standalone Class I, II or III medical device classification. As of the Latest Practicable Date, the FDA has not assigned XJN010 a standalone medical device class.

In addition, there has been no determination by the NMPA or FDA that the primary therapeutic effect or primary mode of action of XJN010 is medical device-based or mechanical/physical rather than pharmacological. To the extent XJN010 is treated as a combination product in the U.S., we currently understand its principal therapeutic effect to be attributable to the pharmacological action of levodopa, with the nasal spray device serving as the delivery tool.

Based on the foregoing, we have disclosed XJN010 as a drug product for the purposes of Chapter 18A and Chapter 2.3 of the Guide for New Listing Applicants.

XJN010 Nasal Spray Device

For our ongoing clinical trials and planned initial commercial launch, we utilize standardized, pharmaceutical-grade devices procured from third-party medical device manufacturers. These delivery systems are common in the industry for the administration of medications to the nasal cavity and serveas a representative example of the spray device suitable for XJN010. Such devices are typically composed of a medicinal high-density polyethylene (HDPE) bottle, a medicinal spray pump, and a medicinal actuator.

During the Track Record Period and up to the Latest Practicable Date, we procured the delivery device for XJN010 from our principal supplier, a third-party medical device manufacturer. We have also entered into contractual arrangement with another third-party medical device manufacturer, as an alternative supplier, although such alternative supplier had not yet supplied devices for XJN010 as of the Latest Practicable Date. Accordingly, although one manufacturer was our principal supplier during the relevant period, we had put in place an alternative supply arrangement to reduce single-source supply risk. The principal terms of our agreements with third-party medical device manufacturers generally include provisions relating to product name, model, specifications, quantity, unit price and total contract amount, as well as packaging, delivery, acceptance, quality requirements and inspection standards, payment terms, confidentiality, liability for breach and dispute resolution. In certain cases, the contract price may be adjusted subject to changes in raw material prices and agreement between the parties. We enter into such agreements in the ordinary course of business and on normal commercial terms. Save for the contracted quantities under the relevant purchase contracts, the agreements do not provide for any ongoing minimum purchase targets or long-term purchase commitments. In addition, our principal supplier has completed the relevant filing/registration for the nasal spray device with the NMPA and the FDA. Accordingly, for the regulatory application of XJN010, we are only required to provide the relevant filing/registration information of the nasal spray device to the NMPA or the FDA, and are not required to separately obtain regulatory filing, licence or approval for the nasal spray device.

While we are in the process of self-developing a delivery device to potentially enhance patient experience and provide further product differentiation in the future, our core development and commercialization plan for XJN010 does not depend on the completion of this device project. According to our current development plan, the self-development of our delivery device is expected to proceed in phases, including preliminary research, prototype design and iterative optimization, material research, patent application, registration testing, registration application and registration. We currently expect to carry out conceptual design, feasibility verification and multiple rounds of prototype optimization during 2024 to 2026. During 2024 and 2025, we completed preparatory work, including preparation of model drug solution and relevant excipients, procurement and analysis of the reference device, and spray performance research and data collection, and completed conceptual design, feasibility verification and prototype optimisation work for multiple prototype versions. During 2026, we expect to continue prototype optimisation, including optimisation of a further prototype version and corresponding spray performance research and data collection, and determine the final version of the self-developed delivery device based on testing results. This will be followed by material-related research and further device optimization during 2026 to 2027, patent filing and registration testing during 2027 to 2029, and registration application and registration procedures during 2029 to 2030. As of the Latest Practicable Date, our planned commercial production of XJN010 does not rely on self-developed delivery devices, and we currently expect to continue procuring delivery devices from qualified third-party medical device manufacturers for the foreseeable future.

To ensure sufficient supply of delivery devices for the R&D and future commercialisation of XJN010, we have adopted a number of measures. In particular, we procure standardized device models that are interchangeable among multiple qualified suppliers, maintain cooperation with one principal supplier and have contracted with another third-party medical device manufacturer as an alternative supplier, and enter into contractual arrangements covering product specifications, quality requirements, delivery and acceptance standards. By utilizing commercially available devices for the initial launch, we rely on delivery systems that have already demonstrated reliability in clinical settings, thus providing a clear and established regulatory pathway for the product's market entry. In addition, we are advancing the planned self-development of delivery devices as a supplementary long-term measure to

enhance our supply chain resilience and operational flexibility. Based on the foregoing, our Directors are of the view that we have adopted reasonable measures to support a stable and sufficient supply of delivery devices for the R&D and planned commercialisation of XJN010.

Collaboration and Clinical Manufacturing

We have engaged Jewin Pharmaceutical (Shandong) Co., Ltd. ("**Jewin**"), a specialized contract manufacturing organization (CMO), pursuant to an entrusted pharmaceutical technology development agreement dated 1 August 2023, which became effective on the same date, to carry out process transfer, sample batch manufacturing for IND application, product batch manufacturing for clinical trials, testing, preparation of production and quality documents, storage and handling of relevant materials, and related GMP inspection and registration support work for XJN010. For this purpose, "process transfer" mainly refers to the technical transfer and implementation work required for Jewin to carry out sample batch and clinical trial batch manufacturing of XJN010, including receipt and review of technical materials, personnel training, confirmation of production process and process parameters, confirmation or transfer of analytical methods, preparation of production and quality documents, and trial and registration batch production. "Registration support work" mainly refers to manufacturing related and quality related support for the IND application and regulatory review, including preparation and provision of production records, testing data, quality documents, GMP inspection related materials and other CMC related documents, and cooperation in registration related site inspection and verification work. As confirmed by Frost & Sullivan, the current service scope under the Jewin Agreement aligns with the standard services provided by contract manufacturing organizations.

Under the terms of the agreement, we act as the sole sponsor for clinical trials, the sole applicant for drug registration and the marketing authorization holder, and remain responsible for the overall development of XJN010, regulatory registration, product lifecycle management and the provision of the relevant technical materials, quality standards and certain materials required for production. We retain absolute control over all substantive aspects of the R&D process, including trial design, clinical strategy and regulatory interactions, and we also retain responsibility for product quality and safety and have audit and on-site supervision rights over Jewin's production, testing, warehousing and quality management activities. As between us and Jewin, we are responsible for product quality issues attributable to the materials, formulation, process or technical materials provided or determined by us. Jewin is responsible for product quality issues attributable to its failure to comply with the agreed production process, GMP requirements, quality standards or its production, testing, storage or quality management obligations. Where the cause of a product quality issue cannot be determined, the parties may submit samples for third-party testing or identification and allocate responsibility based on the results. Payment is made in instalments based on agreed project milestones, with certain additional out-of-scope expenses to be separately agreed and settled. Such out-of-scope expenses refer to expenses not included in Jewin's quotation, mainly including supplier audit fees, site inspection fees and production costs for three batches of products for supplemental application. Based on the currently identified out-of-scope items, the maximum amount payable to Jewin is expected to be approximately RMB540,000. The agreement remains effective until a final conclusion is reached in China on the product's clinical trial application and may be terminated by mutual agreement, for material breach not remedied within the agreed period after notice, automatically upon registration failure, or in other specified circumstances, including where Jewin no longer has the necessary qualifications to continue performing the project. Upon termination or expiry, Jewin must return to us all production technical materials provided by us to Jewin, and all technical materials generated by Jewin in relation to XJN010. We hold 100% of the intellectual property, disposal rights and future commercial interests associated with XJN010. Jewin acts solely as our service provider, is not a co-sponsor of the clinical trials of XJN010, does not possess any independent rights to XJN010 or its subsequent development, and may not subcontract its obligations without our prior written consent.

The entrusted pharmaceutical technology development agreement is in nature an entrusted development and technical service contract. According to the relevant PRC laws and regulations, the ownership and control of technical results and related rights under such entrusted development or technical service contracts are determined by the contractual agreement between the parties. According to the agreement, all intellectual property rights, technical materials and results arising from the research, development and manufacturing of XJN010 belong exclusively to the Company, and Jewin acts solely as a commissioned service provider without any ownership or independent rights in respect of XJN010 or its subsequent development.

In addition, under the PRC pharmaceutical regulatory framework, a marketing authorization holder ("**MAH**") bears primary responsibility for the entire life cycle of a drug. Accordingly, as the sole sponsor and intended MAH of XJN010, the Company retains full control and independent rights over its research and development, commercialisation, and IP.

Our Directors are of the view that we have full control over, and independent rights in, the research and development, planned commercialisation, and intellectual property rights of XJN010. The basis for this view is that, under the relevant entrusted development and clinical trial agreements, the intellectual property rights arising from the agreed entrusted matters, work and research projects are exclusively owned by us, including the rights to apply for patents, use and transfer technological results and exclusively own the relevant technical secrets. In addition, we have the right to use the technological results generated in performing the relevant agreements for regulatory filings, registration and subsequent improvement, and any new technological results and patents with substantive and inventive technical advancement arising therefrom are also exclusively owned by us. Our Directors are also of the view that the signed entrusted agreements relate only to the agreed entrusted development and research matters and do not impose any directional restriction, and that we retain control over all substantive aspects of the relevant research and development process, including experimental design, clinical strategy and regulatory interactions.

As affirmed by our PRC Legal Advisor, the Company has full control over, and independent rights to, the R&D, commercialisation and IP of XJN010. Based on the independent due diligence works conducted by the Sole Sponsor, and upon consideration of the view of the PRC Legal Advisor, the Sole Sponsor is of the view that the Company has full control and independent rights over the research and development, planned commercialisation, and intellectual property rights of XJN010. Accordingly, the Directors and the Sole Sponsor are of the view that the Jewin Agreement does not adversely affect the Company's satisfaction of the eligibility criteria under Chapter 18A of the Listing Rules and Chapter 2.3 of the Guide.

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 a self-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 received IND approval in January 2026. We initiated Phase I clinical trial in China in April 2026.

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 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, the number of migraine patients and the market for migraine therapies have increased and are expected to continue to grow in the global, China and U.S. markets. For details of the relevant patient population, market size and growth projections, see "Industry Overview — Migraine Market".

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 potential 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 may have the potential to be further developed as a non-invasive formulation for managing migraine symptoms, subject to confirmation in future clinical trials.

As of the Latest Practicable Date, we initiated Phase I clinical trial of XJN026 in China, but no clinical results from the trial are available yet. According to Frost & Sullivan, there is no relevant peer clinical data that would permit a meaningful like-for-like comparison with XJN026 at this stage. Accordingly, we are not in a position to substantiate the potential competitive advantages of XJN026 by reference to clinical data or to provide a comparison of its clinical data with that of peer products.

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 was well tolerated at doses 30 to 70 times the proposed clinical dose, with no histopathological changes observed in any organs or tissues examined. Local irritation studies demonstrated that XJN026 nasal spray did not show risk of hypersensitivity and showed good local tolerability.

In conclusion, the preclinical studies of XJN026 nasal spray showed rapid systemic absorption and favourable preclinical tolerability. However, as no clinical trials of XJN026 had been conducted as of the Latest Practicable Date, its clinical efficacy, safety and competitive advantages remain to be confirmed in future clinical trials. All of the above studies were conducted under GLP-compliant conditions.

Limitations

XJN026 is subject to certain limitations and uncertainties. As of the Latest Practicable Date, we initiated Phase I clinical trial of XJN026 in China, but no clinical results from the trial are available yet. 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.

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, and received IND approval in January 2026. We initiated Phase I clinical trial in China in April 2026. As of the Latest Practicable Date, we have obtained approval of the clinical trial protocol and ethics approval.

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.

Phase I clinical trial

- Trial design

This trial comprises two stages, with Stage II to be conducted based on the results of Stage I. We plan to enroll a total of 46 healthy male and female participants aged 18 to 45 years old, including 30 participants in Stage I and 16 participants in Stage II.

Stage I is a safety and tolerability study employing a randomized, double-blind, placebo-controlled, single- and multiple-ascending-dose (SAD/MAD) design. A total of 30 participants will be enrolled in three dose cohorts, with 10 participants in each cohort. Within each cohort, participants will be randomly assigned in an 8:2 ratio to receive XJN026 nasal spray or placebo, with a male-to-female ratio of 1:1. Participants in the low-dose cohort will receive a single administration. Participants in the medium- and high-dose cohorts will receive a single administration on Day 1, followed by three administrations on Day 2 at two-hour intervals.

Stage I primary endpoints: safety and tolerability, as assessed by vital signs, physical examinations, 12-lead electrocardiograms, clinical laboratory tests, adverse events and nasal examinations.

Stage II is a relative bioavailability study employing a randomized, open-label, single-dose, four-sequence, four-period, four-way crossover design. A total of 16 participants will be enrolled, with a male-to-female ratio of 1:1. Using stratified block randomization, participants will be randomly assigned in a 1:1:1:1 ratio to one of four treatment sequences. During the four treatment periods, each participant will receive a single administration of each of the following: XJN026 nasal spray (Dose 1), XJN026 nasal spray (Dose 2), the reference drug (5 mg) and the reference drug (10 mg).

Stage II primary endpoints: the relative bioavailability of XJN026 nasal spray compared with the reference drug, as assessed by C_{max}, AUC0-t and AUC0-∞.

- Trial status

As of the Latest Practicable Date, the Phase I clinical trial protocol has been approved and ethics approval has been obtained. Participant enrollment has not yet commenced.

Clinical trial sponsor(s)

We are the sole sponsor of the clinical trials in China and are expected to act as the sole sponsor of the planned U.S. IND application and clinical trials. As the sole sponsor, we are or will be responsible for, among other things, the overall initiation, management and financing of the relevant clinical development activities, and for ensuring compliance with applicable regulatory and ethical requirements.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET XJN026 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 a self-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. As of the Latest Practicable Date, XJN1102 was at the preclinical stage and no IND application had been submitted in China or the United States.

Mechanism of action

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.

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 patient population and treatment market for diabetes, particularly type 2 diabetes, have been growing in the global, China and U.S. markets and are expected to continue to expand. GLP-1 receptor agonists are an established therapeutic class in these markets. However, currently available products 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.

Development plan

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. Subject to regulatory clearance, we expect to complete a Phase I clinical trial in China by the end of 2027 and a Phase I clinical trial in the U.S. in the first quarter of 2028. We currently plan to submit NDA applications in China and the United States in 2030. These development timelines are based on our current development plan and may be subject to change. In the fourth quarter of 2026, we also intend to submit additional IND applications to the NMPA and the FDA for the weight management indication in overweight or obese adults.

Clinical trial sponsor(s)

As no IND application had been submitted for XJN1102 as of the Latest Practicable Date, we are expected to act as the sole sponsor of the planned IND applications and clinical trials in China and the U.S. As the sole sponsor, we will be responsible for, among other things, the overall initiation, management and financing of the relevant clinical development activities, and for ensuring compliance with applicable regulatory and ethical requirements.

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

XJN2503 — our other product, a 5-HT_3 receptor antagonist nasal inhalation formulation, for the treatment of nausea and vomiting

XJN2503 is a self-developed 5-HT_3 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 1.83 million in 2021 to 2.10 million in 2025, representing a CAGR of 3.58%. It is projected to further increase to 2.19 million in 2026 and 2.54 million in 2030. 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 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.

Clinical trial sponsor(s)

As no IND application had been submitted for XJN2503 as of the Latest Practicable Date, we are expected to act as the sole sponsor of the planned IND applications and clinical trials in China and the U.S. As the sole sponsor, we will be responsible for, among other things, the overall initiation, management and financing of the relevant clinical development activities, and for ensuring compliance with applicable regulatory and ethical requirements.

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 modified new drugs, 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, DHMP 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 continuing 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. As of the Latest Practicable Date, we have a total of 122 R&D personnel, of whom 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. The table below sets forth the number and composition of the core R&D personnel responsible for the Core Products:

Function	Number of personnel
Formulation and process development	15
Non-clinical studies	2
Clinical studies	2
Analytical research	15
Quality management	5
Regulatory submissions	1
Project management	6
Total	**46**

As of the Latest Practicable Date, 30 members of our R&D team, representing 24.6% of the total R&D team, and 20 members of our core R&D personnel responsible for the Core Products, representing 43.5% of the core R&D personnel responsible for the Core Products, hold a master's degree or above. 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.

As confirmed by Frost & Sullivan, our Company's R&D progress is aligned with industry peers, after having considered the following factors:

— *R&D investment intensity* — during the years ended December 31, 2024 and 2025 and the five months ended May 31, 2025 and 2026, the Company's R&D expense to revenue ratios were 33.5%, 69.2%, 48.6% and 114.5%, respectively, which is not uncommon for innovative pharmaceutical companies in an expansion phase within the industry to have R&D expense-to-revenue ratios exceeding 100%, representing a high-investment scenario within the normal range;

— *R&D expenses growth rate* — the R&D expense growth rate of our Company of approximately 132.9% from 2024 to 2025 is consistent with innovative pharmaceutical enterprises in expansion phase, exceeding most industry peers and remaining within a reasonable range of the high-growth bracket;

— *Cost structure* — the R&D cost structure of our Company aligns with industry norms. The R&D expenses for our two Core Products increased from approximately RMB11.9 million during the year ended December 31, 2024 to approximately RMB26.3 million during the year ended December 31, 2025, and increased from approximately RMB5.3 million during the five months ended May 31, 2025 to approximately RMB14.8 million during the five months ended May 31, 2026 which was driven by higher experiment and testing expenses and staff costs following the completion of Phase I and commencement of Phase II clinical trials, and such cost structure is consistent with the biopharmaceutical practice where clinical trial and personnel costs typically represent the majority of development spending;

— *Products pipeline* — our Company's products pipeline, built around two core products, one of which is based on microneedle transdermal technology and the other on intranasal brain-delivery technology, and both having entered Phase II clinical trials, is consistent with the industry practice of early-stage innovative pharmaceutical companies to diversify risks and focus on differentiated technology platforms; and

— *Clinical investment* — our Company's clinical investment strategy is consistent with industry practice. Our R&D expenses increased significantly during the Track Record Period when the R&D of our two Core Products advanced from Phase I to Phase II clinical trials, and the

majority of our R&D spendings are concentrated on clinical trial-related costs and personnel expenses, which aligns with the typical capital allocation model of innovative pharmaceutical companies during clinical development.

As further confirmed by Frost & Sullivan, our Company has sufficient R&D capability, after having considered (i) our Company's R&D progress in inhalation and microneedle drug formulation platforms is consistent with industry benchmarks for biopharmaceuticals advancing programs through early-stage clinical development; (ii) as at the Latest Practicable Date, our Company's R&D team consisted of 122 professionals, of whom 30 (approximately 24.6%) hold a master's degree or above; (iii) our Company's R&D spending is primarily allocated to our two Core Products, which is aligned with industry practice where biopharmaceutical firms concentrate resources on lead candidates. Specifically, R&D expenses attributable to our two Core Products increased from approximately RMB11.9 million during the year ended December 31, 2024 to RMB26.3 million during the year ended December 31, 2025, and increased from approximately RMB5.3 million during the five months ended May 31, 2025 to RMB14.8 million during the five months ended May 31, 2026 representing 72.5%, 69.0%, 51.0% and 77.9% of our total R&D expenses, respectively. This increase coincided with the transition of both Core Products from Phase I to Phase II clinical trials, a pattern consistent with rising development costs as programs advance. R&D expenses for our two Core Products during the Track Record Period predominantly composed of clinical and non-clinical development expenses and personnel costs, which together accounted for the majority of our R&D expenses, a cost structure typical for clinical-stage biotech companies; and (iv) our two Core Products obtained IND approval in PRC during the year ended December 31, 2024 and subsequently commenced Phase II clinical trials during the year ended December 31, 2025, specifically we commenced Phase II clinical trials for both the pediatric indication of DHMP and XJN010 in August 2025. No publicly disclosed clinical project terminations have been identified.

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 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 new 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.

Collaboration with CROs

During the Track Record Period, we have engaged third party CROs for certain R&D services in relation to our Core Products. In contrast with our CRO Services which are primarily CMC related pharmaceutical studies services, we engage third party CROs to provide (i) non-clinical services, such as animal toxicology, pharmacokinetics, and pharmacodynamic services, and (ii) clinical trial services for our Core Products. The services purchased from our CROs partners therefore fall outside of the scope of the CRO Services we provided. Our CRO suppliers are responsible for the management of the overall clinical trial process. Where required, our CRO suppliers will assist with identifying and screening suitable third parties such as hospitals and clinical trial sites, and the CROs will engage such hospitals and clinical trial sites to perform specific services under the clinical trial process. The third parties engaged by our CRO suppliers to carry out certain stages or services of the clinical trial will designate a team of professionals to monitor and conduct trials based on the scope of work as agreed between these third parties and our CRO suppliers. Among others, (i) principal investigators are key individuals responsible for the comprehensive planning, organization, and implementation of the clinical trials, ensuring the project process in accordance with the protocol and timeline; (ii) consultants usually provide high-level strategic advice on regulatory pathways, trial design and data analyses; (iii) physicians are responsible for the execution of specific experiments, day-to-day patient visits, and documentation of the data; and (iv) medical experts, who are the participants of the meeting organized by the Center for Drug Evaluation of NMPA, are primarily responsible for evaluating the trial design, the efficacy and safety of the treatment.

We select our CROs partners by reviewing a number of factors, including their quality standard, regulatory compliance, technical expertise, geographic proximity, track record and reputation in the industry, reliability in meeting development timelines, and the competitiveness of financial terms offered by them. For details of the salient terms of the agreements entered into with CROs, please refer to the section headed "— Key Contractual Terms with Our Suppliers" of this Document.

The following table sets forth the number of CROs engaged and the amount of expenses incurred thereon for the years and periods indicated:

	Number of CROs engaged	Expenses incurred
		RMB'000
Year ended December 31, 2024	2	5,116
Year ended December 31, 2025	8	15,899
Five months ended May 31, 2026	4	9,548

R&D expenses

For the years ended December 31, 2024 and 2025 and the five months ended May 31, 2025 and 2026, our R&D expenses were approximately RMB16.4 million, RMB38.2, RMB10.4 million and RMB19.0 million respectively.

A substantial share of our R&D expenses was allocated to advancing our two Core Products, DHMP and XJN010. 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 R&D 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.

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]**.

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 years 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. For detailed discussion of our R&D expenses, selling and distribution expenses and administrative expenses, please refer to the section headed "Financial Information — Description of Certain Selected Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income" and "Financial Information — Period-to-Period Comparison of Results of Operations".

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 existing 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 address large market segments where existing solutions remain limited.

Driving differentiation through platform technologies

Our pipeline is built on our 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 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, modified new drugs will move beyond serving merely as "delivery tools" and become core drivers in addressing critical clinical needs and shaping future treatment approaches.

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.

Establishment of Technology Platforms

We are deeply engaged in the R&D and industrialization of modified new drugs. 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 non-commercial production facility in Guangzhou which has been providing supplies for pilot experiments, Phase I and Phase II clinical trials in relation to DHMP.

As the non-commercial 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. To prepare for the anticipated commercialization of our Core Products, key product and other pipeline products, we have commenced the establishment of two commercial industrial bases, namely the Microneedle Formulation Industrial Base and the Nasal Inhalation Formulation Industrial Base.

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 modified new drugs.

As of the Latest Practicable Date, both the Microneedle Formulation Industrial Base and the Nasal Inhalation Formulation Industrial Base are still under construction and had not commenced operation. Accordingly, their utilisation rates were nil.

The table below sets forth certain details of our Guangzhou non-commercial production facility and industrial bases as of the Latest Practicable Date:

Facility	Nature of materials or products manufactured /to be manufactured	Total GFA (sq.m.)	Designed annual production capacity (pilot production/commercial production)	Number of production lines	Utilization rate
Guangzhou non-commercial production facility[Note 1]	pilot-scale batches/clinical trial materials for microneedle drug products, in particular DHMP	165.9	approximately 0.45 million patches (pilot production)	1	Not applicable

Facility	Nature of materials or products manufactured /to be manufactured	Total GFA (sq.m.)	Designed annual production capacity (pilot production/commercial production)	Number of production lines	Utilization rate
Microneedle Formulation Industrial Base[Note 2] .	clinical trial samples and commercial products of microneedle drug formulations, including DHMP, XJN1102, and other microneedle pipeline candidates	2,855.2	approximately 3 million patches for Line 1; approximately 3 million patches for Line 2 (commercial production)	2	Nil
Nasal Inhalation Formulation Industrial Base[Note 3] .	clinical and commercial products of nasal inhalation drug formulations, including XJN010 and other nasal inhalation pipeline candidates	4,686.4	approximately 5 million bottles (commercial production)	1	Nil

Notes:

1. Our Guangzhou non-commercial production facility is not utilized as a manufacturing facility. It primarily produces pilot scale batches or clinical trial materials for our microneedle drug products, in particular DHMP, on an as needed basis. Due to the limitation in size of our Guangzhou non-commercial production facility, it is not suitable and will not be converted to a commercial manufacturing facility, accordingly, commercial manufacturing GMP is not applicable. Since production at our Guangzhou non-commercial production facility is on an as needed basis, utilisation rate is not applicable.
2. Our Microneedle Formulation Industrial Base is located in the Lianyungang Economic and Technological Development Zone, Lianyungang, PRC, and will be utilized as a commercial manufacturing facility. It is designed to be GMP-compliant and solely produces clinical trial samples and commercial products of microneedle drug formulations.
3. Our Nasal Inhalation Formulation Industrial Base is located in the Jinwan District of Zhuhai City, PRC, and will be utilized as a commercial manufacturing facility. It is designed to be GMP-compliant and solely produces clinical and commercial products of nasal inhalation drug formations.

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 DHMP. The designed annual production capacity of this line is approximately 3 million patches. To meet the clinical and commercial needs of XJN1102, we plan to establish a second microneedle drug formulation production line that 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 Microneedle Formulation Industrial Base has been designed with sufficient space and supporting infrastructure to meet our long-term research and production needs. Adequate workshop areas have been reserved to support the R&D, pilot-scale and commercial-scale manufacturing of microneedle drug formulation products. Located within a well-equipped industrial park, the facility is designed to accommodate the production of microneedle drug formulations for both chemical and biological drug types. All environmental protection and emission standards applicable to the facility are expected to comply with national and local regulatory requirements.

The Nasal Inhalation Formulation Industrial Base is intended to serve as our core production base for multiple nasal inhalation products for both clinical and commercial purposes. Its nasal inhalation formulation production line is expected to be completed in the third quarter of 2027. The designed annual production capacity of this production line is approximately 5 million bottles.

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 non-commercial production facility in Guangzhou will be utilized for our production needs during the R&D phase of our future modified new drugs.

Our Manufacturing Team and Collaboration with CMOs

We are in the process of systematically establishing a comprehensive manufacturing and quality control team. As of May 31, 2026, 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.

The following table sets forth the number of CMOs engaged for manufacturing services for our pre-clinical and clinical trials for our pipeline products and the amount of expenses incurred thereon for the years and periods indicated:

	Number of CMOs engaged	Expenses incurred
		RMB'000
Year ended December 31, 2024	1	75
Year ended December 31, 2025	2	434
Five months ended May 31, 2026	Nil	Nil

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, SALES AND MARKETING

None of our Core Products or key product has been approved or in commercial stage, including DHMP, a dissolving microneedle patch for pediatric preoperative sedation, advanced to a Phase II clinical trial, and XJN010, a 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 2025 and the five months ended May 31, 2025 and 2026, income generated from our cosmetics business amounted to approximately RMB1.8 million, RMB0.3 million, RMB0.2 million and nil, respectively. Our cosmetics business ceased operation on September 1, 2025 to better utilize our resources, focusing on the development and commercialization of our two Core Products.

Our CRO Services

Leveraging on our technology platforms, we provide pre-clinical CMC pharmaceutical studies CRO Services on a fee-for-service model.

Our CRO Services and fee models — Pre-clinical CMC Pharmaceutical Studies Services

Our pre-clinical CMC pharmaceutical studies services primarily includes (i) R&D for new drugs IND application, (ii) R&D for new drugs NDA, and (iii) R&D for generic drugs product registration application. Where our customers require non-clinical services (such as toxicology studies) or clinical trial services (such as bioequivalence studies), we may, in accordance with the relevant project agreements, be engaged to coordinate with other qualified third parties. Our CRO Services have been conducted using our R&D premises and relevant equipment, and do not involve the use of any patents of our Group.

The following table illustrates details of different stages, from engagement to delivery, of our pre-clinical CMC pharmaceutical studies services:

Project enquiry and evaluation	:	Our customers engage us and provide us with the initial plans, including details of the new drug for IND application, such as the proposed drug formulations, or the generic drugs for production registration application.
R&D Plan formulation and execution	:	Based on our customers' initial proposals, our designated project team will formulate a R&D plan for our customers with reference to, among others, the proposed drug formulation, research data of comparable drugs, patent status of the relevant formulation or technical features of the proposed drug, the applicable national and international quality and regulatory standards. We will then carry out an array of services in accordance with the R&D plan, including but not limited to, (a) conducting R&D on the drug product such as formulation screening, dosage-form selection, manufacturing process development; (b) small scale and pilot-scale laboratory testing; (c) quality studies; and (d) stability studies, ensuring that the drug is compliant with the applicable quality and regulatory standard and specifications for clinical trials or product registration (as the case may be).
Regulatory submissions	:	Where required, we will assist our customers in preparing regulatory submission documents for their IND application, NDA application or generic drug registration application, such as compiling CMC research data, pre-clinical data and provide follow-up supplementary research services or other on-site support.

Our pre-clinical CMC pharmaceutical studies services are provided on a fee-for-service model. Under this model, our customers submit to us their requirements of services and we provide them with a payment schedule. The payment schedule sets out the fees for services we provide at the respective stage of services or milestone events as set out in the contract or work order. In determining the pricing of our pre-clinical pharmaceutical studies services, we take into account factors such as the complexity and technicality of the project, costs of our services such as labor costs and material costs, development cycle, and fee level of comparable services offered by our competitors.

During the Track Record Period, our revenue was mainly generated from our CRO Services. For the years ended December 31, 2024 and 2025 and the five months ended May 31, 2025 and 2026, revenue generated from the provision of CRO Services amounted to approximately RMB46.3 million, RMB41.9 million, RMB15.5 million and RMB12.4 million, respectively. Since initiating the R&D of our two Core Products, we have progressively scaled down our CRO Services and intend to further limit the onboarding of new projects 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 two different Independent Third Parties in December 2022. Both Propofol Injectable Emulsion and Esomeprazole Magnesium Delayed-Release Capsules are generic drugs and neither is related to our core technology platform.

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. Our MAH Business has been conducted using our office premises, rather than R&D premises or equipment, and we do not hold material assets and/or patents for our 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. For details of the key contractual terms with our MAH Business customer, please refer to the section headed "Business — Our Customers — Key Contractual Terms with Our Customers" in this Document.

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 in PRC, who place purchase orders with us and would resell to third parties. We have entered into distributorship agreements for the sale of Propofol Injectable Emulsion in PRC with these customers. Our Directors confirm that we have ceased to accept any purchase orders since 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.

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. During the Track Record Period and up to 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 the years ended December 31, 2024 and 2025 and the five months ended May 31, 2026 amounted to approximately RMB2.7 million, RMB13.4 million and RMB4.2 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

Our customers during the Track Record Period primarily included CMOs. 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 following table sets forth the details of our five largest customers during the Track Record Period in the years/period indicated.

For the year ended December 31, 2024

Customer	Principal business	Registered capital of customer	Products/ services provided	Commencement of business relationship	Credit terms and payment method	Revenue derived from the customer	
		RMB'000				*RMB'000*	*%*
Customer A [(1)]	Medical research and experimental development	20,000	CRO Services	2023	10 working days after fulfilment of milestone; bank transfer	7,809	15.9
Customer B [(1)]	Manufacturing and sales of Class I and Class II medical devices, pharmaceutical production	50,000	CRO Services	2021	10 working days after fulfilment of milestone; bank transfer	2,849	5.8
Customer C [(1)]	Pharmaceutical manufacturing and wholesale	60,000	CRO Services	2022	10 working days after fulfilment of milestone; bank transfer	2,722	5.6
Customer D [(2)]	Manufacturing and sales of pharmaceutical products	1,664,218	CRO Services	2015	10 - 20 working days after fulfilment of milestone; bank transfer	2,606	5.3
Customer E [(1)]	Pharmaceutical manufacturing and wholesale, medical research and experimental development	109,980	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 A, Customer B, Customer C and Customer E are private companies established in the PRC with limited liability.
2. Customer D 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.

For the year ended December 31, 2025

Customer	Principal business	Registered capital of customer	Products/ services provided	Commencement of business relationship	Credit terms and payment method	Revenue derived from the customer	
		RMB'000				*RMB'000*	*%*
Customer F [(1)]	Manufacturing and marketing of generic injectables and ophthalmic products	Not applicable	MAH drug sales	2023	30 days; bank transfer	13,382	24.2
Customer G [(2)]	Investment activities with self-owned funds, medical research and experimental development	5,000	CRO Services	2024	10 working days after fulfilment of milestone; bank transfer	4,557	8.2
Customer B	Manufacturing and sales of Class I and Class II medical devices, pharmaceutical production	50,000	CRO Services	2021	10 working days after fulfilment of milestone; bank transfer	3,858	7.0
Customer H [(2)]	Pharmaceutical manufacturing and wholesale, medical research and experimental development	20,000	CRO Services	2024	15 working days after fulfilment of milestone; bank transfer	3,351	6.1
Customer D	Manufacturing and sales of pharmaceutical products	1,664,218	CRO Services	2015	10 - 20 working days after fulfilment of milestone; bank transfer	3,304	6.0
			Top five customers in aggregate			28,452	51.5
			All other customers			26,786	48.5
			Total revenue			**55,238**	**100**

Notes:

1. Customer F is a private company incorporated in the United States with limited liability.
2. Customer G and Customer H are private companies established in the PRC with limited liability.

For the five months ended May 31, 2026

Customer	Principal business	Registered capital of customer	Products/ services provided	Commencement of business relationship	Credit terms and payment method	Revenue derived from the customer	
		RMB'000				*RMB'000*	*%*
Customer F	Manufacturing and marketing of generic injectables and ophthalmic products	Not applicable	MAH drug sales	2023	30 days; bank transfer	4,165	25.1
Customer I[(1)]	Research and development, production and sales of pharmaceutical products	41,060	CRO Services	2012	10 working days after fulfilment of milestone; bank transfer	2,990	18.1
Customer H	Pharmaceutical manufacturing and wholesale, medical research and experimental development	20,000	CRO Services	2024	15 working days after fulfilment of milestone; bank transfer	1,668	10.1
Customer J[(1)]	Research and development, production and sales of pharmaceutical products	80,000	CRO Services	2024	10 working days after fulfilment of milestone; bank transfer	1,646	9.9
Customer G	Investment activities with self-owned funds, medical research and experimental development	5,000	CRO Services	2024	10 working days after fulfilment of milestone; bank transfer	933	5.6
			Top five customers in aggregate			11,402	68.8
			All other customers			5,165	31.2
			Total revenue			**16,567**	**100.0**

Notes:

1. Customer I and J are private companies established in the PRC with limited liability.

To the best of our knowledge, our five largest customers in each year 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 in each year during the Track Record Period.

Key Contractual Terms with Our Customers

During the Track Record Period, we entered into one distribution agreement with our MAH Business customer for the distribution of esomeprazole magnesium delayed-release capsules in the U.S. and service agreements with our CRO Services customers for the provision of CRO Services.

The key contractual terms under our esomeprazole magnesium delayed-release capsules 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.

Our CRO Services agreements with our customers have primarily adopted the standardized technology service contract form issued by the Ministry of Science and Technology of the PRC. The table below summarises the key contractual terms under our CRO Services agreements:

Technical objectives . . . . . Sets out the basic information of the project, including

the subject and nature of CRO Services to be provided under the service agreement. We primarily provide CMC pharmaceutical studies of the following areas:

(a) R&D for new drugs IND application: we provide full range of R&D for our customers' new drugs IND application, including API quality studies and internal control standard setting, formulation development, analytical method development and validation, stability studies and the compilation of the complete documentation;

(b) R&D for new drugs NDA: we provide full range pharmaceutical research to support NDA submissions, which includes process validation, commercial-scale stability studies, and the compilation of the complete documentation;

(c) R&D for generic drug registration and application: we provide comprehensive pharmaceutical research to support Abbreviated New Drug Application (**ANDA**) submissions, which includes research and analysis on the reference drug or formulation, API quality analyses and internal control standard setting, development of formulation and process, quality studies, stability studies and the compliance of the complete documentation;

where required, we may provide non-clinical studies and clinical studies services in relation to the aforesaid areas. Such non-clinical studies and clinical studies services will be provided by third-party CROs engaged by us on behalf of our customers, or directly by our customers where we will assist in identifying and selecting suitable CROs for our customers.

Obligations of parties . . . . . Sets out the respective obligations of the parties to the service agreement:

(i) obligations of our customers primarily include:

  (a) payment obligations in accordance with the payment terms of the service agreement;

  (b) handling of administrative procedures in relation to the relevant IND application;

  (c) provision of project background information;

  (d) procurement of materials for pilot-scale and commercial-scale production;

  (e) quality inspection on the final products;

(ii) obligations of our Company primarily include:

  (a) developing and executing detailed pharmaceutical research protocols and plans;

  (b) finishing laboratory-scale studies, pilot-scale studies, quality studies, etc.;

  (c) compiling the research reports for each stage involved;

  (d) assisting the Client in preparing the pharmaceutical documentation required for regulatory submissions;

Project closing	Sets out the milestone event for closing of the project: (i) for CRO Services in relation to R&D for new drugs IND application, the project is generally completed upon the customer obtaining NMPA's approval for clinical trial; (ii) for CRO Services in relation to new drugs NDA or generic drugs registration application, the project is generally completed upon the receipt of the drug registration certificate issued by the NMPA by the customer
Project plan and schedule	We set out the detailed R&D plan and timetable for the project, and identify the key milestones
Payment terms	We primarily provide our services on a fee-for-service model, with payment tied to specific stages or milestone events as set out in the R&D plan
Intellectual property	We warrant to our customers that the products we deliver do not infringe the intellectual property rights and other legal rights of third parties. Each party retains ownership of its respective background intellectual properties. Our customers retain ownership of all products or technical inventions developed or conceived during the performance of the agreement.
Liability	Each party is liable for their respective breaches under the service agreement. If, due to our technical defects or gross negligence, the research data provided by us is inaccurate or incomplete, and such deficiencies directly result in the pharmaceutical documentation being rejected by the relevant regulatory authority, we shall bear the corresponding liabilities in accordance with the service agreement.

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.

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 following table sets forth details of our five largest suppliers in each year during the Track Record Period.

For the year ended December 31, 2024

Supplier	Principal business	Registered capital of supplier	Products/services purchased	Commencement of business relationship	Credit terms and payment method	Purchase amount	
		RMB'000				*RMB'000*	*%*
Supplier A [(1)]	Medical research and experimental development, technical services, inspection and testing services, etc.	20,000	R&D services	2023	5 days; bank transfer	4,498	13.5
Supplier B [(1)]	Non-residential real estate leasing, property management	60,000	Leasing of premises	2020	monthly; bank transfer	3,722	11.2
Supplier C [(2)]	Pharmaceutical manufacturing, pharmaceutical sales and related activities	293,527	Contract manufacturing	2023	30 days; bank transfer	2,208	6.7
Supplier D [(1)]	Manufacturing, repair, and sales of equipment and instruments, etc.	10,000	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 E [(1)]	Pharmaceutical clinical trial services	12,235	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 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, 2025

Supplier	Principal business	Registered capital of supplier	Products/services purchased	Commencement of business relationship	Credit terms and payment method	Purchase amount	
		RMB'000				*RMB'000*	*%*
Supplier C	Pharmaceutical manufacturing, pharmaceutical sales and related activities	293,527	Contract manufacturing	2023	30 days; bank transfer	12,488	15.9

Supplier	Principal business	Registered capital of supplier	Products/services purchased	Commencement of business relationship	Credit terms and payment method	Purchase amount	
		RMB'000				*RMB'000*	*%*
Supplier F [(1)]	Medical research and experimental development	42,580	R&D services	2025	7 days upon receipt of invoices; bank transfer	7,070	9.0
Supplier G [(1)]	Construction and engineering activities, installation, modification, and maintenance of special equipment, etc.	80,000	Renovation and remodeling	2025	7–10 days upon receipt of invoices; bank transfer	6,220	7.9
Supplier H[(2)]	Medical research and experimental development	385,556	R&D services	2022	5 days upon confirmation of monthly settlement statement; bank transfer	5,888	7.5
Supplier I[(3)]	Financial consultancy	2,000	Consultancy services	2023	15 days after receipt of transaction payment or completion of closing; bank transfer	3,663	4.7
			Top five suppliers in aggregate			35,329	45.0
			All other suppliers			43,225	55.0
			Total purchases			**78,554**	**100**

Note:

1. Supplier F and Supplier G are private companies established in the PRC with limited liability.
2. Supplier H is a public company established in the PRC and listed on the Shenzhen Stock Exchange.
3. Supplier I comprises of two private companies established in the PRC with limited liability with the same ultimate beneficial owner.

For the five months ended May 31, 2026

Supplier	Principal business	Registered capital of supplier	Products/services purchased	Commencement of business relationship	Credit terms and payment method	Purchase amount	
		RMB'000				*RMB'000*	*%*
Supplier H	Medical research and experimental development	385,556	R&D services	2022	7 working days after fulfilment of milestone; bank transfer	5,943	22.6
Supplier C	Pharmaceutical manufacturing, pharmaceutical sales and related activities	293,527	Contract manufacturing	2023	30 days; bank transfer	3,820	14.6
Supplier F	Medical research and experimental development	42,580	R&D services	2025	7 working days after fulfilment of milestone; bank transfer	2,997	11.4
Supplier J[(1)]	Import and export of various commodities and technologies	11,000	Procurement of equipment	2025	7 working days after fulfilment of milestone; bank transfer	2,795	10.7
Supplier B	Non-residential real estate leasing, property management	60,000	Leasing of premises	2020	Monthly; bank transfer	1,614	6.2
			Top five suppliers in aggregate			17,169	65.4
			All other suppliers			9,078	34.6
			Total purchases			**26,247**	**100.0**

Notes:

1. Suppliers J is a private company established in the PRC with limited liability.

To the best of our knowledge, our five largest suppliers in each year 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 in each year during the Track Record Period.

Key Contractual Terms with Our Suppliers

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 and up to the Latest Practicable Date, 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.

During the Track Record Period, we primarily entered into services agreements with our CRO suppliers, contract manufacturing agreements with our CMO suppliers, equipment or material procurement agreements, and lease agreements for the lease of our Group's leased premises.

Our CRO procurement agreements with our suppliers have primarily adopted the standardized technology service contract form issued by the Ministry of Science and Technology of the PRC. The table below summarises the key contractual terms under our CRO procurement agreements:

Technical objectives	Sets out the basic information of the project, including (i) the subject and nature of CRO services to be procured under the service agreement. We primarily procure non-clinical and clinical studies CRO services in the areas of (a) non-clinical studies such as animal toxicology, pharmacokinetics, and pharmacodynamic studies services, and (b) clinical studies such as clinical trial services; (ii) the specific national and industry standards, and quality standards that are required for the specific project
Obligations of parties	Sets out the respective obligations of the parties to the service agreement: (i) obligations of our suppliers primarily include: (a) jointly formulate the clinical trial plan and protocols with our Company (such clinical trial plan and protocols are devised based on the initial proposals provided by our Company, including but not limited to, enrollment strategies, eligibility and exclusion criteria etc., and are subject to our final approval); (b) preparation and submission of the clinical trial application to the ethics committee (such application subject to the review and submission approval of our Company); (c) selection or engagement of third party clinical agencies;

	(d) management and execution of the clinical trial in accordance with the clinical trial plan among others, deliver progress reports to our Company, handling and securing trial data collected in accordance with the relevant protocols and regulations, duly report to our Company and the ethics committee in respect of adverse events or incidents, and assisting our Company in handling any claims in relation to the same; (ii) obligations of our Company primarily include: (a) payment obligations in accordance with the payment terms of the service agreement; (b) provision of the requisite technical data, documents, research reports to the CRO supplier; (c) provision and delivery of drug samples of proper quality and specifications to the CRO supplier and/or external clinical trial agencies engaged by the CRO supplier; (d) provision of adequate insurance or indemnity in respect of adverse or side effects caused by our drugs during clinical trial
Project closing	The project typically completes upon the delivery of the respective clinical trial research report to our Company and our inspection of the same
Project plan and schedule	Sets out the detailed clinical trial plan and timetable, including all technical specifications, protocols, national and industry standards, and quality standards that have to be met by our CRO suppliers during different stages of the clinical trial.
Payment terms	Payment under the service agreement is typically tied to specific stages of the clinical trial as set out in the payment schedule of the agreement.
Intellectual property	We retain ownership of all products or technical inventions developed or conceived during the performance of the agreement.
Liability	Each party is liable for their respective breaches under the service agreement. Each party is also subject to additional liquidated damages for their respective breaches, the amount of which represents certain percentage of the total contract sum determined on case-by-case basis.

During the Track Record Period, we have entered into supply agreements with CMOs for the manufacturing and production of our MAH Business products and for the manufacturing and production of clinical trial products and IND registration batches of our Core Products.

The key contractual terms under our master supply agreement with CMO for the manufacturing and production of esomeprazole magnesium delayed-release capsules are as follows: (i) we are the holder of the FDA approved abbreviated new drug application (ANDA) of the product and we own all intellectual property associated with the product; (ii) the products manufactured under the master supply agreement shall be distributed in the U.S. and we have the exclusive distribution rights of the product in the U.S.; (iii) the CMO has the exclusive rights to supply the product to us and is prohibited from distributing, or supplying the product to other distributors for the distribution, in the U.S.; (iv) the product supplied by the CMO shall comply with the product quality specifications; (v) the quantity of product to be supplied is determined by the written purchase orders placed by us from time to time, products shall be delivered within ninety (90) days of the placement of the purchase order and all delivered products shall have an expiration period of at least twenty-one (21) months from the date of delivery; (vi) the price per quantity as specified in the master supply agreement shall be inclusive of all

costs, including but not limited to raw materials, packaging, delivery costs etc.; (vii) we have the right to terminate any purchase order with sixty (60) days notice prior to delivery; (viii) we shall settle payment within thirty (30) days upon delivery of the products to the designated U.S. port; and (ix) where the product is recalled by the FDA by reason of our breaches under the master supply agreement, we shall be responsible for all costs incurred in connection with the recall, whereas where the product is recalled by the FDA by reason of the CMO's breaches under the master supply agreement, the CMO shall be responsible for all costs incurred in connection with the recall.

The key contractual terms under our supply agreements with CMOs for the manufacturing and production of clinical trial products and IND registration batches of our Core Products are as follows: (i) we act as the sole applicant for drug registration and the MAH. We retain control over the R&D process and we hold 100% of the intellectual property, disposal rights, and future commercial interests associated with our Core Product. The role of the CMOs is limited to providing manufacturing of the subject products or materials in accordance with the provided specifications, and technical support as a service provider, and they do not possess any independent rights to our Core Product or its subsequent development.

During the Track Record Period, we have entered into certain material or equipment procurement agreements with our suppliers. The key contractual terms under such procurement agreements are as follows: (i) the agreement specifies the subject model, order quantity and price; (ii) the agreement sets out the relevant national, industry and quality standards or specifications of the product that have to be met by our suppliers; (iii) the agreement sets out the delivery period of the order, for small value consumables, the deliver period will be shorter, whereas for large value equipment, our suppliers will have a longer delivery period, we are also typically entitled to a fixed post-delivery warranty period; (iv) we shall make payments in accordance with the payment schedule as set out in the procurement agreements.

During the Track Record Period, we have entered into lease agreements in respect of our leased premises. The key contractual terms under such lease agreements are as follows: (i) the lease agreement sets out details of the leased premises including location, size and permitted uses of the premises; (ii) we typically enter into a fixed term lease arrangement; (iii) we shall pay rent and other utilities and management fees monthly; (iv) we are entitled to transfer the lease or sub-lease to our related entities; and (v) we are subject to obligations and restrictions set out in the lease agreements, such as the obligation to maintain proper insurance in respect of occupiers and properties in the leased premises, obligations to comply with the relevant regulations in respect of construction, renovation or maintenance within the leased premises etc.

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 and up to the Latest Practicable Date, 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. 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.

The Group as the clinical trial sponsor, can only access the trial data without downloading or further processing such data. The Investigator is responsible for collecting clinical trial data required for the clinical trial protocol, assigning subject identification numbers, and anonymizing the names of trial subjects. The clinical trial data include subjects' physical examinations, vital signs, blood routine tests, urine routine tests, blood biochemistry tests, coagulation function tests, electrocardiograms; medication data during the treatment period; subjects' concurrent medication status; efficacy indicators; and doctors' evaluations. The trial data does not include any personal information of trial subjects.

The Group has established a data security management system and conduct data privacy and compliance training for employees on an annual basis.

During the Track Record Period and up to the Latest Practicable Date, in order to obtain clinical trial approval for XJN010 from the FDA, we submitted application materials to the FDA, which include data relating to the pharmacokinetics and safety of the drug. In addition, we also, as the marketing authorization holder, submitted other application materials to the FDA for the purposes of filing change applications and annual reports under the Abbreviated New Drug Applications (ANDAs). The data in both cases do not contain 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.

During the Track Record Period and up to the Latest Practicable Date, we have not collected or processed medical information or personal data from individuals in the U.S., accordingly, as confirmed by our U.S. legal advisors, we have not conducted data processing activities that would be subject to material regulation under applicable U.S. data privacy or data security laws.

In the Directors' view, with the support of the opinions of the relevant legal advisors, the Group (1) has not experienced any material data leakage, and (2) has, in all material respects, complied with all applicable laws and regulations regarding data privacy and security within the PRC and the U.S. during the Track Record Period and up to the Latest Practicable Date.

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 modified new drugs, 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 13 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, 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 or its subsidiaries. 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.

The following table sets out details of our material patents and patent applications as of the Latest Practicable Date. We hereby disclose that the API for XJN010 is levodopa. The APIs for certain other product candidates are not disclosed in this Document due to confidentiality and commercial sensitivity, as these product candidates are still at an early stage of development and have not yet entered clinical trials.

Product Candidate	Patent/ Application Number	Type of Patent	Name of Patent/Application	Inventors	Jurisdiction[1]	Status	Application Date	Expiration Date	Grant Date	Applicant/ Patentee	Acquisition Way	Protection Scope
DHMP	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	28 Nov 2025	Company	Original	Dexmedetomidine microneedle patch, its preparation method and its use in treating insomnia
DHMP	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	18 Mar 2025	Novaken Research	Original	Dexmedetomidine hydrochloride soluble microneedle and preparation method thereof
DHMP	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	N/A	Company	Original	Dexmedetomidine microneedle patch, its preparation method and its use in treating insomnia
XJN010	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	22 Nov 2024	Company	Original	Levodopa nasal spray, its preparation method and its use in treating Parkinson's disease
XJN010	US19/127,903[2]	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	N/A	Company	Original	Levodopa nasal spray, its preparation method and its use in treating Parkinson's disease
XJN010	PCT/CN2024/130102[3]	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	N/A	Company	Original	Pharmaceutical composition comprising Levodopa and/or benserazide and/or carbidopa, its preparation method and its use in treating Parkinson's disease

1 It is noted that the patent application marked as "PCT" in the Jurisdiction column denote an international application filed under the Patent Cooperation Treaty. Such a PCT application is in the international phase and does not itself constitute a granted patent in any jurisdiction. It will require entry into the national/regional phase in designated countries or regions to obtain patent protection.

2 The prolonged application of the patent is due to a combination of common factors in global patent prosecution, including backlogs at USPTO, the technical complexity of the inventions requiring thorough assessment, and the Company's strategic management of the prosecution process to align with its commercial objectives. This application is actively progressing within the normal procedural timelines, and the Company is diligently engaging with the USPTO to advance them.

3 This application is a PCT application. it is important to clarify that the international phase under the Patent Cooperation Treaty does not involve substantive examination or grant. Substantive examination occurs only upon, and independently within, each national or regional phase entry (e.g., in China or the US). Therefore, the timeline for the international phase is not indicative of a "prolonged application" but rather reflects the standard 30/31-month decision period for entering target markets, which the Company utilizes for strategic global portfolio planning.

Product Candidate	Patent/ Application Number	Type of Patent	Name of Patent/Application	Inventors	Jurisdiction[1]	Status	Application Date	Expiration Date	Grant Date	Applicant/ Patentee	Acquisition Way	Protection Scope
XJN026	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	03 Feb 2023	Company	Assigned[4]	Rizatriptan nasal spray and preparation method thereof
XJN026	CN202411697980.5[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	N/A	Company	Original	Pharmaceutical composition comprising Rizatriptan, its preparation method, nasal spray and use in treating migraine
XJN026	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	N/A	Company	Original	Pharmaceutical composition comprising Rizatriptan, its preparation method, nasal spray and use in treating migraine
XJN1102	ZL202210028787.7	Invention	Semaglutide dissolving 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	01 Aug 2023	Company	Original	Semaglutide soluble microneedle patch and preparation method thereof
XJN1102	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	19 Sep 2023	Company	Original	Semaglutide soluble microneedle composition and preparation method thereof
XJN1102	US18/722,038[6]	Invention	Semaglutide soluble microneedle composition and preparation method thereof	Wu Chuanbin; Tang Yu; Yang Beibei; Liu Hualiang	US	Pending	17 March 2022	N/A	N/A	Company	Original	Semaglutide soluble microneedle composition and preparation method thereof

We also held patents and patent applications in respect of our technology platforms. The following table sets out details of these patents and patent applications as of the Latest Practicable Date.

4 Assigned from Jinan University.

5 The prolonged application of the patent is due to a combination of common factors in global patent prosecution, including backlogs at CNIPA, the technical complexity of the inventions requiring thorough assessment, and the Company's strategic management of the prosecution process to align with its commercial objectives. This application is actively progressing within the normal procedural timelines, and the Company is diligently engaging with the CNIPA to advance them.

6 The prolonged application of the patent is due to a combination of common factors in global patent prosecution, including backlogs at USPTO, the technical complexity of the inventions requiring thorough assessment, and the Company's strategic management of the prosecution process to align with its commercial objectives. This application is actively progressing within the normal procedural timelines, and the Company is diligently engaging with the USPTO to advance them.

Patent/ Application Number	Type of Patent	Name of Patent/Application	Inventors	Jurisdiction	Status	Application Date	Expiration Date	Grant Date	Applicant/ Patentee	Acquisition Way	Protection Scope
ZL201710393418.7	Invention	Thymopentin soluble microneedle and preparation method thereof (胸腺五肽可溶性微針及其製備方法)	Wu Chuanbin; Lin Shiqi; Quan Guilan; Pan Xin; Cai bingzhen; Hou Yuanlin; Yang Peipei	PRC	Granted	27 May 2017	27 May 2037	07 Jan 2020	Company	Assigned[1]	Thymopentin soluble microneedle and preparation method thereof
ZL201811022455.8	Invention	Fast-separating soluble microneedle and a preparation method thereof (快速分離型可溶性微針及其製備方法)	Wu Chuanbin; Hou Yuanlin; Quan Guilan; Yang Beibei; Pan Xin	PRC	Granted	03 Sep 2018	03 Sep 2038	01 Apr 2022	Company	Assigned[2]	Fast-separating soluble microneedle and a preparation method thereof
ZL201911223281.6	Invention	Microneedle patch for improving skin hypertrophic scars and preparation method thereof (改善皮膚增生性瘢痕的微針貼片及其製備方法)	Wen Xinguo; Zhang Minmin; Chen Hangping; Yang Sichao; Ren Chunyan	PRC	Granted	03 Dec 2019	03 Dec 2039	29 Oct 2021	Company	Assigned[3]	Microneedle patch for improving skin hypertrophic scars and preparation method thereof
ZL201911236031.6	Invention	Microneedle patch for improving skin acne and preparation method thereof (改善皮膚痤瘡的微針貼片及其製備方法)	Wen Xinguo; Zhang Minmin; Xiao Zijie; Chen Hangping; Yang Sichao; Ren Chunyan	PRC	Granted	05 Dec 2019	05 Dec 2039	08 Feb 2022	Company	Assigned[4]	Microneedle patch for improving skin acne and preparation method thereof
ZL201911342239.6	Invention	Microneedle patch for losing weight and preparation method thereof (用於減肥的微針貼片及其製備方法)	Zhang Minmin; Xiao Zijie; Chen Hangping; Chen Yesheng; Ren Chunyan	PRC	Granted	23 Dec 2019	23 Dec 2039	04 Oct 2022	Company	Assigned[5]	Microneedle patch for losing weight
ZL202211255974.5	Invention	Rivastigmine nasal spray and its preparation method (卡巴拉汀鼻噴霧劑及其製備方法)	Huang Zhengwei, Zhang Xuejuan, Wang Guanlin, Wu Chuanbin, Wu Jinlong, Huang Ying, Yue Xiao, Xia Xiao, Guo Haihua	PRC	Granted	13 Oct 2022	13 Oct 2042	11 Aug 2023	Company	Assigned[6]	Rivastigmine nasal spray and its preparation method

1 Assigned from Sun Yat-sen University.
2 Assigned from Sun Yat-sen University.
3 Assigned from 廣州新濟薇娜生物科技有限公司.
4 Assigned from 廣州新濟薇娜生物科技有限公司.
5 Assigned from 廣州新濟薇娜生物科技有限公司.
6 Assigned from Jinan University.

Patent/ Application Number	Type of Patent	Name of Patent/Application	Inventors	Jurisdiction	Status	Application Date	Expiration Date	Grant Date	Applicant/ Patentee	Acquisition Way	Protection Scope
ZL202310406063.6 . .	Invention	An abaparatide soluble microneedle patch and its preparation method (一種阿巴帕肽可溶性微針貼片及其製備方法)	Chen Hangping; Yang Beibei; Xie Chenguang; Zhang Shuai; Wang Yalong; Zhao Zhiming	PRC	Granted	14 Apr 2023	14 Apr 2043	18 Oct 2024	Novaken Research	Original	Abaparatide soluble microneedle patch and its preparation method
CN202311035778.1 . .	Invention	A minodronic acid soluble microneedle patch and its preparation method (一種米諾膦酸可溶性微針貼片及其製備方法)	Yang Beibei; Wang Yalong; Xie Chenguang; Chen Hangping; Zhang Shuai; Zhao Zhiming; Li Feng	PRC	Pending	16 Aug 2023	N/A	N/A	Company	Original	Minodronic acid soluble microneedle patch and its preparation method
CN202311820595.0 . .	Invention	A hand-held microneedle drug delivery device (一種手持式微針給藥裝置)	Chen Hangping; Xie Chenguang; Zhao Zhiming; Wang Yalong; Tang Yu; Yang Beibei; Feng Disang; Li Feng	PRC	Pending	26 Dec 2023	N/A	N/A	Company; Novaken Research	Original	Hand-held microneedle drug delivery device
ZL202411901165.6 . .	Invention	Rizatriptan microneedle patch and its preparation method and use (利扎曲普坦微針貼劑及其製備方法和應用)	Yang Beibei; Yang Jingxin; Tang Yu; Tang Wenjing; Yue Xiao; Wu Chuanbin	PRC	Granted	20 Dec 2024	20 Dec 2044	04 Nov 2025	Company	Original	Rizatriptan microneedle patch and its preparation method and use in treating migraine
ZL202311494348.6 . .	Invention	A nasal spray acting on central nervous system and its preparation method and use (一種作用於中樞神經系統的鼻噴霧劑及其製備方法及應用)	Zhang Xuejuan; Yue Xiao; Wang Yalong; Wang Guanlin; Liang En; Tang Yu; Chen Hangping	PRC	Granted	09 Nov 2023	09 Nov 2043	11 Jul 2025	Company	Original	Central nervous system nasal spray and its preparation method

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 35 registered trademarks in China and 12 registered trademarks in Hong Kong. We intend to seek additional trademark protection where appropriate and in a timely manner.

During the Track Record Period and up to 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 Latest Practicable Date, all of whom were based in China:

Function	Number	% of Total
R&D	122	70.1
Production, manufacturing and supply chain	26	14.9
Administrative	26	14.9
Total	**174**	**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. During the Track Record Period and up to 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.

During the Track Record Period and up to 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 and up to the Latest Practicable Date, 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 and up to the Latest Practicable Date, we had not made, nor been the subject of, any material insurance claims.

PROPERTIES AND FACILITIES

As of the Latest Practicable Date, we had 9 leased properties in China with a total aggregate gross floor area of approximately 21,251.48 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 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

Location	Usage	Address	Gross Floor Area (sq.m)	Lease Term
Zhuhai, Guangdong Province	Manufacturing, R&D, office, and warehousing	Units 101 & 201, Building 5, 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	Industrial warehouse facilities	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
Guangzhou, Guangdong Province	Office	9th Floor, Building No. 1, Xingye Avenue East No. 1078, Hualong Town, Panyu District, Guangzhou, PRC	913.14	May 22, 2020 to May 21, 2030
Guangzhou, Guangdong Province	Office, R&D, warehousing, manufacturing and commercial uses	2nd and 3rd Floors plus 65.41 square meters of apportioned area on 1st Floor, Block A2, Building No. 1, Xingye Avenue East No. 1078, Hualong Town, Panyu District, Guangzhou, PRC	1,891.69	October 22, 2025 to May 21, 2030
Guangzhou, Guangdong Province	Office	Unit 301-3, Room 301, No. 245 Science Avenue, Huangpu District, Guangzhou, PRC	360.91	April 1, 2026 to March 31, 2027

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 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.

Governance on ESG Matters

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 at **[REDACTED]**, responsible for monitoring and guiding functions to guarantee the effective execution of ESG policies. Under the Strategy & ESG Committee, an ESG working group will be established to promote the implementation and execution of ESG issues, monitor the implementation status of ESG issues.

We adhere to relevant environmental regulations, 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 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" for more details on the potential impact of such risks.

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. 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 as a result of environmental, social, or climate-related issues.

Improper use of pharmaceuticals, particularly when administered beyond the intended uses specified in the drug label or package insert, may expose patients to unpredictable safety and efficacy risks, potentially leading to medical disputes and legal litigation. Concurrently, excessively high drug pricing may directly undermine healthcare accessibility, increase patients' financial burdens, and exacerbate inequities in the distribution of medical resources. For specific internal control measures aimed at mitigating these risks, please refer to the section titled "Risk Factors."

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 and water 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, 2024 and 2025, and five months ended May 31, 2026 our electricity consumption levels were approximately 878.33MWh, 929.84 MWh and 390.20MWh, respectively. 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, 2024 and 2025 and five months ended May 31, 2026, our water consumption levels were approximately 4,354 m^3, 5,077 m^3 and 1,939 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 of hazardous solid waste management, from generation to disposal. 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, 2024, and 2025 and five months ended May 31, 2026, we transferred approximately 18.11 tons, 22.13 tons, and 12.17 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. 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 andprudently. 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. Referencing the emission reduction targets outlined in ESG reports from industry peers and our company's current resource consumption patterns, we have established relevant ESG objectives aligned with our current business direction. In 2025, our water and electricity consumption per thousand RMB of R&D expenditure stood at 0.13 m^3/ thousand RMB and 0.02 MWh/thousand RMB respectively, representing year-on-year reductions of 54.5% and 49.9%. Considering our future plans for commercial production of products, we will explore adopting resource consumption metrics based on product output or operating revenue as new ESG indicators aligned with our business direction. Until the industrialization process is fully implemented, we will continue to use R&D expenditure as our ESG target indicator. Using 2025 as the base year, our goal is

to reduce electricity consumption, water usage, and emissions of hazardous solid waste per unit of R&D expenditure by 3% by 2030. Based on this target, our projected electricity consumption for 2026 and 2027 is approximately 2,800 and 3,630 MWh, respectively; our projected water consumption for 2026 and 2027 is approximately 15,290 and 19,820 m^3, respectively; and the target volumes of hazardous solid waste transferred for disposal in 2026 and 2027 are approximately 70 and 90 tons, respectively. 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.

As our products gradually enter the commercialization phase, we anticipate that certain ESG-related metrics — particularly those related to the environmental dimension — will show a reasonable upward trend during the initial stages of business expansion. On the environmental front, driven by the inherent demands of large-scale production, logistics, and warehousing operations during the commercialization phase, total energy consumption, greenhouse gas emissions, and waste generation will increase. On the social front, the commercialization process will drive growth in the total number of employees, the scale of the supply chain, and the reach of patients. Correspondingly, we will continue to refine and enhance our management practices regarding investments in product quality and safety, as well as the coverage of ESG audits across our supply chain. As our products are commercialized in the future, our ESG goals may be adjusted based on the progress of commercialization, such as focusing on energy consumption and emissions intensity per unit of output or revenue. Following commercialization, we will actively strengthen our green operations and social responsibility practices to ensure that ESG management performance improves in tandem with business growth, thereby achieving sustainable commercial success.

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. 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. 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. We ensure that our employees continually acknowledge their understanding of safety protocols as needed. We have established strict internal management policies for hazardous chemicals, designed to comprehensively prevent and mitigate risks of accidental contamination, biochemical hazards, and personal injury within our facilities. We ensure employee safety and compliant hazardous chemical handling through measures including standard operating procedures, safety training, and regulated use of personal protective equipment. For chemical management, we maintain hazardous waste disposal protocols and operate a comprehensive life cycle registration, segregated storage, and tracking system for hazardous chemicals. Continuous safety training and oversight ensure systematic safety safeguards throughout the R&D process.

We define the safety management responsibilities of each department. Meanwhile, we have established a "three-tier education" training system for occupational health to enhance occupational disease. We have established health check-ups and medical benefits for employees, along with acomprehensive occupational disease monitoring mechanism. 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. By implementing the measures as mentioned above, we are dedicated to maintaining a safe and healthy working environment for all staff. During the Track Record Period and up to 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 the Latest Practicable Date, we had 174 employees, of whom 112 were female. Additionally, 111 of our employees are aged over 30 or above, and 8 are aged 50 or above. Our workforce reflects a diverse range of experiences and professional backgrounds. We adhere to a fair and transparent employee management system and strive to enhance gender and age diversity within our workforce.

LEGAL PROCEEDINGS AND COMPLIANCE

Social Insurance and Housing Provident Fund

During the Track Record Period and up to the Latest Practicable Date, we had made contributions to social insurance and the housing provident fund for our employees. However, we did not make full contributions to social insurance and housing provident fund for certain employees.

The potential maximum penalty with respect to fines that we may be exposed to due to shortfall of social insurance contributions during the Track Record Period and up to the Latest Practicable Date would be approximately RMB22.1 million. In addition, in the case that if the relevant authority makes an application to relevant courts for enforcement, the amount of maximum potential enforcement due to shortfall of housing provident fund contributions during the Track Record Period would be approximately RMB0.4 million.

Pursuant to the applicable regulations, if the relevant social insurance authorities determine that our contributions are insufficient, they may order us to settle the outstanding balance within a prescribed period, together with a late payment surcharge of 0.05% per day of the unpaid amount. Failure to comply within the specified timeframe could result in fines ranging from one to three times the total outstanding balance. In addition, if we fail to pay the housing provident fund within the prescribed time limit, we could be subject to compulsory enforcement from the courts if the payment is not made within the time limit prescribed by the competent authorities. Pursuant to the Notice on Implementing Several Measures to Further Support and Serve the Development of the Private Economy (《關於實施進一步支援和服務民營經濟發展若干措施的通知》) issued by the State Administration of Taxation on November 16, 2018, tax collection authorities shall not, on their own initiative, organize any centralized collection of payment arrears from previous years owed by payers, including private enterprises.

The Interpretation II of the Supreme People's Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) ("**New Judicial Interpretation**") was enacted by the Supreme People's Court on 31 July 2025 and implemented on 1 September 2025. Pursuant to the Article 19(1) of the New Judicial Interpretation, if an employer and an employee agree or the employee commits that social insurance contributions are not required to be paid, the People's Court shall deem such agreement or commitment invalid, and where an employer fails to pay social insurance contributions, and the employee requests to terminate the labor contract and claims economic compensation from the employer in accordance with the PRC Labor Contract Law, the People's Court shall support such claims. During the Track Record Period and up to the Latest Practicable Date, the Group and the relevant employees have never signed any agreement which stipulates that no payment of social insurance would be required to be made by the Group. Therefore, the New Judicial Interpretation will not influence the assessment of the Group's compliance with the contribution requirements.

Our PRC Legal Advisor, on behalf of us, has conducted telephone consultations with the competent authorities in the domiciles of the Company and its subsidiaries in December 2025, via publicly available telephone lines, and further conducted on-site interviews with the competent tax office and the competent housing provident fund management center in the domicile of the Company in April 2026. These government authorities have jurisdiction over the social insurance contribution and

housing provident fund contribution matters. These government authorities confirm that they generally do not conduct blanket retroactive collection against enterprises. Generally no penalties apply if enterprises proactively cooperate with rectification.

Under the Reform Plan for the National and Local Tax Collection and Administration Systems (《國税地税徵管體制改革方案》) and the Administrative Measures of Guangdong Province on the Collection of Social Insurance Premiums by Tax Authorities (《廣東省社會保險費税務徵收實施辦法》), the tax authorities are responsible for the collection, inspection and recovery of social insurance premiums. Under the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》), a housing provident fund management center administers the deposit, withdrawal and use of housing provident fund within its area. On this basis, our PRC Legal Advisor is of the view that the tax authorities and the housing provident fund management centers consulted are the competent authorities to provide the relevant confirmations or assurances on behalf of the respective government authorities.

The Group has adopted the rectification plan for the insufficient payment of social insurance and housing fund, and will actively cooperate with the competent authorities to complete the supplementary payments upon their request. The Group has established regular review and monitoring procedures to track the reporting and contribution status of social insurance and housing fund, and timely monitor the regulatory developments. The Group's employee Handbook has explicitly stipulated the requirements for making statutory contributions to social insurance and housing fund. The Group will strengthen legal and compliance training for the management team and enhance internal control policies to better manage such contributions, maintain ongoing communication with the relevant authorities to understand their requirements and interpretations of applicable laws and regulations, and make timely contributions in accordance with their specific guidance.

In particular, we aim to progressively adjust the social insurance and housing provident fund contribution bases to comply with applicable regulatory requirements. These adjustments involve various aspects of the Company's internal management and operations, and the adjusted contribution bases will also require additional contributions from our employees. We have therefore commenced internal assessments and are communicating with our employees to seek their understanding and cooperation. We will implement these adjustments in a phased and orderly manner. Given that the social insurance contribution base is generally subject to annual adjustment during a prescribed window determined by the local authorities, we intend to apply for an adjustment of the social insurance contribution base, effective from the next available adjustment window following the **[REDACTED]**, and expect to substantially complete such adjustment within 3 years following the **[REDACTED]**. Similarly, as the housing provident fund contribution base is subject to annual adjustment during a prescribed window determined by the relevant local housing provident fund management centers, we aim to apply for a corresponding adjustment of the housing provident fund contribution base, effective from the next available adjustment window following the **[REDACTED]**.

During the Track Record Period and up to the Latest Practicable Date, based on (i) the credit reports of our Group companies, (ii) the public search results showing that we have not been subject to any penalties from the relevant authorities on the relevant websites of competent government authorities, (iii) the centralized collection of historical shortfalls for social insurance, have been strictly prohibited by the competent authority and (iv) the feedback obtained from the on-site interviews conducted by our PRC Legal Advisor with the competent authorities regarding housing provident fund policies and implementation indicating that they will not actively carry out a large-scale recovery of housing provident fund contributions from the enterprise. We had not received any administrative penalties, claims or notices from government authorities regarding inadequate contributions. We have confirmed to comply promptly with any requirement from the competent authorities to make outstanding contributions and late payments in the future, if any. Our PRC Legal Advisor are therefore of the view that 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 that we would be subject to material administrative penalties or centralized collection due to our failure to provide full social insurance and housing provident fund contributions is remote.

Based on the foregoing above, our Directors and our PRC Legal Advisor are of the view that the non-compliance incidents would not have any material adverse impact on the Group's business, financial condition or results of operations.

Lease Properties

The potential maximum penalty that we may be subject to for failing to file and obtain the property leasing filing certificate and the ownership certificate from the lessor for one leased property is RMB10,000.

The legal department of the Group has issued a notice on the review requirements for lease agreements. The notice clearly stipulates that all lease agreements to be signed shall be submitted to the legal department for review, together with the lessor's valid identity document and the real estate ownership certificate. The legal department shall verify whether the lease agreement clearly stipulates the arrangements for handling lease registration and filing, and put forward review opinions.

As the Directors' and the PRC Legal Advisors' views, the non-compliance would not have a material adverse impact on the Group's business, financial condition or results of operations.

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 materialnon-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

As confirmed by our PRC legal advisors and U.S. legal advisors, 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 and the U.S..

The following table sets forth the details of our key licenses and permits in the PRC and U.S.:

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
Approval notice for drug clinical trial (XJN026) — CXHL2501187	January 4, 2026	—	National Medical Products Administration
FDA correspondence relating to XJN010 confirming that Phase II clinical trials may proceed	February, 2026	—	United States Food and Drug Administration
FDA correspondence relating to Dexmedetomidine Hydrochloride Microneedle Patch confirming that clinical studies may proceed	February, 2026	—	United States Food and Drug 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 Use of **[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)

Award or Recognition	Year Granted	Granting Authority
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)
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)

BOARD OF DIRECTORS

Our Board currently consists of nine Directors, with three executive Directors, three non-executive Directors and three independent non-executive Directors. Our Board serves an initial term of three years and is responsible and has general powers for the management and conduct of our business.

The table below sets out certain information in respect of the members of the Board.

Name	Age	Present position	Date of appointment as Director	Date of joining our Group	Principal responsibilities	Relationship with other Director(s) and/or senior management
Dr. Wu Chuanbin (吳傳斌)	62	Chairman of the Board, executive Director, chief executive officer	November 2009	November 2007	Responsible for the overall strategic planning, business development and R&D programs	Husband of Dr. Pan Xin; uncle of Ms. Jia Lu and Ms. Yang Beibei
Ms. Jia Lu (賈璐)	31	Executive Director, assistant financial director	December 2021	October 2011	Responsible for overseeing the financial management of our Group	Niece of Dr. Wu Chuanbin and Dr. Pan Xin; cousin of Ms. Yang Beibei
Ms. Yang Beibei (楊蓓蓓)	30	Executive Director, director of the microneedle formulation R&D Center	November 2025	July 2020	Responsible for the R&D for dissolving drug microneedle, formulating R&D strategies and driving innovation	Niece of Dr. Wu Chuanbin and Dr. Pan Xin; cousin of Ms. Jia Lu
Dr. Pan Xin (潘昕)	41	Non-executive Director	October 2024	October 2024	Responsible for the strategic planning	Wife of Dr. Wu Chuanbin; aunt of Ms. Jia Lu and Ms. Yang Beibei
Mr. Yu Kepeng (于科鹏)	42	Non-executive Director	October 2024	October 2024	Responsible for overseeing board affairs and providing strategic advice and guidance on our Group's business operations	Nil
Mr. Li Jie (李潔)	38	Non-executive Director	December 2021	December 2021	Responsible for overseeing board affairs and providing strategic advice and guidance on our Group's business operations	Nil
Dr. Cheng Guohua (程國華)	59	Independent non-executive Director	December 2025	December 2025	Supervising and providing independent opinions and advice to our Board	Nil
Dr. Zuo Zhong (左中)	57	Independent non-executive Director	December 2025	December 2025	Supervising and providing independent opinions and advice to our Board	Nil
Ms. Chow Yin Kwan Yvonne (周諺筠)	35	Independent non-executive Director	May 2026	May 2026	Supervising and providing independent opinions and advice to our Board	Nil

During the Track Record Period, Mr. Liu Wenhong (劉文宏), aged 49, was appointed as an independent non-executive Director with effect from December 2025 and resigned on 6 May 2026 as he would like to spend more time to pursue his other businesses. Mr. Liu has confirmed that he has no disagreement with the Board and there is no other matter which needs to be brought to the attention of the Shareholders and the Stock Exchange in relation to his resignation.

Executive Directors

Dr. Wu Chuanbin (吳傳斌), aged 62, is the founder of our Company and serves as the Chairman of the Board, an executive Director and our chief executive officer. He was appointed as our Director in November 2009 and was re-designated as our executive Director in December 2025. Dr. Wu founded

the Company in November 2007 and is primarily responsible for overseeing the overall drug development, daily operations management and strategic business growth of our Company. Dr. Wu is the chairman of each of the Nomination Committee and the Strategy & ESG Committee, and a member of the Remuneration and Appraisal Committee. He also serves as a director of our subsidiaries.

Dr. Wu has over 30 years of experience in the biopharmaceutical industry. Prior to founding our Company, 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.

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)) in July 1986.

Dr. Wu has received numerous awards, including but not limited to the First Prize for China Industry-University-Research Cooperative Innovation Achievement* (中國產學研合作創新成果一等獎), the Second Prize of Guangdong Provincial Science and Technology Award* (廣東省科學技術獎二等獎), the China Patent Excellence Award* (中國專利優秀獎), the Second Prize of the National Invention and Innovation Award* (中國發明創業創新二等獎), the "New Drug Pioneer Scientist Award" of Chinese Innovative Pharmaceutical Company FNS101* (中國創新藥企FNS101：新藥開拓科學家獎), the 9th China Overseas Chinese Contribution Award* (第九屆中國僑界貢獻獎). He was also recognized in the "Lifetime Scientific Impact Rankings* (終生科學影響力排行榜)" and the "Annual Scientific Impact Rankings* (年度科學影響力排行榜)" of Stanford University and Elsevier's 2025 Global Top 2% Scientists list.

Dr. Wu is a fellow of the American Association of Pharmaceutical Scientists (AAPS), a fellow of the Royal Society of Chemistry, a member of the National Pharmacopoeia Commission in China, a distinguished expert of the National Key Talent Program, a distinguished expert for "HOME Program" of the China Association for Science and Technology. He also previously served as a member of the expert committee on the quality and efficacy consistency evaluation of generic drugs, CFDA, the deputy director of the Professional Committee on Pharmaceutical Preparations of the Chinese Pharmaceutical Association, and the deputy director of the Professional Committee on Biological Particles of the Chinese Society of Particuology, etc. Further, Dr. Wu also act as an industry expert consultant or a member of the academic committee for various pharmaceutical companies including Shanghai Pharma Holding Co., Ltd. (上海醫藥集團股份有限公司), Yangtze River Pharmaceutical Group Co., Ltd. (揚子江藥業集團有限公司), Shandong Luye Pharmaceutical Co., Ltd.* (山東綠葉製藥有限公司) and Guangzhou Yipinhong Pharmaceutical Co., Ltd.* (廣州一品紅製藥有限公司), etc. Currently, he is also a member of the academic committee or a core member of state key laboratories such as the State Key Laboratory of Advanced Drug Delivery System* (先進藥物遞釋系統全國重點實驗室), the National Key Laboratory of Advanced Drug Formulations for Overcoming Delivery Barriers* (克服遞藥屏障高端製劑全國重點實驗室), the State Key Laboratory of Anti-Infective Drug Discovery and Development* (抗感染新藥研發全國重點實驗室), the State Key Laboratory of Bioactive Molecules and Drugability Optimization* (生物活性分子與成藥性優化全國重點實驗室), etc., as well as a head of the Guangdong Provincial Drug Microneedle Engineering Technology Research Center* (廣東省藥物微針工程技術研究中心).

Dr. Wu was a director of Kangruisi Pharmaceutical Technology (Beijing) Co., Ltd.* ((康瑞斯醫藥科技(北京)有限公司) ("**Kangruisi Pharmaceutical**"), a company established in the PRC. The business license of Kangruisi Pharmaceutical was revoked on January 11, 2007 due to non-commencement of any business activity. Kangruisi Pharmaceutical made an application to dissolve the company and was approved by the Haidian District Market Supervision Administration, Beijing* (北京市海淀區市場監督管理局) in January 2025. Dr. Wu confirmed that to the best of his knowledge, information and belief and having made all reasonable enquiries, (i) the above company had not been and was not involved in any material non-compliances and/or material legal proceedings since the date of its establishment until the date of the dissolution; (ii) the above company was solvent and had no operation immediately prior to the dissolution; (iii) there is no wrongful act, misconduct or misfeasance on his part leading to the dissolution of the above company; and (iv) he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolution of the above company.

Ms. Jia Lu (賈璐), aged 31, is an executive Director and assistant financial director of our Company and is primarily responsible for overseeing the financial management of our Group. She was appointed as a Director in December 2021 and was re-designated as our executive Director in December 2025. Ms. Jia served in our Company since October 2011 as a cashier, accountant, finance manager successively and was promoted to deputy head of treasury since January 2025. Ms. Jia played a vital role in securing funding, assisting the Company in securing successful investments from leading investors during its A, A+ and B funding rounds. Her contributions have established a financial foundation for the company's growth and strategic objectives.

Ms. Jia received her bachelor's degree in accounting from the Guangdong University of Technology in June 2018. She also obtained a diploma in international nursing from Beijing Foreign Affairs University of Economy in July 2011. Ms. Jia obtained her accountant qualification in March 2013.

Ms. Yang Beibei (楊蓓蓓), aged 30, is an executive Director, the director of the microneedle formulation R&D Center of our Company and a key R&D expert in our team. She was appointed as a Director in November 2025 and was re-designated as our executive Director in December 2025. Her main responsibility is the R&D for dissolving drug microneedle, formulating R&D strategies and driving innovation. She also oversees the entire development cycle of microneedle products of our Group, including formulation design, formulation technology optimisation, quality research, etc. Ms. Yang is the project lead of our Core Product DHMP. She joined our Company in July 2020, and served successively as the formulation scientist, the senior formulation scientist, the deputy director of microneedle formulation center from July 2020 to June 2025.

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.

Ms. Yang obtained her bachelor's degree in pharmacy from Southern Medical University in June 2017 and a master's degree in pharmaceutics from Sun Yat-sen University in June 2020.

Non-executive Directors

Dr. Pan Xin (潘昕), aged 41, is a non-executive Director of our Company. She was appointed as a Director in October 2024 and was re-designated as our non-executive Director in December 2025. She is primarily responsible for overseeing board affairs and providing strategic advice and guidance on our Group's business operations. She is also a member of the Strategy & ESG Committee.

Dr. Pan has successively held positions as postdoctoral fellow, lecturer, associate professor, professor and PhD supervisor at the School of Pharmaceutical Sciences of Sun Yat-sen University since June 2011. She is a scientist in the field of novel drug delivery systems and formulation technology where her research focuses on new dosage forms and drug delivery technologies, and she has published over 200 scientific papers in journals such as Journal of Controlled Release, ACS Nano, and Acta Pharmaceutica Sinica B. She is also the inventor of over 30 authorized patents, with 12 of which have been successfully commercialised.

Dr. Pan worked at Sun Yat-sen University as a professor at the school of pharmacy and a PhD supervisor. Dr. Pan obtained her bachelor's degree in pharmacy from Sun Yat-sen University in June 2006 and earned her doctoral degree in pharmaceutics from Sun Yat-sen University in June 2011. After completing the PhD, she stayed on at the university as a faculty member with nearly 20 years of experience in R&D of novel drug formulations and advanced pharmaceutical technologies. She conducted research as a visiting scholar at The University of Texas at Austin in 2017 to 2018.

Dr. Pan was recognized for three consecutive years in Stanford University and Elsevier's 2025 Global Top 2% Scientists list, and was recognised as a "Young Changjiang Scholar* (青年長江學者)" by the Ministry of Education and Pearl River Science and Technology Star Talent* (珠江科技新星人才). As a key contributor, she received awards including the Second Prize of 2016 China Industry-University-Research Collaboration Innovation Achievements, the Second Prize of 2018 Guangdong Provincial Science and Technology Award, the First Prize of 2019 China Industry-University-Research Cooperation Innovation Achievement and the Second Prize of the 2020 China Invention & Entrepreneurship Award, etc. She personally obtained China Biopharmaceutical Industry China Innovation Elite U45 Influential Youth Award and the Young Pharmaceutics Award of China Pharmaceutical Formulation Conference.

Dr. Pan has led more than ten scientific research projects, including General Program of National Natural Science Foundation of China (3 programs), Guangdong Natural Science Foundation — Outstanding Youth Project* (廣東省自然科學基金傑出青年項目). Her academic concurrent positions

include Youth Member of the Drug Formulation Professional Committee of the Chinese Pharmaceutical Association, Deputy Director of the 11th Drug Formulation Professional Committee of the Guangdong Pharmaceutical Association, editorial board member of Pharmaceutics, youth editorial board member of each of Asian Journal of Pharmaceutical Science, Chinese Chemical Letters and Progress in Pharmaceutical Sciences, etc.

Mr. Yu Kepeng (于科鹏), aged 42, is a non-executive Director of our Company. He was appointed as our Director in October 2024 and was re-designated as our non-executive Director in December 2025. Mr. Yu is primarily responsible for overseeing board affairs and providing strategic advice and guidance on our Group's business operations. He is also a member of the Strategy & ESG Committee.

Mr. Yu has been a partner of Puyu (Jiangsu) Private Fund Management Co., Ltd* (朴械(江蘇)私募基金管理有限公司) since October 2019. He has experience in due diligence, investment management and fund operations, where he worked at Ernst & Young from August 2007 to August 2010, Dongguan Humen Port Group Co., Ltd.* (東莞市虎門港集團有限公司) from August 2010 to December 2011, and Huawei Technologies Co., Ltd. from December 2011 to January 2013. After that, he served successively at Zhongjing Industrial (Group) Co., Ltd.* (中靜實業(集團)有限公司) from January 2013 to April 2016 and Jiangsu Shengshi Jincai Investment Management Co., Ltd.* (江蘇盛世金財投資管理有限公司) from May 2016 to October 2019.

Mr. Yu obtained a master degree in enterprise management from Guangdong University of Foreign Studies in June 2007, and obtained a bachelor degree in accounting from Hunan University of Commerce (currently known as Hunan University of Technology and Business) in June 2005.

Mr. Li Jie (李潔), aged 38, is a non-executive Director of our Company. He was appointed as our Director in December 2021 and was re-designated as our non-executive Director in December 2025. Mr. Li is primarily responsible for overseeing board affairs and providing strategic advice and guidance on our Group's business operations. He is also a member of the Strategy & ESG Committee.

Mr. Li joined Redhill Capital (丹麓資本) as managing director in March 2020 and was promoted to biotech partner with effect from January 2022, a position he currently holds, where he is primarily responsible for the management of Redhill Capital's investment projects in the biomedical sector, post-investment management and exit management etc. He has experience in medical and health investments within investment firms, where he worked successively in the Investment Banking Department of GF Securities Co., Ltd. (廣發證券股份有限公司) from January 2015 to October 2016 and CITIC Securities South China Company Limited (中信證券華南股份有限公司) from October 2016 to January 2020. Mr. Li was also awarded Top 10 Young Leaders in Biomedical Industry of the Year in FOFWEEKLY 2023* (2023 FOFWEEKLY年度生物醫學產業十大青年領袖) and Young Investor of 40U40 Most Potential Direct Investment Fund in 2025* (2025 40U40最具潛力直投基金青年投資人) by Mutual Fund Research Center* (母基金研究中心).

Mr. Li obtained his PhD in cell biology at the University of Chinese Academy of Sciences (中國科學院大學) in January 2015, and he obtained his bachelor of biomedical engineering degree from Southeast University in June 2009.

Independent non-executive Directors

Dr. Cheng Guohua (程國華), aged 59, was appointed as our independent non-executive Director in December 2025. In March 2011, he was awarded the senior professional title of professor of pharmacy. Dr. Cheng is responsible for supervising and providing independent opinions and advice to our Board. He is also the chairperson of the Remuneration and Appraisal Committee and a member of each of the Audit Committee, the Nomination Committee and the Strategy & ESG Committee.

Dr. Cheng earned a bachelor's degree in traditional Chinese medicine from China Pharmaceutical University (中國藥科大學) in July 1988. He obtained his doctor of medicine from First Military Medical University (第一軍醫大學) (currently known as Southern Medical University (南方醫科大學)) in June 2005. He served as the head of the medical research center for clinical trial management at the college of pharmacy of Jinan University in 2017 to drive industry-university collaboration, talent cultivation, and standardised trial system construction.

Dr. Cheng has more than 25 years of experience in teaching, research, and professional practice. He has edited seven textbooks and monographs, including Drug Clinical Trial Management Science (《藥物臨床試驗管理學》) and Practical Manual for Drug Clinical Trial Operations (《藥物臨床試驗操作實用手冊》), and published over 20 academic papers. He has been honored with awards, such as the Science and Technology Award from the China Association of Chinese Medicine* (中華中醫藥學會科 學技術獎), the Outstanding Education Achievement Award of Association of Guangzhou Provincial Graduate Education* (廣東省學位與研究生教育學會優秀教育成果獎), and the China Production-Learning-Research Innovation and Promotion Award* (中國產學研合作創新與促進獎).

Dr. Zuo Zhong (左中), aged 57, was appointed as our independent non-executive Director in December 2025. Dr. Zuo is responsible for supervising and providing independent opinions and advice to our Board. She is also a member of each of the Audit Committee and the Nomination Committee.

Dr. Zuo has had around 25 years' experience in the biopharmaceutics and pharmacokinetics fields. She has joined at the Chinese University of Hong Kong ("**CUHK**") since January 2000. She has served as a professor of CUHK since 2009. She served as the director of the school of pharmacy of CUHK from 2015 to 2024 and served as the director of the Institute of Chinese Medicine and Pharmacy of CUHK since January 2026, prior to that she served as the deputy director of the same institute from 2023 to December 2025. Internationally, Dr. Zuo has been a fellow of the American Association of Pharmaceutical Scientists since 2021. Further, Dr. Zuo is also currently a director of Streamax Technology Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 002970.SZ).

Dr. Zuo obtained her bachelor's degree in pharmacy from the West China University of Medical Sciences (華西醫科大學) (currently known as the West China Medical Center of Sichuan University (四川大學華西醫學中心)) in June 1991. She further received a PhD in pharmacy from the University of Alberta, Canada, in 1998.

Ms. Chow Yin Kwan Yvonne (周諺筠), aged 35, was appointed as our independent non-executive Director in May 2026. Ms. Chow is responsible for supervising and providing independent opinions and advice to our Board. She is also the chairperson of the Audit Committee and a member of the Remuneration and Appraisal Committee.

Ms. Chow has around 9 years of experience in accounting and audit. From July 2016 to December 2018, she held the position of audit senior at KTC Partners CPA Limited. From January 2019 to September 2022, she held successive positions at Crowe (HK) CPA Limited, first as senior audit officer from January 2019 to December 2020, and subsequently as audit manager from January 2021 to September 2022. Since October 2022, Ms. Chow has held successive positions at KTC Partners CPA Limited, first as manager from October 2022 to December 2022 and as director from January 2023 onwards.

Since 13 October 2025, Ms. Chow has been appointed as an independent non-executive director and chairman of the audit committee of the board of directors of China Strategic Technology Group Limited (a company listed on the Main Board of the Stock Exchange, stock code: 01725).

Ms. Chow obtained her bachelor's degree in art (government and political science) from Smith College in May 2014 and further obtained her master of arts in religion degree from Yale Divinity School, Yale University in May 2016. Ms. Chow is a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales, and a fellow member of the Taxation Institute of Hong Kong.

SENIOR MANAGEMENT

Our senior management consists of three members, who, together with our executive Directors, are responsible for the day-to-day management and operation of our Group. The table below sets out certain information regarding our senior management:

Name	Age	Present position	Date of appointment as senior management	Principal responsibilities	Relationship with other Director(s) and/or senior management
Dr. Wu Chuanbin (吳傳斌)	62	Chief executive officer, executive Director	November 2007	Responsible for the overall strategic planning, business development and R&D management	Please refer to the paragraph headed "— Board of Directors — Executive Directors" in this section
Dr. Tang Yu (湯宇)	50	Chief technology officer	May 2023	Responsible for new drug products based on alternative formulations R&D pipelines and relevant technology platform development	Nil

Name	Age	Present position	Date of appointment as senior management	Principal responsibilities	Relationship with other Director(s) and/or senior management
Ms. Yang Beibei (楊蓓蓓)	30	Executive Director, director of the microneedle formulation R&D Center	June 2025	Responsible for leading the execution of R&D and development of R&D strategies for dissolving drug microneedle and fostering innovation	Please refer to the paragraph headed "— Board of Directors — Executive Directors" in this section

Dr. Wu Chuanbin (吳傳斌), aged 62, is the founder of our Company and serves as the Chairman of the Board, an executive Director and the chief executive officer. For biographical details of Dr. Wu, please refer to the paragraph headed "— Board of Directors — Executive Directors — Dr. Wu Chuanbin" in this section.

Dr. Tang Yu (湯宇), aged 50, is the chief technology officer of the Company. He is mainly responsible for new drug products based on alternative formulations R&D pipelines and relevant technology platform development. Dr. Tang joined our Company in May 2023, bringing with him more than 13 years of experience in pharmaceutical formulation research and drug delivery technology.

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. Prior to joining us, he held senior R&D positions at several pharmaceutical companies. 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), from April 2010 to May 2012, where he focused on R&D of polymeric pharmaceutical excipient. 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. He also worked as a postdoctoral researcher at Jiangsu Tasly Diyi PostdoctoralResearch Workstation (江蘇天士力帝益博士後工作站) from June 2012 to June 2015. He further served as the general manager at Hangzhou Yuanxi Pharmaceutical Technology Co., Ltd. (杭州源璽醫藥科技有限公司) from December 2022 to May 2023, mainly responsible for R&D and manufacturing of peptide pharmaceutical formulations.

Dr. Tang obtained his bachelor of science degree in chemistry from the school of chemistry, Nankai University (南開大學) in June 1998 and his master of science degree in pesticide science from the school of chemistry, Nankai University in June 2001. He further received a doctor of science degree in chemistry and physics from the Institute of Polymer Science, School of Chemistry, Nankai University in June 2007 and completed his postdoctoral research in the department of biology at Nankai University school of pharmacy from September 2007 to July 2010.

Ms. Yang Beibei (楊蓓蓓), aged 30, is an executive Director and director of the microneedle formulation R&D Center and a key R&D expert in our team. For biographical details of Ms. Yang, please refer to the paragraph headed "— Board of Directors — Executive Directors — Ms. Yang Beibei" in this section.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as of the Latest Practicable Date, he or she and his/her respective close associates did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Group's business which would require disclosure under Rule 8.10 of the Listing Rules.

From time to time our non-executive Directors may serve on the boards of both private and public companies within the broader healthcare and biopharmaceutical industries. However, as the two said non-executive Directors are neither our Controlling Shareholders nor members of our executive management team, we do not believe that their interests in such companies as directors would render us incapable of carrying on our business independently from the other companies in which they may hold directorships from time to time.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on 16 or 17 December 2025 or 6 May 2026 (as the case may be), and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of our independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules; (ii) that he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date; and (iii) that there were no other factors that may affect his/her independence at the time of his/her appointments. Each of our independent non-executive Directors will inform us and the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect his or her independence.

GENERAL

Save as disclosed in this section, none of the Directors or members of senior management of our Company has been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this document.

Save as disclosed in this section, none of the Directors or members of the senior management of our Company is related to any other Directors and members of the senior management of our Company.

None of the Directors or members of the senior management of our Company has completed his/her respective education programs by way of attendance of long-distance learning or online courses.

Save as disclosed in this section, to the best knowledge, information and belief of our Directors having made all reasonable enquiries, as of the Latest Practicable Date, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

JOINT COMPANY SECRETARIES

Mr. Rao Hangzhou (饒杭州), aged 40, was appointed as a joint company secretary of our Company in December 2025. Mr. Rao joined our Company in July 2020. Mr. Rao is currently our head of the office of the Board, prior to that he was our head of investment and financing, during which he was responsible for formulating and developing investment and financing strategies and leading our Company's financing at various stages.

Prior to joining our Company, Mr. Rao served as the secretary to the board of directors of Jiangsu Xinwang Tech Co., Ltd. (江蘇欣網科技股份有限公司) (currently known as Guangdong Weifuji Technology Co., Ltd.* (廣東味福記科技股份有限公司)), a company listed on the National Equities Exchange and Quotations (stock code: 839054) from October 2018 to June 2020, where he was mainly responsible for corporate governance and capital operations, leading the development of the company's institutional framework, ensuring standardized operation of the meetings and implementing a targeted stock issuance.

Mr. Rao also have experience working in Huatai Securities Co., Ltd., Guangzhou Yumin Road Securities Branch* (華泰證券股份有限公司廣州與民路證券營業部) from February 2009 to September 2009. He worked in Donghai Securities Co., Ltd., Guangzhou Zhujiang East Road Securities Branch* (東海證券股份有限公司廣州珠江東路證券營業部) from October 2009 to February 2013, Zhongtai Securities Co., Ltd., Guangzhou Tianhe Road Securities Branch* (中泰證券股份有限公司廣州天河路證券營業部) from February 2015 to March 2018 and Zesong Private Securities Investment Fund Management (Guangzhou) Co., Ltd.* (澤松私募証券投資基金管理(廣州)有限公司) from April 2018 to December 2018 as a risk control manager.

Mr. Rao obtained his diploma in accounting from Guangdong University of Technology in June 2008 and his bachelor's degree in accounting from The Open University of China in January 2018. Mr. Rao has also passed the Board Secretary Qualification Examination administered by the Shenzhen Stock Exchange in 2020.

Mr. Ho Wai Lok (何偉樂), aged 38, was appointed as a joint company secretary of our Company in December 2025. Mr. Ho served as a manager and company secretary of Redford Business Advisory Services Limited from October 2021 to January 2025, providing company secretarial services for listed companies, and was re-appointed as its consultant since February 2025. Mr. Ho has also been serving as the company secretary of Jiujiuwang Food International Limited a company listed on the Main Board of the Stock Exchange (stock code: 1927HK) since December 2023. From December 2013 to November

2015, Mr. Ho worked at Baker Tilly Hong Kong Limited, with his last position as senior associate. From November 2015 to July 2018, Mr. Ho worked at Ernst & Young, with his last position as senior accountant. From July 2018 to September 2021, Mr. Ho worked at Titan Financial Services Limited, with his last position as manager.

Mr. Ho obtained his bachelor's degree in accounting from Jinan University in the PRC in June 2009 and his master's degree in banking and finance from Loughborough University in the United Kingdom in December 2010. Mr. Ho is currently a practising certified public accountant in Hong Kong.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code as set out in the Appendix C1 to the Listing Rules, our Company [has formed] four Board committees, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy & ESG Committee.

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of Part 2 of the Corporate Governance Code. The Audit Committee comprises three members, namely Ms. Chow Yin Kwan Yvonne, Dr. Zuo Zhong and Dr. Cheng Guohua, all being our independent non-executive Directors. Ms. Chow Yin Kwan Yvonne who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules, serves as the chairperson of the Audit Committee. The primary duties of the Audit Committee include, but not limited to, the following:

- proposing the appointment or change of external auditors to our Board, monitoring the independence of external auditors and evaluating their performance;
- guiding internal audit work;
- examining the financial information of our Company and reviewing financial reports and statements of our Company;
- assessing the effectiveness of risk management and internal control of our Company; and
- dealing with other matters authorized by the Board.

Remuneration and Appraisal Committee

We have established the Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the Corporate Governance Code. The Remuneration and Appraisal Committee comprises three members, namely Dr. Cheng Guohua, Dr. Wu Chuanbin and Ms. Chow Yin Kwan Yvonne. The Remuneration and Appraisal Committee is chaired by Dr. Cheng Guohua.

The primary duties of the Remuneration and Appraisal Committee include, but not limited to, the following:

- formulating remuneration plans for Directors and members of the senior management in accordance with the terms of reference, taking into consideration the job responsibilities, the importance of their positions as well as the remuneration benchmarks for the relevant positions in other comparable companies;
- conducting annual performance evaluation of Directors and the senior management of our Company;
- monitoring the implementation of the remuneration plan of the Company; and
- dealing with other matters authorized by the Board.

Nomination Committee

We have established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of Part 2 of the Corporate Governance Code. The Nomination Committee comprises three members, namely Dr. Wu Chuanbin, Dr. Cheng Guohua and Dr. Zuo Zhong. The Nomination Committee is chaired by Dr. Wu Chuanbin.

The primary duties of the Nomination Committee include, but not limited to, the following:

- reviewing the structure, size and composition of our Board (including but not limited to, gender, age, cultural and educational background, ethnicity, skills, knowledge and experience) and making recommendations to our Board with regards to the size and composition of our Board based on our Company's business operation, asset scale and equity structure;

- researching and developing standards and procedures for the election of our Board members, general managers and members of the senior management, and making recommendations to our Board;
- conducting extensive search and providing to our Board suitable candidates for Directors, general managers and other members of the senior management;
- examining our Board candidates, general manager and members of the senior management and making recommendations to our Board;
- assessing and reviewing the independence of independent non-executive Directors;
- supporting the Company's regular evaluation of our Board's performance; and
- dealing with other matters authorized by our Board.

Strategy & ESG Committee

We have established the Strategy and ESG committee with written terms of reference. The Strategy and ESG Committee comprises five members, namely, Dr. Wu Chuanbin, Dr. Pan Xin, Mr. Li Jie, Mr. Yu Kepeng and Dr. Cheng Guohua. The Strategy and ESG committee is chaired by Dr. Wu Chuanbin.

The primary duties of the Strategy and ESG Committee are to among others, research and put forward recommendations to our Board on our long-term development strategies, major investment and financing plans, and significant matters affecting our Company's development.

REMUNERATION OF DIRECTORS AND MANAGEMENT

Our Directors and members of our senior management received their remuneration in the form of fees, salaries, discretionary bonuses and benefits in kind. Our independent non-executive Directors receive emolument based on their responsibilities (including being members or the chairperson of the Board committees). We also reimburse them for all necessary and reasonable out-of-pocket expenses properly incurred in relation to all business and affairs carried out by our Group from time to time or in discharge of his/her duties to our Group under his/her service agreement or letter of appointment. We adopt a market and incentive-based employee emolument structure and implement a multi-layered evaluation system which focuses on performance and management goals. We regularly review and determine the remuneration and compensation package of our Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of our Directors and our performance.

For the two financial years ended 31 December 2024 and 2025 and the five months ended May 31, 2026, the aggregate amount of emoluments paid and benefits in kind granted to our Directors were approximately RMB1.8 million, RMB12.4 million and RMB3.4 million, respectively.

For the two financial years ended 31 December 2024 and 2025 and the five months ended May 31, 2026, the aggregate amount of emolument of the five highest-paid individuals of our Group (including one, three and three Director(s), respectively) was approximately RMB4.5 million, RMB15.2 million and RMB4.8 million, respectively.

For the two financial years ended 31 December 2024 and 2025 and the five months ended May 31, 2026, there were one, three and three Director(s) among the five highest paid individuals, respectively. The total emolument for the remaining individuals among the five highest paid individuals for the two financial years ended 31 December 2024 and 2025 and the five months ended May 31, 2026 were RMB2.9 million, RMB2.9 million and RMB1.6 million, respectively.

During the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company or as compensation for loss of office in connection with the management of the affairs of any member of our Group.

Under the compensation arrangement currently in force, we estimate the total compensation before taxation (including fees, salaries, bonuses and other allowances and benefits in kind) to be accrued to our Directors for the year ending 31 December 2026 to be approximately RMB3.0 million. The actual remuneration of Directors for 2026 may be different from the expected remuneration.

During the Track Record Period, there was no arrangement under which a Director has waived or agreed to waive any remuneration. Save as disclosed in this section and the Accountants' Report in Appendix I to this document, no other payments have been paid, or are payable, by any member of our Group to our Directors or the five highest paid individuals during the Track Record Period.

CORPORATE GOVERNANCE CODE

Our Company aims to achieve high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company expects to comply with the Corporate Governance Code and the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules after the **[REDACTED]** save for the deviation as mentioned below. Any deviation from the code provisions shall be carefully considered, and the reasons for any deviation and explanation of how good corporate governance was achieved by means other than strict compliance with the code provisions shall be given in the interim report and the annual report in respect of relevant period.

Pursuant to paragraph C.2.1 of Part 2 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. We do not have a separate chairman and chief executive, and Dr. Wu currently performs the roles of the chairman of our Board and the chief executive of our Company. Dr. Wu has assumed the role of chief executive officer of our Company since 2007 with extensive experience in the business operations and management of our Group. Our Board believes that, in view of his experience, personal profile and his roles in our Company as mentioned above, Dr. Wu is the Director best suited to identify strategic opportunities and focus on the Board due to his extensive understanding of our business as our chief executive. The Board also believes that vesting the roles of both chairman and chief executive in the same person is in the best interest of our Group as it has the benefit of (i) ensuring consistent leadership within the Group, (ii) enabling more effective and efficient overall strategic planning and execution of strategic initiatives of the Board, and (iii) facilitating the flow of information between the management and the Board for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired, and this arrangement will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole. Our Board shall nevertheless review the structure and composition of our Board and senior management from time to time in light of prevailing circumstances to maintain a high standard of corporate governance practices of our Company.

Save as disclosed in this section, our Directors consider that upon **[REDACTED]**, we will comply with all applicable code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

BOARD DIVERSITY POLICY

Our Board comprises nine members, including three executive Directors, three non-executive Directors and three independent non-executive Directors. Our Directors have a balanced mix of gender, knowledge, skills, perspectives and experience, including pharmaceutical, business administration, auditing, finance and accounting.

Our Company has adopted a board diversity policy which sets out the objectives and approaches to achieve and maintain the diversity of the Board in order to enhance the quality of its performance and its effectiveness. Our board diversity policy sets out that when considering the nomination and appointment of a Director, our Board would consider a number of factors, including but not limited to the skills, knowledge, professional experience and qualifications, cultural and educational background, age, gender and diversity of perspectives that the candidate is expected to bring to our Board and what would be the candidate's potential contributions, in order to better serves the needs and development of our Company. At least one member of the Board shall be female. All Board appointments will be based on merit, having due regard to the attributes that the new Director will bring to the Board.

Besides, we recognise the importance of gender diversity. Our Board currently comprises five female Directors and four male Directors. After **[REDACTED]**, we will continue to take steps to maintain such gender ratio at our Board going forward. In particular, we will actively identify female individuals suitably qualified to become our Board members. We target to maintain a board composition comprising at least 25% female Directors as part of our ongoing commitment to fostering diversity and balanced representation. With a view to developing a pipeline of potential successors to our Board that can maintain our gender diversity, our Group will (i) make appointments based on merits with reference to board diversity as a whole; (ii) take steps to promote gender diversity at all levels of our Group by recruiting staff of different gender; and (iii) consider the possibility of nominating female management members who have the necessary skills and experience to our Board. Taking into account our existing business model and specific needs as well as the different backgrounds of our Directors, the composition of our Board satisfies our board diversity policy, and our Board and the Nomination Committee will assess our Board composition regularly.

COMPLIANCE ADVISER

Our Company has appointed Guotai Junan Capital Limited as our Compliance Advisor pursuant to Rule 3A.19 and 3A.23 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, our Company shall seek advice from the compliance adviser on a timely basis in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction under the Listing Rules, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;
- where our Company proposes to use the **[REDACTED]** from the **[REDACTED]** in a manner different from that detailed in this document or where business activities, developments or results of our Company deviate from any forecast, estimate, or other information in this document; and
- where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Advisor will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The Compliance Advisor will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the appointment will commence on the **[REDACTED]** and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the **[REDACTED]**.

CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Dr. Wu personally held 4,712,584 Shares (representing approximately 23.15% of the issued Shares), and was deemed to be interested in (1) 1,104,362 Shares (representing approximately 5.43% of the issued Shares) owned by Minji Investment, a company owned as to 99% by Dr. Wu and 1% by his spouse, Dr. Pan Xin; (2) 1,766,980 Shares (representing approximately 8.68% of the issued Shares) owned by Shanji Investment by virtue of his role as its general partner; (3) 1,104,362 Shares (representing approximately 5.43% of the issued Shares) owned by Deji Investment by virtue of his role as its general partner; (4) 466,930 Shares (representing approximately 2.29% of the issued Shares) owned by Baiji Investment by virtue of his role as its general partner; and (5) 1,227,069 Shares (representing approximately 6.03% of the issued Shares) owned by Guangji Investment, our employee incentive platform, by virtue of his role as its general partner. As Dr. Wu and Dr. Pan Xin are presumed to be interested in the Shares that the other is interested in Dr. Wu, Dr. Pan Xin, Shanji Investment, Minji Investment, Deji Investment, Baiji Investment and Guangji Investment constituted our Controlling Shareholder Group, holding in aggregate approximately 51.01% of the total issued Shares as of the Latest Practicable Date. For details of the Controlling Shareholder Group and their shareholding in our Company, please refer to the section headed "History, Development and Corporate Structure" in this document.

Dr. Wu is also a general partner as to 0.05% in Baiji Investment and a limited partner as to approximately 17.81% in Huaji Investment which is in turn, a limited partner as to approximately 92.26% in Guangji Investment.

Dr. Pan Xin is also a limited partner as to 6.25% in Shanji Investment, as to 0.006% in Baiji Investment.

Immediately following completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), the Controlling Shareholder Group will in aggregate be interested in approximately **[REDACTED]**% of the total issued Shares. Therefore, upon **[REDACTED]**, the Controlling Shareholder Group will remain our Controlling Shareholders of our Company under the Listing Rules.

Save as disclosed above, there is no other person(s) who will, immediately following completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), be entitled to exercise of or control the exercise of 30% or more of the voting power at the general meetings of our Company.

INDEPENDENCE OF OUR BUSINESS

Having taken into account the following factors, our Directors are satisfied that our Group is able to operate our business independently from our Controlling Shareholders and their respective close associates upon and after the **[REDACTED]**:

Management Independence

The daily management and operation of the business of our Group will be the responsibility of all of our executive Directors and senior management personnels of our Company.

The Board has nine Directors comprising three executive Directors, three non-executive Directors and three independent non-executive Directors. Dr. Wu, being an executive Director, the chief executive officer and chairman of our Board, as well as Dr. Pan Xin, being a non-executive Director, are also members of the Controlling Shareholder Group. Save for Dr. Wu and Dr. Pan Xin, none of the other Directors nor other members of our senior management is a member of the Controlling Shareholder Group.

We are of the view that the Board and senior management will function independently from our Controlling Shareholders because:

(a) each of our Directors is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest;

(b) in case of a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, unless otherwise permitted by the Articles of Association, the interested Director(s) will abstain from voting at the relevant board meeting of our Company in respect of such transaction and will not be counted in the quorum of the relevant meetings of the Board; and

(c) all independent non-executive Directors, namely Dr. Cheng Guohua, Dr. Zuo Zhong and Ms. Chow Yin Kwan Yvonne, are sufficiently experienced and capable of monitoring the operations of our Group independently of our Controlling Shareholders.

Operational Independence

Our Company has full authority and rights to make all decisions on, and has our own resources to carry out, our own business operations independently. We do not rely on our Controlling Shareholders or their associates and we have our own access to our suppliers and our clients for the provision of services as well as a team of senior management to run the business independently from our Controlling Shareholders and their respective close associates. We have our own R&D function, personnel and production facilities, and has registered the relevant intellectual property rights that are material to our business. Further, our Group has not shared any operational resources, such as office premises, sales and marketing and general administration resources with our Controlling Shareholders and their associates. As of the Latest Practicable Date, our Company had sufficient number of employees who were independent from our Controlling Shareholders and their respective close associates and who were primarily recruited through both internal referrals and external sources such as campus recruitment, recruitment websites and third-party recruiters. Our Group has also established a set of internal controls to facilitate the effective operation of our business.

In light of the above, our Directors consider that we are operationally independent from our Controlling Shareholders and their respective close associates.

Financial Independence

Our Group has its own financial management system, internal control and accounting system, accounting and finance team, independent treasury function for cash receipts and payments, and the ability to operate independently from our Controlling Shareholders from a financial perspective.

During the Track Record Period, our Group had obtained borrowings and facilities secured by personal guarantees from Dr. Wu, the executive Director, and Dr. Pan Xin, the non-executive Director. Such personal guarantee of bank loans will be released on or before **[REDACTED]**.

Save as disclosed in this section and the section headed "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position", our Directors confirm that as at the Latest Practicable Date, our Controlling Shareholders have not provided any other guarantee or loan to our Group, nor has any other party provided any guarantee in favour of our Group.

We completed the Pre-**[REDACTED]** Investments and raised funds from Pre-**[REDACTED]** Investors which are Independent Third Parties. For details of the Pre-**[REDACTED]** Investments, see the section headed "History, Development and Corporate Structure — Pre **[REDACTED]** Investments" in this document. Our Directors believe that our Group has sufficient capital for its financial needs without dependence on our Controlling Shareholders, in view of the estimated net **[REDACTED]** from the **[REDACTED]**. Our Directors also believe that, upon **[REDACTED]**, our Group is capable of obtaining financing from external sources independently without the need of any guarantee or security provided by our Controlling Shareholders and their respective close associates after the **[REDACTED]**, which enables our Group to maintain financial independence.

OTHER BUSINESSES OF OUR CONTROLLING SHAREHOLDERS

Apart from our Group, as at the Latest Practicable Date, none of our Controlling Shareholders and their respective close associates were conducting any businesses or holding controlling interest directly or indirectly in companies which are engaged in businesses in competition or is likely to be in competition with the businesses of our Group directly or indirectly, and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE MEASURES

In order to strengthen the corporate governance of our Company and to protect the interests of the minority Shareholders, our Company will adopt the following corporate governance measures to manage potential conflicts of interest:

(1) as part of our preparation for the **[REDACTED]**, we have amended our Articles of Association to comply with the Listing Rules which provide that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her associates have a material interest nor shall such Director be counted in the quorum present at the meeting;

(2) a Director with himself/herself and/or his/her close associates having material interests will ensure full disclosure is made in respect of matters that may have conflict or potential conflict with any of the Company's interest at the meeting of our Board, shall abstain from voting on such matters and shall not be counted in the quorum, unless the attendance or participation of such Director at such meeting of the Board is permitted under the Listing Rules;

(3) our Board will ensure that any event relating to potential conflict of interests shall be reported to our independent non-executive Directors as soon as practicable when it realises or suspects any event relating to potential conflict of interests may occur during the daily operations of the Company;

(4) following the reporting of any event relating to potential conflict of interests, the Board will hold a management meeting (with the interested Directors abstaining from voting and not being counted as quorum, if required) to review and evaluate the implications and risk exposures of such event and the compliance of the Listing Rules in order to monitor any irregular business activities and alert the Board, including our independent non-executive Directors, to take any actions of precaution;

(5) our Board should include a balanced composition with not less than one-third of independent non-executive Directors in order to ensure that our Board is able to exercise independent judgment in its decision-making process and provide independent and impartial advice to our Shareholders;

(6) as required by the Listing Rules, our independent non-executive Directors shall review any continuing connected transaction annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than those available to or from Independent Third Parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole;

(7) our independent non-executive Directors may appoint independent financial advisers and other professional advisers as they consider appropriate to advise them on any matter relating to the connected transaction(s) at the cost of our Company;

(8) our Company has established internal control mechanisms to identify connected transactions and shall comply with the applicable Listing Rules if enters into any connected transaction upon **[REDACTED]**; and

(9) our Company has appointed Guotai Junan Capital Limited as the compliance adviser which shall provide our Company with professional advice and guidance in respect of compliance with the Listing Rules and applicable laws.

In addition, any transaction that is proposed between our Group and our Controlling Shareholders and/or their respective associates will be required to comply with the requirements of the Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent shareholders' approval requirements.

SUBSTANTIAL SHAREHOLDERS

So far as is known to our Directors, immediately following completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised), the following persons will have an interest and/or a short position in the Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

		As of the Latest Practicable Date without taking into account the Share Subdivision			Following the completion of the Share Subdivision and the [REDACTED][1]		
Name of Shareholder	Nature of interest	Number of Shares	Description of Shares	Approximate percentage of shareholding in our total share capital	Number of Shares	Description of Shares	Approximate percentage of shareholding in our total share capital
Dr. Wu[2][3][4][5][6][7]	Beneficial owner	4,712,584	Unlisted Shares	23.15%	**[REDACTED]**	H Shares	**[REDACTED]**
	Interest in controlled corporations	5,669,703	Unlisted Shares	27.86%	**[REDACTED]**	H Shares	**[REDACTED]**
Dr. Pan Xin[2][3][4][5][6][7]	Interest of spouse	10,382,287	Unlisted Shares	51.01%	**[REDACTED]**	H Shares	**[REDACTED]**
Guangzhou Shanji Investment Consulting Partnership (Limited Partnership)* ("**Shanji Investment**")	Beneficial owner	1,766,980	Unlisted Shares	8.68%	**[REDACTED]**	H Shares	**[REDACTED]**
Guangji Investment[4]	Beneficial Owner	1,227,069	Unlisted Shares	6.03%	**[REDACTED]**	H Shares	**[REDACTED]**
Guangzhou Yuexiu Redhill Venture Capital Fund Partnership (L.P.) ("**Yuexiu Redhill**")	Beneficial owner	2,314,077	Unlisted Shares	11.37%	**[REDACTED]**	H Shares	**[REDACTED]**

Notes:

(L) denotes long positions

1. The calculation is based on the assumption that (i) the Share Subdivision is completed, (ii) the **[REDACTED]** is not exercised, (iii) the [101,762,140] Unlisted Shares (taking into account the Share Subdivision) will be converted into H Shares, and (iv) the total number of the Shares in issue will be **[REDACTED]** H Shares immediately after completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised).

2. Dr. Wu and Dr. Pan Xin are spouses. Accordingly, Dr. Wu and Dr. Pan Xin are deemed to be interested in the Shares held by each other by virtue of Part XV of the SFO.

3. Shanji Investment is a limited partnership holding approximately 8.68% of the total issued Shares as of the Latest Practicable Date, where (1) Dr. Wu is its sole general partner and is interested in approximately 37.5% of the partnership interest; and (2) Dr. Pan Xin is a limited partner interested in approximately 6.25% of the partnership interest. By virtue of Part XV of the SFO, each of Dr. Wu and Dr. Pan Xin is deemed to be interested in the Shares held by Shanji Investment.

4. Guangji Investment is the Employee Incentive Platform holding approximately 6.03% of the total issued Shares as of the Latest Practicable Date, where (1) Dr. Wu is its sole general partner and is interested in approximately 1% of the partnership interest. By virtue of Part XV of the SFO, each of Dr. Wu and Dr. Pan Xin is deemed to be interested in the Shares held by Guangji Investment.

5. Deji Investment is a limited partnership holding approximately 5.43% of the total issued Shares as of the Latest Practicable Date, where Dr. Wu is its sole general partner and is interested in approximately 40.92% of the partnership interest. By virtue of Part XV of the SFO, each of Dr. Wu and Dr. Pan Xin is deemed to be interested in the Shares held by Deji Investment.

6. Minji Investment is a limited liability company holding approximately 5.43% of the total issued Shares as of the Latest Practicable Date, which is owned as to 99% by Dr. Wu and 1% by Dr. Pan Xin. By virtue of Part XV of the SFO, each of Dr. Wu and Dr. Pan Xin is deemed to be interested in the Shares held by Minji Investment.

7. Baiji Investment is a limited partnership holding approximately 2.29% of the total issued Shares as of the Latest Practicable Date, where (1) Dr. Wu is its sole general partner and is interested in approximately 0.05% of the partnership interest; and (2) Dr. Pan Xin is a limited partner interested in approximately 0.01% of the partnership interest. By virtue of Part XV of the SFO, each of Dr. Wu and Dr. Pan Xin is deemed to be interested in the Shares held by Baiji Investment.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed above, our Directors are not aware of any person who will, immediately following the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised), have a beneficial interest and/or short position in the Shares or underlying Shares of our Company which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

BEFORE THE COMPLETION OF THE [REDACTED]

As of the Latest Practicable Date, the issued share capital of the Company was RMB20,352,428 comprising 20,352,428 Unlisted Shares with a nominal value of RMB1.00 each.

Immediately upon **[REDACTED]**, the ordinary shares of the Company will be split on a one for five basis, and the registered share capital of our Company will be RMB20,352,428, comprising **[REDACTED]** Shares with a nominal value of RMB0.20 each.

UPON THE COMPLETION OF THE [REDACTED]

Immediately following the completion of the **[REDACTED]** (taking into account the Share Subdivision) and conversion of Unlisted Shares into H Shares, assuming that the **[REDACTED]** is not exercised, the share capital of the Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total share capital of the Company
		(%)
Unlisted Shares in issue	—	—
H Shares converted from Unlisted Shares	**[REDACTED]**	**[REDACTED]**
H Shares to be issued under the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	**100%**

Assuming the **[REDACTED]** is fully exercised, the share capital of our Company immediately following completion of the **[REDACTED]** (taking into account the Share Subdivision) and conversion of Unlisted Shares into H Shares will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total share capital of the Company
		(%)
Unlisted Shares in issue	—	—
H Shares to be converted from Unlisted Shares	**[REDACTED]**	**[REDACTED]**
H Shares to be issued under the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	**100%**

SHARE CLASSES AND RANKING

Upon completion of the **[REDACTED]**, we would have only one class of Shares. The H Shares, to be issued following the completion of the **[REDACTED]** and converted from the Unlisted Shares, are ordinary Shares in the share capital of the Company. Apart from certain qualified domestic institutional investors in the PRC, qualified PRC investors under the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect (if our H Shares are eligible securities for that purpose) and other persons who are entitled to hold H Shares pursuant to the relevant PRC laws and regulations or upon approval by any competent authorities, H Shares generally cannot be subscribed for by, or traded between, legal or natural persons of the PRC.

Dividends in respect of our Shares may be paid by us in Hong Kong dollars or Renminbi, as the case may be. In addition to cash, dividends may be distributed in the form of H Shares.

CONVERSION OF UNLISTED SHARES INTO H SHARES

The Unlisted Shares are currently not listed or traded on any stock exchange.

According to the regulations by the CSRC and our Articles of Association, the holders of these Unlisted Shares may, at their own option, authorize our Company to apply to the CSRC for conversion of their respective Unlisted Shares to H Shares upon the **[REDACTED]**, and such converted Shares may be **[REDACTED]** and **[REDACTED]** on an overseas stock exchange provided that the conversion, **[REDACTED]** and **[REDACTED]** of such converted Shares have been approved by the securities regulatory authorities of the State Council. Additionally, such conversion, **[REDACTED]** and **[REDACTED]** shall meet any requirement of internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

If any of the Unlisted Shares are to be converted, listed and traded as H Shares on the Stock Exchange, the approvals of any internal approval process and/or the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange are necessary for such conversion. Based on the procedures for the conversion of Unlisted Shares into H Shares as set forth below, we will apply for the **[REDACTED]** of all or any portion of the Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion after the **[REDACTED]** to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register. As the **[REDACTED]** of additional Shares after the **[REDACTED]** on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for **[REDACTED]** at the time of our **[REDACTED]** in Hong Kong. No Shareholder voting is required for the conversion of such Shares or the **[REDACTED]** and **[REDACTED]** of such converted Shares on an overseas stock exchange. Any application for listing of the converted shares on the Stock Exchange after our initial **[REDACTED]** is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

After all the requisite approvals have been obtained, the relevant Unlisted Shares will be withdrawn from the Share register, and our Company will re-register such Shares on the H Share register maintained in Hong Kong and instruct the **[REDACTED]** to issue H Share certificates. Registration on the H Share register of our Company will be on the conditions that:

(i) the **[REDACTED]** lodges with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates; and

(ii) the admission of the H Shares to be traded on the Stock Exchange complies with the Listing Rules and the General Rules of **[REDACTED]** and the **[REDACTED]** Operational Procedures in force from time to time. Until the converted Shares are re-registered on the H Share register of our Company, such Shares would not be listed as H Shares. For details of our existing Shareholders' proposed conversion of Unlisted Shares into H Shares, please refer to the paragraphs headed "History, Development and Corporate Structure — Capitalization of Our Company" in this document.

DOMESTIC PROCEDURES

The Shareholders who apply for H Share Full Circulation ("**Full Circulation Participating Shareholders**") may only deal in the Shares upon completion of the below arrangement procedures for the registration, deposit and transaction settlement in relation to the conversion and listing:

(i) We will appoint China Securities Depositary and Clearing Corporation Limited (中國證券登記結算有限責任公司) ("**CSDC**") as the nominal holder to deposit the relevant securities at CSDC (Hong Kong), which will then deposit the securities at **[REDACTED]** in its own name. CSDC, as the nominal holder of the Full Circulation Participating Shareholders, shall handle all custody, maintenance of detailed records, cross-border settlement and corporate actions, etc. relating to the converted H Shares for the Full Circulation Participating Shareholders;

(ii) Pursuant to the Guidance on Foreign Exchange Business for Capital Account (2024 Edition) (《資本項目外匯業務指引(2024年版)》), once a PRC-incorporated company has obtained approval to participate in the H Share "Full Circulation" program, any domestic shareholder who reduces its shareholding must, within 20 business days of such reduction, complete the domestic shareholding registration with the local branch of the State Administration of Foreign Exchange. Upon completion of the registration, the shareholder will be issued the relevant business registration certificate, which shall be presented to a qualified domestic bank for the purpose of opening the accounts required in connection with such shareholding; and

(iii) The Full Circulation Participating Shareholders shall submit trading orders of the Converted H Shares through the Domestic Securities Company. Trading orders of the Full Circulation Participating Shareholders for the relevant Shares will be submitted to the Stock Exchange through the securities trading account opened by the Domestic Securities Company at the Hong Kong Securities Company. Upon completion of the transaction, settlements between each of the Hong Kong Securities Company and CSDC (Hong Kong), CSDC (Hong Kong) and CSDC, CSDC and the Domestic Securities Company, and the Domestic Securities Company and the Full Circulation Participating Shareholders, will all be conducted separately.

As a result of the conversion, the shareholding of the relevant Full Circulation Participating Shareholders in our share capital registered shall be reduced by the number of Unlisted Shares converted and increased by the number of H Shares so converted.

A Shareholder holding Unlisted Shares not converted into H Shares can work with our Company according to the Articles of Association and follow the procedures set out in this document to convert the Unlisted Shares into H Shares after the **[REDACTED]** if they want, provided that such conversion of Unlisted Shares into and **[REDACTED]** and **[REDACTED]** of H Shares will be subject to the approval of the relevant PRC regulatory authorities, including the CSRC, the approval of the Stock Exchange and the satisfaction of the public float requirement under the Listing Rules by our Company.

RESTRICTIONS OF SHARE TRANSFER

In accordance with the PRC Company Law, the shares issued prior to any public offering of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. As such, the Shares issued by our Company prior to the issue of H Shares will be subject to such statutory restriction on transfer within a period of one year from the **[REDACTED]**.

Our Directors and members of the senior management of our Company shall declare their shareholdings in our Company and any changes in their shareholdings. Shares transferred by our Directors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company. The Shares that the aforementioned persons held in our Company cannot be transferred within one year from the date on which the Shares are **[REDACTED]** and traded, nor within half a year after they leave their positions in our Company. The Articles of Association may contain other restrictions on the transfer of the Shares held by our Directors and members of senior management of our Company. Please refer to the section headed "Appendix V — Summary of Articles of Association" for further details of the Articles.

REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE

According to the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請"全流通"業務指引》), domestic shareholders of unlisted shares shall, in accordance with the relevant business rules of the CSDC, handle the transfer registration of shares, complete the procedures of share registration and stock listing in accordance with the relevant regulations of the Hong Kong market, and disclose information in accordance with the law and regulations. The H-share listed company shall submit a report on the relevant situation to the CSRC within 15 days after the registration with the CSDC of the shares related to the application has been completed.

SHAREHOLDERS' GENERAL MEETING

See "Appendix V — Summary of Articles of Association" for details of circumstances under which our general meeting is required.

*You should read this section in conjunction with our audited consolidated financial statements, including the notes thereto, as set out in the Accountant's Report set out in Appendix I to this document. Our Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("**IFRS**") which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants' Report and not merely rely on the information contained in this section.*

The following discussion and analysis contain certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by our Group in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors our Group believes are appropriate under the circumstances. However, whether actual outcomes and developments will meet our Group's expectations and projections depends on a number of risks and uncertainties over which our Group does not have control. For further information, you should refer to the section "Risk Factors" of this document.

The following discussion and analysis also contain certain amounts and percentage figures that have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them and all monetary amounts shown are approximate amounts only.

OVERVIEW

We are a clinical-stage pharmaceutical company headquartered in Guangzhou, China. The Company is committed to the development and commercialization of high-end innovative microneedle drug formulations and intranasal inhalation drug formulations, designed to overcome the limitations of traditional formulations and improve therapeutic outcomes without changing the drug molecules themselves. We have established two core platforms with proprietary technologies: a microneedle drug formulation platform and an inhalation drug formulation platform. These platforms serve as the foundation for a differentiated and competitive product pipeline aimed at improving clinical performance and patient compliance.

We have two Core Products, DHMP, the first microneedle drug patch to receive clinical trial approval in China, for which the conduct of Phase IIa clinical studies for the pediatric indication has been completed and the Phase II clinical trial for the adult indication is ongoing; and an intranasal inhalation drug formulation intended for the on-demand treatment of "Off" episodes in Parkinson's disease, the first nasal inhalation formulation approved to enter clinical trials in China in this therapeutic area, for which the conduct of Phase II clinical studies has been completed.

During the Track Record Period, we generated revenue from the provision of CRO Services to pharmaceutical clients in the PRC and sale of drugs in both the PRC and the United States. However, we currently have no self-developed products approved for commercial sale and have not generated any revenue from sales of our product candidates.

We expect to incur significant amount of expenses and operating losses for at least the next several years as we further our preclinical research efforts, continue the clinical development, and seek regulatory approvals for our pipeline products before launching these products to the market. Subsequent to the **[REDACTED]**, we expect to also incur costs associated with operating as a public company. We expect that our financial performance will fluctuate periodically due to the development status of our pipeline products, regulatory approval timeline and commercialization of our future approved drugs.

BASIS OF PRESENTATION

Our Company was established in the PRC as a limited liability company on 14 November 2007 and converted into a joint stock company with limited liability on 26 November 2025. For details, see "History, Development and Corporate Structure" in this document.

The historical financial information of our Group has been prepared in accordance with IFRS, which comprise all standards and interpretations approved by the International Accounting Standards Board. All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2026, together with the relevant transitional provisions, have been adopted by our Group in the preparation of the historical financial information throughout the Track Record Period.

The historical financial information has been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value at the end of each of the Track Record Period.

FACTORS AFFECTING OUR FINANCIAL RESULTS

Our results of operations and financial performance have been and will continue to be affected by a number of factors, many of which may be beyond our control, including those factors set out in "Risk Factors" in this document and those set out below.

Our Ability to Successfully Develop Our Pipeline Products

Our business and financial results depend on our ability to successfully develop our pipeline products, demonstrate favorable tolerability and efficacy clinical trial results, obtain necessary regulatory approvals, and manufacture our pipeline products. All of our pipeline products are still in development. As of the Latest Practicable Date, we have identified and developed two Core Products and commenced Phase II clinical trail of our two Core Products. For details of the development of our pipeline products, see "Business" in this document.

Our Ability to Successfully Commercialize Our Pipeline Products

Although all of our pipeline products currently have not been approved for commercialization, and we have not generated any revenue from sales of our pipeline products, we expect to commercialize one or more of our pipeline products in the near future. Upon commercialization of our pipeline products, our business and results of operations will be driven by the market acceptance, sales of our commercialized drugs and our manufacturing capabilities to meet commercial demands. However, the commercialization may require significant marketing efforts and inputs before we are able to generate any revenue from sales of our pipeline products. If we fail to achieve the degree of market acceptance, we may not be able to generate revenue as expected. For details, see "Risk Factors — Risks relating to manufacturing and commercialisation of our pipeline products" in this document.

Funding for Our Operation

During the Track Record Period, we funded our operations primarily through equity financing, cash flow generated from our CRO Services and borrowings. We expect to fund our future operations primarily with existing cash and cash equivalents, bank loans and net **[REDACTED]** from the **[REDACTED]**. Going forward, in the event of a successful commercialization of one or more of our pipeline products, we expect to fund our operations with revenue generated from sales of our commercialized drug products. However, with the continuing expansion of our business and product pipelines, we may require further funding through public or private offerings, debt financings, collaboration arrangements, licensing arrangements or other funding sources. Any fluctuation in the funding for our operations will impact our cash flow and our results of operations.

Our Ability to Manage Research and Development of Our Products Candidate

In order to commercialize our two Core Products, to bring our pipeline products to market, and to develop new pipeline products, we have devoted and will continue to devote our resources on R&D activities, including conducting preclinical studies, clinical trials and activities related to seeking regulatory approvals. The success of such R&D activities significantly affects our ability to successfully develop our pipeline products, including the two Core Products.

While we expect to incur significant R&D expenses in the foreseeable future, we need to control the amount of such expenses at a reasonable level. Our ability to balance the need to invest in R&D activities and control our operating expenses is key to our ability to reach profitability and sustainable growth.

Our Ability to Improve Operating Efficiency

Our business and financial results will be affected by our ability to improve our operating efficiency and control our operating expenses. For the years ended December 31, 2024 and 2025 and the five months ended May 31, 2026, our administrative expenses was approximately RMB15.2 million , RMB44.1 million and RMB17.0 million, respectively. For the years ended December 31, 2024 and 2025 and the five months ended May 31, 2026, our selling and distribution expenses was approximately RMB7.2 million, RMB5.8 million and RMB1.5 million, respectively. We expect our administrative expenses and selling and distribution expenses to increase in the future for the commercialization, promotion and marketing of our two Core Products and other pipeline products, and to manage the growth in our business scale, therefore, our ability to operate efficiently will have a significant impact on our business and financial results.

MATERIAL ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

We have identified certain accounting policies that are material to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items.

The preparation of historical financial information requires our management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

We set forth below those accounting policies that we believe are of critical importance to us or involve the most significant estimates and judgments used in the preparation of our consolidated financial statements. See Note 2.3 and Note 3 to the Accountants' Report in Appendix I to this document for a description of our material accounting policies, and significant accounting judgments and estimates.

Revenue Recognition

Our revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which our Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which our Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

CRO Services

Our CRO Services agreements may contain multiple services which are separate performance obligations because the promises to transfer each service is capable of being distinct and separately identifiable. Accordingly, we develops assumptions that require judgement to determine the stand-alone selling price for each performance obligation identified. In developing the stand-alone selling price for a performance obligation, we uses expected cost plus margin approach and considers all information that is reasonably available, including but not limited to, costs incurred to provide the service and related profit margins.

Revenue from CRO services is recognized over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by us. The input method recognizes revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the services. If we expects to recover the costs incurred in satisfying the performance obligation, revenue is recognized only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

MAH Business

Revenue is generated by us as the MAH, through the sale of licensed drugs to distributors. Revenue from the sale of drugs is recognized at the point in time when control of the goods is transferred to the customer, generally on delivery and acceptance of the goods by the customers.

Fair Value Measurement

Our Group measures certain financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by our Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

Our Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, we determine whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of Non-financial Assets

Where an indication of impairment exists, or when annual impairment testing for non-financial assets is required (other than inventories), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Research and development costs

All research costs are charged to profit or loss as incurred. Expenditure incurred on projects to develop new products is capitalized and deferred only when our Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

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

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)
Attributable to:				
Owners of the parent	(145,037)	(109,430)	(17,098)	(196,958)
Non-controlling interests	(2,047)	(1,516)	(1,323)	(194)
	(147,084)	(110,946)	(18,421)	(197,152)

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 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*
MAH Business	2,678	13,382	5,870	4,165
CRO Services	46,348	41,856	15,487	12,402
Total revenue	**49,026**	**55,238**	**21,357**	**16,567**

The following stable sets forth a breakdown of revenue by geographical markets 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*
Geographical markets				
The PRC	46,995	41,856	15,487	12,402
Overseas	2,031	13,382	5,870	4,165
Total revenue	**49,026**	**55,238**	**21,357**	**16,567**

Cost of Sales

Our cost of sales for the provision of CRO Services primarily consists of direct labor, outsourced consultation and testing fees, direct materials, depreciation and amortization and rent, utilities and electricity. Our cost of sales for the MAH Business primarily consists of contract manufacturing fees and amortization of MAH licenses.

Cost of Sales by business segment

The following table sets forth a breakdown of our cost of sales by business segment 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*
Types of goods or services				
MAH Business	2,463	12,741	5,300	3,925
CRO Services	30,048	29,592	10,524	9,364
Total cost of sales	**32,511**	**42,333**	**15,824**	**13,289**

Cost of Sales by Nature

The following table sets forth a breakdown of our cost of sales by nature 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*
Staff costs	17,964	16,894	6,070	6,486
Contract manufacturing fees	2,126	12,488	5,195	3,820
Consultation and testing fees	4,586	4,795	1,348	278
Material costs	3,076	3,425	871	1,209
Depreciation and amortization	2,392	1,745	834	637
Rent, utilities and electricity	1,751	1,566	576	485
Others	616	1,420	930	374
Total	**32,511**	**42,333**	**15,824**	**13,289**

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales. The following table sets forth a breakdown of our gross profit and gross profit margin by business segment for the years and periods indicated:

	Year ended 31 December				Five months ended 31 May			
	2024		2025		2025		2026	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
MAH Business	215	8.0	641	4.8	570	9.7	240	5.8
CRO Services	16,300	35.2	12,264	29.3	4,963	32.0	3,038	24.5
Total	**16,515**	**33.7**	**12,905**	**23.4**	**5,533**	**25.9**	**3,278**	**19.8**

Other Income and Gains

Our other income and gains consist of investment income on financial assets at fair value through profit or loss, bank interest income, sales of medical aesthetic products, government grants related to assets and income, others, fair value gains on financial assets at fair value through profit or loss and foreign exchange gains, net. The following table sets forth a breakdown of our other income and gains 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*
Other income				
Government grants	1,761	3,001	1,902	588
Sales of medical aesthetic products	1,831	291	198	—
Bank interest income	26	144	15	36
Investment income on financial assets at fair value through profit or loss	22	94	—	93
Others	—	8	—	81
Total other income	3,640	3,538	2,115	798
Gains				
Fair value gains on financial assets at fair value through profit or loss	—	60	19	194
Foreign exchange gains, net	60	—	—	—
Total gains	60	60	19	194
Total other income and gains	3,700	3,598	2,134	992

Our investment income on financial assets at fair value through profit or loss represents income from our investment in structured deposits products issued by a commercial bank. Our bank interest income represents the amount of interest we received from our deposits with commercial banks. Ourincome from sales of medical aesthetic products represents income generated from our cosmetics business, which we ceased such operation on September 1, 2025, for details, please refer to the section headed "Business — Our Other Businesses". Our government grants mainly represent amounts received from the local governments acknowledging our achievement and for the purpose of compensating the expenses spent on research and clinical trials and award for new drug development.

During the Track Record Period, income generated from and costs of sales incurred in our ceased cosmetics business were recognised as sales of medical aesthetic products under our other income, and costs of medical aesthetic products under our other expenses, respectively. Our gross loss in our ceased cosmetics business represents the sales of medical aesthetic products less costs of medical aesthetic products. The following table sets forth a breakdown of our gross loss and gross loss margin of our ceased cosmetics business 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*
Sales of medical aesthetic products	1,831	291	198	—
Costs of medical aesthetic products	2,851	1,135	755	—
Gross (loss)	(1,020)	(844)	(557)	—
Gross (loss) margin	(55.7%)	(290.0%)	(281.3%)	—

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of staff costs, certificate maintenance fees, advertising and promotion expenses, entertainment expenses, travel expenses, share-based compensation, pharmaceutical insurance expenses and others. The following table sets forth a breakdown of our selling and distribution expenses 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*
Staff costs	3,302	2,033	1,016	635
Certificate maintenance fees	1,554	1,375	563	578
Advertising and promotion expenses	1,239	1,368	434	115
Entertainment expenses	378	605	295	39
Travel expenses	413	212	87	27
Share-based compensation	—	107	—	51
Pharmaceutical insurance expenses	263	82	39	39
Others	15	36	5	4
Total	**7,164**	**5,818**	**2,439**	**1,488**

Our staff costs primarily consist of salaries, benefits and bonuses for our sales related employee. Our advertising and promotion expenses primarily consist of exhibition expenses. Our pharmaceutical insurance expenses represents insurance premium related to the drugs we sale. Our certificate maintenance fees represent annual fees paid to maintain drug registration certificates.

Administrative Expenses

Our administrative expenses primarily consist of staff costs, **[REDACTED]** expenses, share-based compensation, professional and other services fees, travel expenses, entertainment expenses, depreciation and amortization, patent expenses and others. The following table sets forth a breakdown of our administrative expenses 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*
Staff costs	9,666	14,723	4,541	5,647
[REDACTED] expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Share-based compensation	—	8,976	—	4,995
Professional and other services fees	1,325	3,299	1,248	933
Depreciation and amortization	1,941	2,999	948	1,567
Travel expenses	1,229	2,825	1,266	1,020
Entertainment expenses	864	1,542	782	908
Patent expenses	44	126	70	104
Others	130	161	85	27
Total	**15,199**	**44,142**	**9,125**	**16,952**

Our staff costs primarily consist of salaries, benefits and bonuses for our supporting and administrative staff. Our professional and other services fees primarily consist of audit fees, tax audit fees and other services fees.

Research and Development Expenses

Our research and development expenses primarily consist of experiments and testing expenses, staff costs, share-based compensation, depreciation and amortization, material costs and others. The following table sets forth a breakdown of our research and development expenses 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*
Experiments and testing expenses	6,783	19,452	4,888	9,391
Staff costs	6,961	10,666	3,632	5,437
Share-based compensation	—	3,294	—	1,855
Depreciation and amortization	1,651	2,271	839	1,195
Material costs	598	1,439	660	373
Others	420	1,062	370	710
Total	**16,413**	**38,184**	**10,389**	**18,961**

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 staff costs primarily consist of salaries and benefits for employees from the research and development departments. Our experiment and testing expenses represent clinical trial expenses for our two Core Products and non-clinical research expenses for our pipeline products including our two Core Products resulting from the engagement of CROs. Our depreciation and amortization represent the depreciation of our equipment and the depreciation of right-of-use assets. Others are mainly office expenses and transportation expenses for our research and development activities.

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.

Impairment losses on financial and contract assets, net

Our impairment losses on financial and contract assets, net represent impairment losses on financial assets such as trade receivables and other receivables and impairment losses on contract assets from the CRO Services. For the two years ended December 31, 2024 and 2025 and the five months ended May 31, 2025 and 2026, we had impairment losses on financial and contract assets, net of approximately RMB0.4 million, RMB0.4 million, RMB0.2 million and RMB0.8 million, respectively.

Other Expenses

Our other expenses primarily consist of write-down of inventories to net realisable value, costs of medical aesthetic products, impairment of intangible assets, foreign exchanges losses, net and others. The following table sets forth a breakdown of our other expenses 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*
Write-down of inventories to net realisable value	462	1,310	1,271	—
Costs of medical aesthetic products	2,851	1,135	755	—
Impairment of intangible assets	664	—	—	—
Impairment of fixed assets	—	—	—	552
Foreign exchanges losses, net	—	74	5	352
Others	260	323	101	12
Total	**4,237**	**2,842**	**2,132**	**916**

Finance Costs

Our finance costs represent interest on bank and other borrowings, interest on lease liabilities and financing advisory fees.

Change in Fair Value of Financial Liabilities on Series Shares

Certain Pre-**[REDACTED]** Investors were granted by our Company with certain special rights, these series shares with special rights are considered as financial liabilities at fair value through profit or loss and presented as "financial liabilities on series shares". The change in fair value of the financial liabilities on series shares is charged to profit or loss except for the portion attributable to credit risk change that shall be charged to other comprehensive income. Our change in fair value of financial liabilities on series shares were approximately RMB120.4 million, RMB29.8 million, RMB1.1 million and RMB161.7 million for the years ended December 31, 2024 and 2025 and the five months ended May 31, 2025 and 2026, respectively.

Income Tax Expenses

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which we are domiciled and operate. During the Track Record Period, save for the income tax expense of approximately RMB4,000 during the five months ended May 31, 2026, we had no income tax expenses.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

For Five Months Ended May 31, 2025 Compared to Five Months Ended May 31, 2026

Revenue

Our revenue decreased by approximately RMB4.8 million or 22.4% from approximately RMB21.4 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.

MAH Business

Our revenue generated from the MAH Business decreased by approximately RMB1.7 million or approximately 29.0% from approximately RMB5.9 million for the five months ended May 31, 2025 to approximately RMB4.2 million for the five months ended May 31, 2026 primarily due to the decrease of sales of Esomeprazole Magnesium Delayed-Release Capsules to our distributor for such product in the U.S..

CRO Services

Our revenue generated from the provision of CRO Services decreased by approximately RMB3.1 million or 19.9% from approximately RMB15.5 million for the five months ended May 31, 2025 to approximately RMB12.4million for the five months ended May 31, 2026, primarily due to the progressive scaling down of our CRO Services to focus on the development of our two Core Products.

Cost of Sales

Our cost of sales decreased by approximately RMB2.5 million or 16.0% from approximately RMB15.8 million for the five months ended May 31, 2025 to approximately RMB13.3 million for the five months ended May 31, 2026, which was in line with the decrease in revenue.

MAH Business

Our cost of sales for the MAH Business decreased by approximately RMB1.4 million or 25.9% from approximately RMB5.3 million for the five months ended May 31, 2025 to approximately RMB3.9 million for the five months ended May 31, 2026, which is in line with the decrease in revenue generated from the MAH Business 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.

CRO Services

Our cost of sales for the provision of CRO Services decreased by approximately RMB1.2 million or 11.0% from approximately RMB10.5 million for the five months ended May 31, 2025 to approximately RMB9.4 million for the five months ended May 31, 2026, which is in line with the decrease in revenue generated from the provision of CRO Services as we have progressively scaled down our CRO Services to focus on the development of our two Core Products.

Gross Profit

As a result of the foregoing, 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, primarily due to the decrease in our gross profit margin for the MAH Business of approximately 4% and the provision of CRO Services of approximately 8% during the five months ended May 31, 2026, for reasons discussed below.

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.

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.

Other Income and Gains

Our other income and gains decreased by approximately RMB1.1 million or 53.7% from approximately RMB2.1 million for the five months ended May 31, 2025 to approximately RMB1.0 million for the five months ended May 31, 2026. The decrease was primarily due to (i) the decrease in government grants related income by approximately RMB1.3 million as a result of the reduce in one-off income related government grants for the five months ended May 31, 2026, and (ii) the decrease in the income from the sales of medical aesthetic products by approximately RMB0.2 million as a result of the cessation of our cosmetic business during the year ended December 31, 2025.

Cosmetic Business

Our gross loss for our cosmetic business (representing the sales of medical aesthetic products under our other income, less costs of medical aesthetic products under our other expenses) decreased by approximately RMB0.6 million or 100% from approximately RMB0.6 million for the five months ended May 31, 2025 to nil for the five months ended May 31, 2026. Our gross loss margin for our cosmetic business for the five months ended May 31, 2025 was approximately 281.3%. The gross loss and gross loss margin for our cosmetic business for the five months ended May 31, 2025 was primarily due to (i) the decrease in income from the sales of medical aesthetic products as a result of the progressive scaling down of our cosmetic business during the year ended December 31, 2024 and the complete cessation of our cosmetic business during the year ended December 31, 2025, and (ii) the continuing incurrence of certain fixed costs prior to the complete cessation of the cosmetic business.

Selling and Distribution Expenses

Our selling and distribution decreased by approximately RMB1.0 million or 39.0% from approximately RMB2.4 million for the five months ended May 31, 2025 to approximately RMB1.5 million for the five months ended May 31, 2026 primarily due to (i) the decrease in staff cost of approximately RMB0.4 million as a result of reduce in number of sales personnel following the cessation of operation of our cosmetic business during the year ended December 31, 2025 and the progressive scaling down of our CRO Services, and (ii) the decrease in advertising and promotion expenses of approximately RMB0.3 million and entertainment expenses of approximately RMB0.3 million as a result of the reduce in promotion and advertising activities in relation to our cosmetic business and CRO Services.

Administrative Expenses

Our administrative expenses increased by approximately RMB7.8 million or 85.8% from approximately RMB9.1 million for the five months ended May 31, 2025 to approximately RMB17.0 million for the five months ended May 31, 2026 primarily due to (i) the share-based compensation of approximately RMB5.0 million 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; and (ii) the increase in **[REDACTED]** expenses of approximately RMB**[REDACTED]** million incurred during the five months ended May 31, 2026.

Research and Development Expenses

Our research and development expenses increased by approximately RMB8.6 million or 82.5% from approximately RMB10.4 million for the five months ended May 31, 2025 to approximately RMB19.0 million for the five months ended May 31, 2026 primarily due to (i) the increase in experiment and testing fees of approximately RMB5.1 million and staff costs of approximately RMB1.8 million as a result of the ongoing phase II clinical trials for our two Core Products during the five months ended May 31, 2026; and (ii) the share-based compensation of approximately RMB1.9 million 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 research and development expenses attributed to our two Core Products were approximately RMB5.3 million and RMB14.8 million for the five months ended May 31, 2025 and 2026, respectively, accounting for approximately 51.0% and 77.9% of our total research and development expenses, and 24.2% and 39.5% of our total operating expenses (i.e. selling and distribution expenses, administrative expenses, research and development expenses) in the respective periods.

Impairment Losses on Financial and Contract Assets, net

Our impairment losses on financial and contract assets increased by approximately RMB0.6 million or 276.3% from approximately RMB0.2 million for the five months ended May 31, 2025 to approximately RMB0.8 million for the five months ended May 31, 2026.

Other Expenses

Our other expenses decreased by approximately RMB1.2 million or 57.0% from approximately RMB2.1 million for the five months ended May 31, 2025 to approximately RMB0.9 million for the five months ended May 31, 2026 primarily due to the decrease in write-down of inventories in our cosmetic business to net realizable value of approximately RMB1.3 million and decrease in costs of medical aesthetic products of approximately RMB0.8 million as a result of the cessation of our cosmetic business during the year ended December 31, 2025, partially offset by the increase in impairment of fixed assets of approximately RMB0.6 million and the increase in foreign exchange losses of approximately RMB0.4 million.

Finance Costs

Our finance costs decreased slightly by approximately RMB0.1 million or approximately 15.0% from approximately RMB0.7 million for the five months ended May 31, 2025 to approximately RMB0.6 million for the five months ended May 31, 2026 primarily due to the decrease in interest on bank and other borrowings of approximately RMB0.1 million.

Change in fair value of financial liabilities on series shares

Our change in fair value of financial liabilities on series shares were approximately RMB1.1 million and RMB161.7 million for the five months ended May 31, 2025 and 2026, respectively, primarily due to the continuing increase in our valuation during the respective periods as a result of the progress of development in our pipeline Products.

Loss and Total Comprehensive Loss for the Period

As a result of the foregoing, our loss and total comprehensive loss increased by approximately RMB178.7 million or 970.2% from approximately RMB18.4 million for the five months ended May 31, 2025 to approximately RMB197.1 million for the five months ended May 31, 2026.

For Year Ended December 31, 2024 Compared to Year Ended December 31, 2025

Revenue

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.

MAH Business

Our revenue generated from the MAH Business increased by approximately RMB10.7 million or 399.7% from approximately RMB2.7 million for the year ended December 31, 2024 to approximately RMB13.4 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..

CRO Services

Our revenue generated from the provision of CRO Services decreased by approximately RMB4.5 million or 9.7% from approximately RMB46.3 million for the year ended December 31, 2024 to approximately RMB41.9 million for the year ended December 31, 2025, primarily due to the increase in competition in the CRO market which had led to pricing pressure. Also, since initiating the research and development of the two Core Products, we have progressively scaled down our CRO Services to focus on the development of the two Core Products.

Cost of Sales

Our cost of sales increased by approximately RMB9.8 million or 30.2% from approximately RMB32.5 million for the year ended December 31, 2024 to approximately RMB42.3 million for the year ended December 31, 2025, which was in line with the increase in revenue.

MAH Business

Our cost of sales for the MAH Business increased by approximately RMB10.3 million or 417.3% from approximately RMB2.5 million for the year ended December 31, 2024 to approximately RMB12.7 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.

CRO Services

Our cost of sales for the provision of CRO Services decreased slightly by approximately RMB0.4 million or 1.5% from approximately RMB30.0 million for the year ended December 31, 2024 to approximately RMB29.6 million for the year ended December 31, 2025, which is in line with the decrease in revenue generated from the provision of CRO Services as we have progressively scaled down our CRO Services to focus on the development of our two Core Products.

Gross Profit

As a result of the foregoing, 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, primarily due to the decrease in our gross profit margin for the MAH Business of approximately 3.2% and decrease in our gross profit margin for the provision of CRO Services of approximately 5.9% during the year ended December 31, 2025, for reasons disucssed below.

MAH Business

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 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 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 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 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) increase in share-based compensation during the year ended December 31, 2025.

Other Income and Gains

Our other income and gains remained stable at approximately RMB3.7 million for the years ended December 31, 2024 and approximately RMB3.6 million for the year ended December 31, 2025, respectively. This was primarily due to the decrease in the income from the sales of medical aesthetic products by approximately RMB1.5 million as a result of the cessation of our cosmetic business during the year ended December 31, 2025, partially offset by the increase in government grants related income by approximately RMB1.2 million as a result of new government grants awarded during the year ended December 31, 2025.

Cosmetic Business

Our gross loss for our cosmetic business (representing the sales of medical aesthetic products under our other income, less costs of medical aesthetic products under our other expenses) decreased by approximately RMB0.2 million or 17.3% from approximately RMB1.0 million for the year ended December 31, 2024 to approximately RMB0.8 million for the year ended December 31, 2025. Our gross loss margin for our cosmetic business increased from approximately 55.7% for the year ended December 31, 2024 to approximately 290.0% for the year ended December 31, 2025. The gross loss for our cosmetic business during the Track Record Period was primarily due to the decrease in income from the sales of medical aesthetic products as a result of the progressive scaling down of our cosmetic business during the year ended December 31, 2024 and the complete cessation of our cosmetic business during the year ended December 31, 2025. The increase in gross loss margin was primarily due to the further decrease in income for the sales of medical aesthetic products as a result of the complete cessation of our cosmetic business during the year ended December 31, 2025, while the Group continued to incur certain fixed costs prior to the cessation of the cosmetic business, as a result, the percentage decrease in the sales of medical aesthetic products was greater than the percentage decrease in the costs of medical aesthetic products, hence, the increase in the gross loss margin.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by approximately RMB1.4 million or 18.8% from approximately RMB7.2 million for the year ended December 31, 2024 to approximately RMB5.8 million for the year ended December 31, 2025 primarily due to the decrease in staff cost of approximately RMB1.3 million as a result of reduce in number of sales personnel following the cessation of operation of our cosmetic business during the year ended December 31, 2025.

Administrative Expenses

Our administrative expenses increased by approximately RMB28.9 million or 190.4% from approximately RMB15.2 million for the year ended December 31, 2024 to approximately RMB44.1 million for the year ended December 31, 2025 primarily due to (i) **[REDACTED]** expenses of approximately RMB**[REDACTED]** million incurred during year ended December 31, 2025 as a result of **[REDACTED]** related work commencing during the year; (ii) the increase in staff cost of approximately RMB5.1 million as a result of the increase in (a) number of employees performing management and administrative functions, such increase in headcount was to address additional workload in relation to the **[REDACTED]** and continuing business expansion of our Group; (b) year-on-year adjustment in salary of our employees; and (c) bonus payments to our management staff as recognition of their contribution to our Group; and (iii) the share-based compensation of approximately RMB9.0 million incurred as a result of awards granted under the Pre-**[REDACTED]** Equity Incentive Scheme during the year ended December 31, 2025.

Research and Development Expenses

Our research and development expenses increased by approximately RMB21.8 million or 132.6% from approximately RMB16.4 million for the year ended December 31,2024 to approximately RMB38.2 million for the year ended December 31, 2025 primarily due to (i) the increase in experiment and testing fees of approximately RMB12.7 million and staff cost of approximately RMB3.7 million as a result of the completion of phase I clinical trials and the commencement of phase II clinical trials for our two Core Products; and (ii) the increase in share-based compensation of approximately RMB3.3 million. Our research and development expenses attributed to our two Core Products were approximately RMB11.9 million and RMB26.3 million for the years ended December 31, 2024 and 2025, respectively, accounting for approximately 72.5% and 69.0% of our total research and development expenses, and 30.7% and 29.9% of our total operating expenses (i.e. selling and distribution expenses, administrative expenses, research and development expenses) in the respective periods.

Impairment Losses on Financial and Contract Assets, net

Our impairment losses on financial and contract assets, net remained stable at approximately RMB0.4 million for the years ended December 31, 2024 and 2025.

Other Expenses

Our other expenses decreased by approximately RMB1.4 million or 32.9% from approximately RMB4.2 million for the year ended December 31, 2024 to approximately RMB2.8 million for the year ended December 31, 2025 primarily due to the decrease in costs of medical aesthetic products of approximately RMB1.7 million as a result of the cessation of our cosmetic business during the year ended December 31, 2025, partially offset by the increase in write-down of inventories in our cosmetic business to net realisable value of approximately RMB0.8 million as a result of the cessation of our cosmetic business during the year ended December 31, 2025.

Finance Costs

Our finance costs increased by approximately RMB2.8 million or 83.8% from approximately RMB3.4 million for the year ended December 31, 2024 to approximately RMB6.2 million for the year ended December 31, 2025 primarily due to the increase in financing advisory fees of approximately RMB2.5 million during the year ended December 31, 2025.

Change in fair value of financial liabilities on series shares

Our change in fair value of financial liabilities on series shares decreased from approximately RMB120.4 million for the year ended December 31, 2024 to approximately RMB29.8 million for the year ended December 31, 2025 primarily due to the increase in our valuation during the period as a result of the progress of development in our Core Products.

Loss and Total Comprehensive Loss for the Period

As a result of the foregoing, our loss and total comprehensive loss for the year decreased by approximately RMB36.1 million or 24.6% from approximately RMB147.1 million for the year ended December 31, 2024 to approximately RMB110.9 million for the year ended December 31, 2025.

DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	24,683	30,672	31,677
Right-of-use assets	21,119	20,868	19,093
Intangible assets	2,314	2,163	2,004
Prepayments, other receivables and other assets	1,600	5,771	8,211
Total non-current assets	49,716	59,474	60,985
CURRENT ASSETS			
Inventories	1,789	1,596	1,685
Trade receivables	8,103	16,946	12,041
Contract assets	8,472	10,360	12,926
Prepayments, other receivables and other assets	4,176	8,076	8,453
Financial assets at fair value through profit or loss	—	1,402	8,191
Cash and cash equivalents	68,361	133,383	102,615
Total current assets	90,901	171,763	145,911
CURRENT LIABILITIES			
Trade payables	1,837	5,474	2,513
Contract liabilities	13,223	7,579	6,600
Other payables and accruals	32,732	20,179	13,892
Interest-bearing bank and other borrowings	12,949	9,807	24,689
Financial liabilities on series shares	335,309	505,116	666,836
Lease liabilities	3,419	4,415	4,650
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)
NON-CURRENT LIABILITIES			
Lease liabilities	19,423	18,652	17,401
Deferred income	4,891	3,621	3,150
Total non-current liabilities	24,314	22,273	20,551
Net liabilities	(283,166)	(343,606)	(532,835)
DEFICITS			
Deficits attributable to owners of the parent			
Paid-in capital	15,088	—	—
Share capital	—	20,352	20,352
Deficits	(296,200)	(363,103)	(552,138)
	(281,112)	(342,751)	(531,786)
Non-controlling interests	(2,054)	(855)	(1,049)
Total deficits	(283,166)	(343,606)	(532,835)

Property, Plant and Equipment

Our property, plant and equipment primarily consist of leasehold improvements, office equipment and furniture, plant and machinery, motor vehicles, other equipment and construction in progress. Our property, plant and equipment increased from approximately RMB24.7 million as at December 31, 2024 to approximately RMB30.7 million as at December 31, 2025 primarily due to the increase in value of construction in progress of approximately RMB6.1 million as a result of the construction of our

Microneedle Formulation Industrial Base during the year ended December 31, 2025. Our property, plant and equipment further increased to approximately RMB31.7 million as at May 31, 2026 as a result of the increase in value of construction in progress in relation to the construction of our Microneedle Formulation Industrial Base during the five months ended May, 31 2026.

Right-of-use Assets

Our right-of-use assets primarily consist of our rights to use leased plant and buildings, which are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. Our right-of-use assets remained stable at approximately RMB21.1 million as at December 31, 2024 and approximately RMB20.9 million as at December 31, 2025 primarily due to depreciation and partially offset by the lease of a new property in Zhuhai for manufacturing, R&D, office and warehousing uses. Our right-of use assets decreased to approximately RMB19.1 million as at May 31, 2026 primarily due to depreciation.

Intangible Assets

Our intangible assets primarily consist of software and licenses acquired. Our intangible assets decreased from approximately RMB2.3 million as at December 31, 2024 to approximately RMB2.2 million as at December 31, 2025 and further decreased to approximately RMB2.0 million as at May 31, 2026, primarily due to amortization of software and licenses.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets primarily consist of prepayments for property, plant and equipment, deposits, prepayments, value-added tax and other taxes recoverable, deferred **[REDACTED]** expenses, other receivables and deposits and impairment allowance. Our prepayments, other receivables and other assets increased from approximately RMB5.8 million as at December 31, 2024 to approximately RMB13.8 million as at December 31, 2025 primarily due to (i) deferred **[REDACTED]** expenses of approximately RMB**[REDACTED]** million incurred during the year ended December 31, 2025; (ii) increase in prepayments for property, plant and equipment of approximately RMB2.3 million as a result of the procurement of equipments for our Microneedle Formulation Industrial Base and (iii) increase in value-added tax and other taxes recoverable of approximately RMB3.1 million as a result of input value-added tax incurred on purchases exceeding output value-added tax generated from sales. Our prepayments, other receivables and other assets further increased to approximately RMB16.7 million as at May 31, 2026 primarily due to (i) the increase in value-added tax and other taxes recoverable of approximately RMB2.2 million as a result of input value-added tax incurred on purchases exceeding output value-added tax generated from sales; and (ii) deferred **[REDACTED]** expenses of approximately RMB**[REDACTED]** million incurred during the five months ended May 31, 2026.

Inventories

Our inventories primarily consist of raw materials, work in progress and finished goods. During the Track Record Period, we procured raw materials for the purpose of research and development of our pipeline products, provision of CRO Services, and production of medical aesthetic products, and our work in progress and finished goods relate to medical aesthetic products, including items currently under production and those completed and ready for sale. Our inventories were net of a write-down of approximately RMB1.8 million, RMB0.9 million and RMB1.0 million as at December 31, 2024, 2025 and May 31, 2026, respectively. Our inventories decreased slightly from approximately RMB1.8 million as at December 31, 2024 to approximately RMB1.6 million as at December 31, 2025 primarily due to the write-down of inventories as a result of the cessation of our cosmetic business during the year ended December 31, 2025. Our inventories increased slightly to approximately RMB 1.7 million as at May 31, 2026 primarily due to the increase in raw materials procured for R&D during the five months ended May 31, 2026.

Trade Receivables

Our trade receivables represent receivable from our clients for the provision of CRO Services or our MAH Business. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The table below sets forth a breakdown of our trade receivables as at the dates indicated:

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	8,457	17,662	13,063
Impairment	(354)	(716)	(1,022)
Net carrying amount	**8,103**	**16,946**	**12,041**

Our trade receivables increased from approximately RMB8.1 million as of December 31, 2024 to approximately RMB16.9 million as of December 31, 2025 primarily due to the increase in trade receivables due from customers from our CRO Services business and our MAH Business as of December 31, 2025, in line with the increase in revenue from our MAH Business for the year ended December 31, 2025. Our trade receivables decreased to approximately RMB12.0 million as of May 31, 2026 primarily due to settlement by our customers after December 31, 2025 and the decrease in trade receivables due from customers from our CRO Services business and our MAH Business as at May 31, 2026, in line with the decrease in revenue from our CRO Services business and MAH Business during the five months ended May 31, 2026 in comparison with the five months ended May 31, 2025.

Our trading terms with customers are mainly on credit. For the sales of drugs, the credits period is normally 30 days. For the provision of CRO Services, settlement is made in accordance with the terms specified in the agreements. We seek to maintain strict control over our outstanding receivables and have a credit control department to minimize credit risk. Trade receivables are non-interest-bearing.

The table below sets forth an ageing analysis of our trade receivables as at the dates indicated, based on the revenue recognition date and net of loss allowance:

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	5,830	14,667	9,317
Over 1 years	2,273	2,279	2,724
Total	**8,103**	**16,946**	**12,041**

The table below sets forth our average trade receivables turnover days:

	For the year ended 31 December		For the five months ended 31 May
	2024	2025	2026
Trade receivable turnover days *(Note)*	65	83	88

Note: Trade receivables turnover days were calculated based on the average of the opening and closing trade receivables divided by revenue for the relevant year/period multiplied by (i) 365 days for the years ended December 31, 2024 and 2025, or (ii) 150 days for the five months ended May 31, 2026.

Our average trade receivables turnover days increased from 65 days for the year ended December 31, 2024 to 83 days for the year ended December 31, 2025 and further increased to 88 days for the five months ended May 31, 2026, primarily due to increase in competition. Up to June 30, 2026, approximately RMB3.0 million or 25.0% of our trade receivables as at May 31, 2026 had been settled by our customers after the Track Record Period.

Our Company considers that there is no recoverability issue for our trade receivables. As at June 30, 2026, approximately 62.7% of our trade receivables as at December 31, 2025 has been recovered, and approximately 75.4% of the remaining trade receivables balance has an aging of within one year, reflecting a generally short aging of our Company's trade receivables and that there is no material recoverability issue for our trade receivables. Furthermore, the unsettled trade receivables are primarily due from customers which are large pharmaceutical companies with long operating history or

long-standing business relationships with our Company. Having considered the resources and settlement history of these customers, we are of the view that the risk of not recovering the balance of trade receivables is relatively low.

Contract Assets

Our contract assets are initially recognized for revenue earned from the provision of CRO Services and the receipt of consideration is conditional on successful completion of the services. Impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same client bases. Our contract assets increased from approximately RMB8.5 million as of December 31, 2024 to approximately RMB10.4 million as of December 31, 2025 and further increased to approximately RMB12.9 million as of May 31, 2026 primarily due to the increase in contract assets due from our customers for CRO services of pre-clinical pharmaceutical studies nature provided but yet to reach the payment milestone.

The table below sets forth the expected timing of recovery or settlement for contract assets as at the dates indicated:

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	8,095	9,044	11,431
Over 1 year	377	1,316	1,495
Total	**8,472**	**10,360**	**12,926**

As at June 30, 2026, approximately RMB0.8 million or 6.2% of our contract assets as at May 31, 2026 had been recognised as trade receivables.

Financial Assets at Fair Value Through Profit or Loss

Our financial assets at fair value through profit or loss represent structured deposit products issued by a commercial bank in the PRC. During the Track Record Period, the expected return rates ranging from approximately 1.4% to 4.1% per annum. Our financial assets at fair value through profit or loss increased from nil as at December 31, 2024 to approximately RMB1.4 million as at December 31, 2025 and further increased to approximately RMB8.2 million as a May 31, 2026, primarily due to subscription of new structured deposit products.

Our Investment Policy in Wealth Management and Structured Products

We shall adopt the Management Measures for Wealth Management Products upon **[REDACTED]** to strengthen the Company's control over investments in wealth management and structured products, standardize external investment activities and prevent external investment risks. Pursuant to such measures, the Group may from time to time utilize its idle funds to invest in or subscribe for wealth management and structured products. The scope of these investments are strictly limited to short-to-medium term, highly secured, liquid and low risk products issued by licensed financial institutions in the PRC, including but not limited to structured deposits, money market funds, treasury bonds, and investment in derivatives products is prohibited. The finance department shall be responsible for formulating the annual investment plan and the setting of annual investment cap having regards to among others, the cash flow of the Group, the business plans of the Group, financial performance of the Group and the risk tolerance level of the Group. It shall also be responsible for identifying suitable products for investment after taking into consideration, among others, the reputation and creditworthiness of the issuing financial institution, the nature, term and expected return of the product, and the risk level associated with the product. Selected products shall be presented to and approved by at least two-thirds of the members of the investment committee of the Company which will comprise of the chairman of the Board, financial controller, investment controller, company secretary and in-house legal counsel of the Company. Under the following circumstances, the investment in or disposal of (as the case may be) wealth management and structured products shall be tabled before the Board and/or Shareholders (where applicable) for approval: (i) the amount of investment in any wealth management products (on an aggregated basis), has exceeded 30% of the total assets of the Group; (ii) the specific investment or divestment constituted a discloseable transaction, major transaction, very substantial acquisition or disposal under Chapter 14 of the Listing Rules. Investment in structured products after the **[REDACTED]** will be subject to the compliance with Chapter 14 of the Listing Rules.

Trade Payables

Our trade payables are mainly related to our procurement of raw materials for research and development, and payables to CMOs for the production of drugs for our MAH Business. Our trade payables increased from approximately RMB1.8 million as at December 31, 2024 to approximately RMB5.5 million as at December 31, 2025 primarily due to the increase in payables to CMOs for the production of drugs for our MAH Business, which was consistent with the increase in demand for Esomeprazole Magnesium Delayed-Release Capsules in the U.S. during the year ended December 31, 2025. Our trade payables decreased to approximately RMB2.5 million as at May 31, 2026, primarily due to settlement during the five months ended May 31, 2026 and the reduce in trade payables to CMOs for the production of drugs for our MAH Business in line with the decrease in revenue of our MAH Business.

The table below sets forth an ageing analysis of our trade payables as at the dates indicated, based on the invoice date, is as follows:

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	1,295	5,356	2,400
Over 1 year	542	118	113
Total	**1,837**	**5,474**	**2,513**

The table below sets forth our average trade payables turnover days:

	For the year ended 31 December		For the five months ended 31 May
	2024	2025	2026
Trade payables turnover days *(Note)*	29	32	45

Note: Trade payables turnover days were calculated based on the average of the opening and closing trade payables divided by cost of sales for the relevant year/period multiplied by (i) 365 days for the years ended December 31, 2024 and 2025, or (ii) 150 days for the five months ended May 31, 2026.

Our average trade payables turnover days remained stable at 29 and 32 days for the years ended December 31, 2024 and 2025, respectively, and increased to 45 days for the five months ended May 31, 2026. As at June 30, 2026, approximately RMB2.1 million or 82.4% of our trade payables as at May 31, 2026 had been settled by us after the Track Record Period.

Contract Liabilities

Contract liability is recognized when payment is received or due from a customer before we transfer the related goods or services. Our contract liabilities decreased from approximately RMB13.2 million as at December 31, 2024 to approximately RMB7.6 million as at December 31, 2025 and further decreased to approximately RMB6.6 million as at May 31, 2026, primarily due to the scaling down of our CRO Services business, decrease in number of new CRO Services contracts entered into and the decrease in prepayments by our CRO Services customers. As at June 30, 2026, approximately RMB0.1 million or 1.4% of our contract liabilities as at May 31, 2026 had been recognised as revenue.

Other Payables and Accruals

Our other payables and accruals primarily consist of payroll payable, amount due to Directors, other tax payable, payable for property, plant and equipment, other payables and accruals, accrued **[REDACTED]** expenses, provisions for onerous contracts and payables for intangible assets. Our payables for intangible assets represent the amount payable for the acquisition of listing rights including Esomeprazole Magnesium Delayed-Release Capsules. The table below sets forth a breakdown of our other payables and accruals as at the dates indicated:

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Payroll payable	9,679	8,042	4,120
Amounts due to the Directors	900	—	—
Other tax payable	412	624	275
Payables for property, plant and equipment	1,132	567	561

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Other payables and accruals	3,859	7,116	8,014
Accrued **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Provisions for onerous contracts	—	150	100
Payables for intangible assets*	16,750	—	—
Total	**32,732**	**20,179**	**13,892**

* Payables for intangible assets of approximately RMB16.8 million as at December 31, 2024 represented the payable for the purchase of the licenses to research, development and sales of licensed products, i.e. the listing rights of Esomeprazole Magnesium Delayed-Release Capsules in the U.S. and Chinese Mainland, from a third party vendor, whose director, namely Mr. Yang Tianrun, was also the sole shareholder of Double Sky Investments Limited, which in turn is the limited partner of Baiji Investment, Baiji Investment became a shareholder of the Company in October 2023. For details of the investment of Baiji Investment in our Company, please refer to the section headed "History, Development and Corporate Structure — Corporate Development and Major Shareholding Changes — (2)(e) Series A++ Financing" in this Document.

Our other payables and accruals decreased from approximately RMB32.7 million as at December 31, 2024 to approximately RMB20.2 million as at December 31, 2025 primarily due to the decrease in payables for intangible assets of approximately RMB16.8 million as a result of the settlement during the year ended December 31, 2025, partially offset by (i) the increase in other payables and accruals of approximately RMB3.3 million being payables due to our CRO suppliers and (ii) accrued **[REDACTED]** expenses of approximately RMB**[REDACTED]** million. Our other payables and accruals further decreased to approximately RMB13.9 million as at May 31, 2026 primarily due to the decrease in payroll payable of approximately RMB3.9 million and decrease in accrued **[REDACTED]** expenses of approximately RMB**[REDACTED]** million as a result of the settlement during the five months ended May 31, 2026.

Interest-bearing Bank and Other Borrowings

Our interest-bearing bank and other borrowings primarily consist of secured bank loans, secured long-term bank loans, secured long-term other borrowing and unsecured long-term bank loan. The table below sets forth a breakdown of our interest-bearing bank and other borrowings as of the dates indicated:

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Current			
Bank loans — secured	2,002	—	—
Bank loans — unsecured	—	—	15,034
Current portion of long-term bank loans — secured	8,370	—	—
Current portion of long-term other borrowings — secured	2,577	—	—
Current portion of long-term bank loans — unsecured	—	9,807	9,655
Total	**12,949**	**9,807**	**24,689**

We had interest-bearing bank and other borrowings of approximately RMB12.9 million, RMB9.8 million and RMB24.7 million as at December 31, 2024 and 2025 and May 31, 2026, respectively. Certain of our bank and other borrowings as at December 31, 2024 amounting to approximately RMB10.4 million were guaranteed by our Directors. The other borrowings of our Group represented the borrowings from certain financial institutions under sales and leaseback transactions for certain of our machinery. The bank loan of approximately RMB9.7 million as at May 31, 2026 is subject to a financial covenant which was not met and the corresponding bank loan was recorded as bank loans on demand as at May 31, 2026.

Financial Liabilities on Series Shares

Certain Pre-**[REDACTED]** Investors were granted by our Company with certain special rights, these series shares with special rights are considered as financial liabilities at fair value through profit or loss and presented as "financial liabilities on series shares" in the consolidated statements of financial position. Our financial liabilities on series shares increased from approximately RMB335.3 million to RMB505.1 million as at December 31, 2025 primarily due to the issuance of series shares of approximately

RMB140.0 million during the year ended December 31, 2025. Our financial liabilities on series shares further increased to approximately RMB666.8 million as at May 31, 2026 primarily due to the increase in our valuation during the five months ended May 31, 2026 as a result of the progress of development in our pipeline Products.

Deferred Income

Our deferred income represents amounts received from the governments to support our research and development activities with certain conditions to fulfil. The table below sets forth a breakdown of our deferred income as of the dates indicated:

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Deferred government grant	4,891	3,621	3,150

Lease Liabilities

Our lease liabilities remained stable at approximately RMB22.8 million as at December 31, 2024 and RMB23.1 million as at December 31, 2025. Our lease liabilities decreased slightly to approximately RMB22.1 million as at May 31, 2026 primarily due to lease payments made during the five months ended May 31, 2026.

KEY FINANCIAL RATIO

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

	As at 31 December		As at 31 May
	2024	2025	2026
Current ratio[(1)]	0.2	0.3	0.2
Quick ratio[(2)]	0.2	0.3	0.2

Notes:

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

(2) Quick ratio equals current assets excluding inventories, divided by current liabilities as of the end of the year/period.

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 which were classified as current liabilities during the Track Record Period.

LIQUIDITY AND CAPITAL RESOURCES

Net Current Liabilities

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
CURRENT ASSETS			
Inventories	1,789	1,596	1,685
Trade receivables	8,103	16,946	12,041
Contract assets	8,472	10,360	12,926
Prepayments, other receivables and other assets	4,176	8,076	8,453
Financial assets at fair value through profit or loss	—	1,402	8,191
Cash and cash equivalents	68,361	133,383	102,615
Total current assets	**90,901**	**171,763**	**145,911**

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
CURRENT LIABILITIES			
Trade payables	1,837	5,474	2,513
Contract liabilities	13,223	7,579	6,600
Other payables and accruals	32,732	20,179	13,892
Interest-bearing bank and other borrowings	12,949	9,807	24,689
Financial liabilities on series shares	335,309	505,116	666,836
Lease liabilities	3,419	4,415	4,650
Total current liabilities	**399,469**	**552,570**	**719,180**
NET CURRENT LIABILITIES	**(308,568)**	**(380,807)**	**(573,269)**

We had net current liabilities of approximately RMB308.6 million, RMB380.8 million and RMB573.3 million as at December 31, 2024, 2025 and May 31, 2026, respectively, primarily due to the financial liabilities on series shares of approximately RMB335.3 million, RMB505,1 million and RMB666.8 million as at the same dates, respectively. 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 primarily due 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.

The net current liabilities position as at May 31, 2026 was primarily due to the financial liabilities on series shares which will be redesignated from liabilities to equity as a result of the automatic conversion into ordinary shares upon **[REDACTED]**, and we expect that the net liabilities position would turn into net assets position. We further plan to improve our net liabilities position by (i) negotiating with our major banks for long term extension of our short-term bank borrowings; and (ii) successfully launching the **[REDACTED]** and receiving the **[REDACTED]** upon **[REDACTED]**.

Cash Flows of Our Group

As a development-stage pharmaceutical company, we incurred negative cash flows from our operations during the Track Record Period. During the Track Record Period, our primary use of cash were to fund the research and development of our pipeline products including our two Core Products, payment for the purchase of equipment, our administrative expenses and selling and distribution expenses and other recurring expenses. We also generated cash from our revenue from the provision of CRO Services.

The following table sets forth information regarding our cash flows for the years and the 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

Net Cash Flows Used in Operating Activities

For the five months ended May 31, 2026, we had net cash flows used in operating activities of approximately RMB30.8 million, mainly as a result of our loss before tax of approximately RMB197.1 million, positively adjusted by fair value loss on financial liabilities on series shares of approximately RMB161.7 million, share-based payment compensation of approximately RMB7.9 million, depreciation of property, plant and equipment of approximately RMB1.7 million and depreciation of right-of-use assets of approximately RMB1.8 million, partially offset by the decrease in other payables of and accruals of approximately RMB4.1 million and decrease in trade payables of approximately RMB3.0 million.

For the year ended December 31, 2025, we had net cash flows used in operating activities of approximately RMB66.5 million, mainly as a result of our loss before tax of approximately RMB110.9 million, positively adjusted by fair value loss on financial liabilities on series shares of approximately RMB29.8 million, finance cost of approximately RMB6.2 million, share-based payment compensation of approximately RMB13.6 million, depreciation of property, plant and equipment of approximately RMB4.7 million, depreciation of right-of-use assets of approximately RMB3.3 million, increase in trade payables of approximately RMB3.6 million, partially offset by increase in trade receivables and contract assets of approximately RMB11.2 million.

For the year ended December 31, 2024, we had net cash flows used in operating activities of approximately RMB15.3 million, mainly as a result of our loss before tax of approximately RMB147.1 million, positively adjusted by fair value loss on financial liabilities on series shares of approximately RMB120.4 million, depreciation of property, plant and equipment of approximately RMB4.7 million, depreciation of right-of-use assets of approximately RMB2.3 million, increase in other payables and accruals of approximately RMB5.5 million, partially offset by increase in trade receivables and contract assets of approximately RMB5.4 million.

The net operating cash outflows we recorded during the Track Record Period primarily resulted from R&D expenditures for our Core Products and other pipeline products due to the cash-intensive nature of R&D activities. We plan to improve our net operating cash outflows position by (i) advancing the R&D of our Core Products and other pipeline products towards commercialization in accordance with our R&D timetable; (ii) enhancing our trade receivables collection efforts, including but not limited to designating specific financial and legal personnel to monitor aging of trade receivables and actively undertake debt collection exercises; and (iii) improving costs control and efficiency, including but not limited to utilizing and maximizing the production capabilities of our future industrial base of our two Core Products to control manufacturing costs upon their commercialization and leveraging our technological expertise and research capabilities to prudently select new pipeline products before devoting substantial R&D resources.

Net Cash Flows (Used in)/Generated from Investing Activities

For the five months ended May 31,2026, we had net cash flows used in investing activities of approximately RMB10.5 million, primarily attributable to the purchase of financial assets at fair value through profit or loss of approximately RMB49.9 million and purchases of items of property, plant and equipment of approximately RMB3.8 million, partially offset by the proceeds upon maturity of financial assets at fair value through profit or loss of approximately RMB43.0 million.

For the year ended December 31, 2025, we had net cash flows used in investing activities of approximately RMB30.2 million, primarily attributable to the purchase of intangible assets of approximately RMB17.0 million and purchase of items of property, plant and equipment of approximately RMB11.9 million.

For the year ended December 31, 2024, we had net cash flows generated from investing activities of approximately RMB7.2 million, primarily attributable to the proceeds upon maturity of financial assets at fair value through profit or loss of approximately RMB10.4 million, partially offset by the purchase of items of property, plant and equipment of approximately RMB3.1 million.

Net Cash Flows Generated from Financing Activities

For the five months ended May 31, 2026, we had net cash flows generated from financing activities of approximately RMB10.6 million, primarily attributable to new bank and other borrowings of approximately RMB15.0 million, partially offset by share issue expenses paid of approximately RMB1.5 million, principal and interest paid for lease liabilities of approximately RMB1.4 million and payment of **[REDACTED]** expenses of approximately RMB**[REDACTED]** million.

For the year ended December 31, 2025, we had net cash flows generated from financing activities of approximately RMB161.8 million, primarily attributable to proceeds from issue of series shares of approximately RMB140.0 million, partially offset by the repayment of bank and other borrowings of approximately RMB25.6 million.

For the year ended December 31, 2024, we had net cash flows generated from financing activities of approximately RMB69.2 million, primarily attributable to proceeds from issue of series shares of approximately RMB80.0 million, partially offset by the repayment of bank loans of approximately RMB11.6 million.

CASH OPERATING COSTS

The table below sets forth key information relating to our cash operating costs 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*
Research and Development Costs				
Total R&D Costs for our two Core Products	**11,899**	**22,332**	**5,964**	**12,440**
— Clinical and non-clinical research and development expenses				
DHMP	1,574	6,460	1,413	3,034
XJN010	3,693	6,594	1,549	3,258
— Staff Costs				
DHMP	2,362	2,969	1,007	2,600
XJN010	1,694	2,557	868	2,121
— Material costs				
DHMP	235	566	214	159
XJN010	168	188	121	131
— Others				
DHMP	1,444	1,241	371	675
XJN010	729	1,757	421	462
Total R&D costs for our other pipeline products	**4,491**	**7,715**	**5,223**	**3,703**
— Clinical and non-clinical research and development expenses	392	1,965	1,889	274
— Staff costs	2,707	3,594	1,832	2,395
— Material costs	200	617	505	272
— Others	1,192	1,539	997	762
Other staff costs	32,498	36,038	12,929	13,573
Other material costs	6,080	15,952	5,643	9,055
Other experiment and testing expenses	5,758	5,741	1,895	1,011
Selling and distribution expenses	3,542	4,423	1,385	1,061
Utilities	2,483	2,126	694	789
Travel expenses	627	1,841	837	925
Consultation and advisory fees	1,180	8,250	1,210	4,751
Others	2,117	2,568	1,554	1,475
Total	**70,675**	**106,986**	**37,334**	**48,783**

INDEBTEDNESS

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

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
CURRENT LIABILITIES			
Non-trade related amounts due to related parties	900	—	—
Interest-bearing bank and other borrowings	12,949	9,807	24,689
Financial liabilities on series shares	335,309	505,116	666,836
Lease liabilities	3,419	4,415	4,650
Subtotal	**352,577**	**519,338**	**696,175**

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES			
Lease liabilities	19,423	18,652	17,401
Total	**372,000**	**537,990**	**713,576**

At the close of business on May 31, 2026, being the latest practicable date on which such information was available to us, we had outstanding indebtedness of approximately RMB713.6 million, comprising interest-bearing bank and other borrowings of approximately RMB24.7 million, lease liabilities of approximately RMB22.1 million and financial liabilities on series shares of approximately RMB666.8 million. We have committed unutilized bank facilities of approximately RMB225.0 million as of May 31, 2026. Except as discussed above, we did not have any other material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of the Latest Practicable Date. There had not been any material change in our indebtedness since May 31, 2026 and up to the Latest Practicable Date.

Our Directors confirm that there have been no defaults in our payment of trade or non-trade payables, or breaches of covenants of our indebtedness during the Track Record Period and up to the date of this document. During the Track Record Period and up to the date of this document, we did not experience any material difficulty in obtaining bank loans and other borrowings.

WORKING CAPITAL SUFFICIENCY

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

Our cash burn rate refers to the average monthly amount of net cash used in operating activities, capital expenditures and lease payments. We estimate that we will receive net **[REDACTED]** of approximately HK$**[REDACTED]** million in the **[REDACTED]**, assuming no **[REDACTED]** is exercised and at an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**. Assuming an average cash burn rate going forward of 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]** 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 following factors and/or assumptions: (i) additional R&D expenditures to be incurred in respect of our two Core Products and key product. Particularly, our Core Products have recently commenced phase II clinical trials in PRC in the third quarter of 2025, and are further expected to commence phase II clinical trials in U.S. in 2026. Our key product, namely XJN026 is also expected to enter into phase I clinical trial in 2026; and (ii) our Core Products and key product are still at phase I or phase II of drug clinical trials, and the R&D expenses required for later stages of clinical development are expected to be higher than that of pre-clinical and phase I clinical trial R&D expenses. Specifically, our Core Products and key product will have to carry out multiple phases of drug clinical trials, including phase II clinical trials and phase III clinical trials. 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.

CAPITAL EXPENDITURES

The table below sets forth a breakdown of our capital expenditures as at the dates indicated:

	Year ended 31 December		Five months ended 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Purchase of items of property, plant and equipment	3,140	11,933	3,760
Purchase of other intangible assets	24	17,011	—
Total	**3,164**	**28,944**	**3,760**

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

FINANCIAL RISK DISCLOSURE

Our principal financial instruments comprise cash and cash equivalents, financial assets at fair value through profit or loss and interest-bearing bank and other borrowings. We have various other financial assets and liabilities such as trade receivables, other receivables, trade payables and other payables and accruals, financial liabilities on series shares and lease liabilities, which arise directly from our operations.

The main risks arising from our Group's financial instruments are credit risk, interest rate risk and liquidity risk. For details of our financial risk disclosure, please refer to Note 38 of the Accountants' Report set out in Appendix I to this document.

TRANSACTIONS WITH RELATED PARTIES

During the Track Record Period, we had entered into certain transactions with our related parties. The table below sets forth the relationships between our Group and our related parties:

	Relationship with our Group
Dr. Wu Chuanbin	Director and Shareholder
Ms. Pan Xin	Director
Ms. Jia Lu	Director

The table below sets forth a breakdown of our outstanding balances with related parties as at the dates indicated:

	As at 31 December		Five months ended 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Other payables			
Ms. Pan Xin	700	—	—
Ms. Jia Lu	200	—	—

All the outstanding balances as at December 31, 2024 were unsecured, interest-free and of non-trade in nature.

The table below sets forth a breakdown of our Group's bank and other borrowings that are secured by related parties as at the dates indicated:

	As at 31 December		Five months ended 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Dr. Wu Chuanbin	10,372	—	—
Ms. Pan Xin	8,370	—	—

Our Directors confirm that all transactions with related parties described in Note 35 of the Accountants' Report set out in Appendix I to this document were conducted on normal commercial terms and/or on terms not less favourable than terms available from independent third parties, which are considered fair, reasonable and in the interest of the Shareholders as a whole. As of the date of this document, we settled all outstanding balances with related parties.

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.

Regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make, as determined in accordance with its articles of association and the accounting standards and regulations in China. As advised by our PRC Legal Advisor, taking into account the aforesaid, 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.

DISTRIBUTABLE RESERVES

As of May 31, 2026, we did not have any distributable reserves.

[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]**-related expenses, including **[REDACTED]** commission and other expenses, of approximately RMB**[REDACTED]** million; and (ii) non-**[REDACTED]**-related expenses of approximately RMB**[REDACTED]** million, including (a) fees paid and payable to our legal advisers and Reporting Accountants of approximately RMB**[REDACTED]** million; and (b) other fees and expenses, including sponsor fees, of approximately RMB**[REDACTED]** million.

During the Track Record Period, we 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]**.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

For details of our unaudited **[REDACTED]** information, please refer to the unaudited **[REDACTED]** financial information set out in Appendix II to this document.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position since May 31, 2026 (being the date on which the latest audited consolidated financial information of our Company was prepared) and there is no event since May 31, 2026 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

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

FUTURE PLANS

For further details of our future plans, please see the section headed "Business — Our Strategies" in this Document.

USE OF [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 (among which an aggregate of approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**% of the net **[REDACTED]**) will be used for the clinical development and commercialization of our Core Products), subject to changes in light of our evolving business needs and changing market conditions:

(i) approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**% of the net **[REDACTED]**) to fund the further promotion of clinical research relating to our existing pipeline products (among which approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**% of the net **[REDACTED]**) will be used for the clinical development of our Core Products). Particularly, our Core Products and key product are still at phase I or phase II of drug clinical trials, for instance, our Core Products have commenced phase II clinical trials in PRC in the third quarter of 2025, and are further expected to commence phase II clinical trials in U.S. in 2026, and our key product, namely XJN026 is also expected to enter into phase I clinical trial in 2026. The R&D expenses for later stages of clinical development are expected to be higher than that of pre-clinical and phase I clinical trial R&D expenses, specifically, our Core Products and key product will still have to carry out multiple phases of drug clinical trials, including phase I clinical trials, phase II clinical trials and phase III clinical trials. Due to the cash intensive nature of clinical development, we therefore plan to allocate approximately HK$**[REDACTED]** million to fund the clinical development of our pipeline products as follows:

a. approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**% of the net **[REDACTED]**) will be used to fund the ongoing clinical development and regulatory submissions of our Core Product DHMP.

i. approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**% of the net **[REDACTED]**) will be used for funding clinical development of preoperative sedation in children aged 2 to 6 years old in PRC until the NDA are approved, of which:

— approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**%), is expected to be used to fund the phase III clinical trial in PRC which is expected to commence in Q4 2026 and complete in Q4 2027; and

— approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**%), is expected to be used to fund the regulatory submission expenses of different stages of the clinical development in PRC.

ii. approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**% of the net **[REDACTED]**) will be used for funding clinical development of preoperative sedation in adults in PRC until the NDA are approved, of which:

— approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**%), is expected to be used to fund the phase II clinical trial in PRC which commenced in Q1 2026 and is expected to complete in Q4 2026;

— approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**%), is expected to be used to fund the phase III clinical trial in PRC which is expected to commence in Q1 2027 and complete in Q4 2027; and

— approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**%), is expected to be used to fund the regulatory submission expenses of different stages of the clinical development in PRC.

iii. approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**% of the net **[REDACTED]**) will be used for funding clinical development of preoperative sedation in adults in U.S. until the NDA are approved, of which:

— approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**%), is expected to be used to fund the phase I clinical trial in U.S. which is expected to commence in Q4 2026 and complete in Q3 2027;

- — approximately HK$[**REDACTED**] million (or approximately [**REDACTED**]%), is expected to be used to fund the phase II clinical trial in U.S. which is expected to commence in Q4 2027 and complete in Q4 2027;
- — approximately HK$[**REDACTED**] million (or approximately [**REDACTED**]%), is expected to be used to fund the phase III clinical trial in U.S. which is expected to commence in Q1 2029 and complete in Q1 2030; and
- — approximately HK$[**REDACTED**] million (or approximately [**REDACTED**]%), is expected to be used to fund the regulatory submission expenses of different stages of the clinical development in U.S.

b. approximately HK$[**REDACTED**] million (or approximately [**REDACTED**]% of the net [**REDACTED**]) will be used to fund the ongoing clinical development and regulatory submissions of our Core Product XJN010.

i. approximately HK$[**REDACTED**] million (or approximately [**REDACTED**]% of the net [**REDACTED**]) will be used for funding clinical development of our Core Product XJN010 in PRC until the NDA are approved, of which:

- — approximately HK$[**REDACTED**] million (or approximately [**REDACTED**]%), is expected to be used to fund the phase III clinical trial in PRC which is expected to commence in Q4 2026 and complete in Q4 2027; and
- — approximately HK$[**REDACTED**] million (or approximately [**REDACTED**]%), is expected to be used to fund the regulatory submission expenses of different stages of the clinical development in PRC.

ii. approximately HK$[**REDACTED**] million (or approximately [**REDACTED**]% of the net [**REDACTED**]) will be used for funding clinical development of our Core Product XJN010 in U.S. until the NDA are approved, of which:

- — approximately HK$[**REDACTED**] million (or approximately [**REDACTED**]%), is expected to be used to fund the phase II clinical trial in U.S. which is expected to commence in Q3 2026 and complete in Q2 2027;
- — approximately HK$[**REDACTED**] million (or approximately [**REDACTED**]%), is expected to be used to fund the phase III clinical trial in U.S. which is expected to commence in Q4 2028 and complete in Q4 2029; and
- — approximately HK$[**REDACTED**] million (or approximately [**REDACTED**]%), is expected to be used to fund the regulatory submission expenses of different stages of the clinical development in U.S.

c. approximately HK$[**REDACTED**] million (or approximately [**REDACTED**]% of the net [**REDACTED**]) will be used to fund the ongoing clinical development and regulatory submissions of our key product XJN026.

i. approximately HK$[**REDACTED**] million (or approximately [**REDACTED**]% of the net [**REDACTED**]) is expected to be used to fund the phase I clinical trial in PRC which is expected to commence in Q2 2026 and complete in Q4 2026.

ii. approximately HK$[**REDACTED**] million (or approximately [**REDACTED**]% of the net [**REDACTED**]) will be used for funding clinical development of XJN026 in U.S., of which:

- — approximately HK$[**REDACTED**] million (or approximately [**REDACTED**]%), is expected to be used to fund the U.S. registration agent fee;
- — approximately HK$[**REDACTED**] million (or approximately [**REDACTED**]%), is expected to be used to fund the phase I clinical trial in U.S. which is expected to commence in [Q2 2027] and complete in [Q1 2028].

d. approximately HK$[**REDACTED**] million (or approximately [**REDACTED**]% of the net [**REDACTED**]) will be used to fund our other products' preclinical studies and the preparation for IND submission and Phase I clinical trial, of which:

i. approximately HK$[**REDACTED**] million (or approximately [**REDACTED**]%), is expected to be used for the preclinical studies and the preparation for IND submission of XJN1102;

ii. approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**%), is expected to be used for the Phase I clinical trials of XJN1102.

(ii) approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**% of the net **[REDACTED]**) (among which approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**% of the net **[REDACTED]**) will be used for the commercialization of our Core Products) primarily to fund the expansion of our production capacity and secondarily to support the commercialization of pipeline products upon regulatory approval and sales authorization, which includes:

a. approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**% of the net **[REDACTED]**) will be used for the microneedle formulation industrial base, of which:

— approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**%), is expected to be used to fund the leasing costs of the leased premises, the nature of which is operating lease, for the microneedle formulation industrial base and is expected to be fully utilized by the year end of 2027;
— approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**%), is expected to be used for renovation and maintenance of the microneedle formulation industrial base and is expected to be fully utilized by the year end of 2027; and
— approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**%), is expected to be used for the procurement of manufacturing equipment to be used in the microneedle formulation industrial base and is expected to be fully utilized by the year end of 2026.

b. approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**% of the net **[REDACTED]**) will be used for the nasal inhalation formulation industrial base, of which:

— approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**%), is expected to be used to fund the leasing costs of the leased premises, the nature of which is operating lease, for nasal inhalation formulation industrial base and is expected to be fully utilized by the year end of 2027;
— approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**%), is expected to be used for renovation and maintenance of the nasal inhalation formulation industrial base and is expected to be fully utilized by the year end of 2027; and
— approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**%), is expected to be used for the procurement of manufacturing equipment to be used in the nasal inhalation formulation industrial base and is expected to be fully utilized by the year end of 2026.

c. approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**% of the net **[REDACTED]**) will be used for the commercialization of our Core Products upon regulatory approval, which includes:

i. approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**%), is expected to be used for the commercialisation of DHMP, of which:

— approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**%), is expected to be used to establish and maintain one in-house marketing team, including the recruitment of around 8 to 15 marketing personnel with pharmaceutical business development experiences and/or business management experiences and an expected average annual remuneration in the range of approximately RMB0.2 million to RMB0.4 million. Their primary functions include, among others, formulating marketing and product pricing strategies, developing and maintaining sales channels, and leading and managing marketing campaigns and events;
— approximately HK$**[REDACTED]** million (or approximately **[REDACTED]**%), is expected to be used for the development and maintenance of approximately 50 to 60 sales channels, including but not limited to (a) the engagement of external contract sales organizations (CSOs) to advance commercialization through their distribution network, particularly those with pre-existing hospitals distribution network and track record, (b) direct distribution through local distributors, and (c) collaboration with local pharmacies under direct-to-patient (DTP) model; and

— approximately HK$[**REDACTED**] million (or approximately [**REDACTED**]%), is expected to be used for marketing activities, including but not limited to (a) hosting or sponsoring academic conferences, (b) collaborating with key opinion leaders (KOLs), (c) preparing marketing materials such as patients education materials, product manuals and prescription guidelines, at our products salesterminals, and (d) other marketing activities in different platforms, such as participating in industry conferences and marketing campaigns through our social media, online and other media platforms.

ii. approximately HK$[**REDACTED**] million (or approximately [**REDACTED**]%), is expected to be used for the commercialisation of XJN010, of which:

— approximately HK$[**REDACTED**] million (or approximately [**REDACTED**]%), is expected to be used to establish and maintain one in-house marketing team, including the recruitment of around 8 to 15 marketing personnel with pharmaceutical business development experiences and/or business management experiences and an expected average annual remuneration in the range of approximately RMB0.2 million to RMB0.4 million. Their primary functions include, among others, formulating marketing and product pricing strategies, developing and maintaining sales channels, and leading and managing marketing campaigns and events;

— approximately HK$[**REDACTED**] million (or approximately [**REDACTED**]%), is expected to be used for the development and maintenance of approximately 50 to 60 sales channels, including but not limited to (a) the engagement of external contract sales organizations (CSOs) to advance commercialization through their distribution network, particularly those with pre-existing hospitals distribution network and track record, (b) direct distribution through local distributors, and (c) collaboration with local pharmacies under direct-to-patient (DTP) model; and

— approximately HK$[**REDACTED**] million (or approximately [**REDACTED**]%), is expected to be used for marketing activities, including but not limited to (a) hosting or sponsoring academic conferences, (b) collaborating with key opinion leaders (KOLs), (c) preparing marketing materials such as patients education materials, product manuals and prescription guidelines, at our products sales terminals, and (d) other marketing activities in different platforms, such as participating in industry conferences and marketing campaigns through our social media, online and other media platforms.

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

If the [**REDACTED**] are exercised in full, the net [**REDACTED**] of the [**REDACTED**] would increase to approximately HK$[**REDACTED**] million (based on the [**REDACTED**] of HK$[**REDACTED**] per H Share). We intend to apply the additional net [**REDACTED**] to the above uses in the proportion set out above.

The above allocation of the net [**REDACTED**] from the [**REDACTED**] will be adjusted on a pro rata basis in the event that the [**REDACTED**] is fixed at a higher or lower level compared to the mid-point of the indicative [**REDACTED**] range stated in this Document.

To the extent that our net [**REDACTED**] are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash generated from operations, bank loans and other borrowings. If the net [**REDACTED**] of the [**REDACTED**] are not immediately applied to the above purposes, to the extent permitted by relevant law and regulations, we will only deposit such funds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions).

In the event of any material change in our use of net [**REDACTED**] of the [**REDACTED**] from the purposes described above or in our allocation of the net [**REDACTED**] among the purposes described above, a formal announcement will be made.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GUANGZHOU NOVAKEN PHARM CO., LTD. AND GUOTAI JUNAN CAPITAL LIMITED

Introduction

We report on the historical financial information of Guangzhou Novaken Pharm Co., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-3 to I-64, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2024 and 2025 and five months ended 31 May 2026 (the "**Relevant Periods**"), the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2024 and 2025 and 31 May 2026,, and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-3 to I-64 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the "**Document**") in connection with the **[REDACTED]** of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2024 and 2025 and 31 May 2026 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the five months ended 31 May 2025 and other explanatory information (the "**Interim Comparative Financial Information**"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 12 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

[•]
Certified Public Accountants
Hong Kong
[Date]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		Five months ended 31 May	
	Notes	**2024**	**2025**	**2025**	**2026**
		RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
REVENUE	*5*	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	*5*	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	*6*	(4,237)	(2,842)	(2,132)	(916)
Finance costs	*8*	(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	*7*	(147,084)	(110,946)	(18,421)	(197,148)
Income tax expense	*11*	—	—	—	(4)
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD		(147,084)	(110,946)	(18,421)	(197,152)
Attributable to:					
Owners of the parent		(145,037)	(109,430)	(17,098)	(196,958)
Non-controlling interests		(2,047)	(1,516)	(1,323)	(194)
		(147,084)	(110,946)	(18,421)	(197,152)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic and diluted (RMB per share)					
For loss for the year/period	*13*	(2.19)	(1.28)	(0.23)	(1.94)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December		As at 31 May
		2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*14*	24,683	30,672	31,677
Right-of-use assets	*15*	21,119	20,868	19,093
Intangible assets	*16*	2,314	2,163	2,004
Prepayments, other receivables and other assets	*17*	1,600	5,771	8,211
Total non-current assets		49,716	59,474	60,985
CURRENT ASSETS				
Inventories	*19*	1,789	1,596	1,685
Trade receivables	*20*	8,103	16,946	12,041
Contract assets	*21*	8,472	10,360	12,926
Prepayments, other receivables and other assets	*17*	4,176	8,076	8,453
Financial assets at fair value through profit or loss	*22*	—	1,402	8,191
Cash and cash equivalents	*23*	68,361	133,383	102,615
Total current assets		90,901	171,763	145,911
CURRENT LIABILITIES				
Trade payables	*24*	1,837	5,474	2,513
Contract liabilities	*28*	13,223	7,579	6,600
Other payables and accruals	*25*	32,732	20,179	13,892
Interest-bearing bank and other borrowings	*26*	12,949	9,807	24,689
Financial liabilities on series shares	*29*	335,309	505,116	666,836
Lease liabilities	*15*	3,419	4,415	4,650
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)
NON-CURRENT LIABILITIES				
Lease liabilities	*15*	19,423	18,652	17,401
Deferred income	*27*	4,891	3,621	3,150
Total non-current liabilities		24,314	22,273	20,551
Net liabilities		(283,166)	(343,606)	(532,835)
DEFICITS				
Deficits attributable to owners of the parent				
Paid-in capital	*30*	15,088	—	—
Share capital	*30*	—	20,352	20,352
Deficits	*31*	(296,200)	(363,103)	(552,138)
		(281,112)	(342,751)	(531,786)
Non-controlling interests		(2,054)	(855)	(1,049)
Total deficits		(283,166)	(343,606)	(532,835)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2024

	Attributable to owners of the parent							
	Paid-in capital	Capital reserve	Share-based payment reserve	Other reserve	Accumulated losses	Total	Non-controlling interests	Total deficits
	RMB'000 (Note 30)	*RMB'000* (Note 31)	*RMB'000* (Note 31)	*RMB'000* (Note 31)	*RMB'000* (Note 31)	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	12,781	50,997	2,913	(55,784)	(146,982)	(136,075)	(7)	(136,082)
Loss for the year	—	—	—	—	(145,037)	(145,037)	(2,047)	(147,084)
Total comprehensive loss for the year	—	—	—	—	(145,037)	(145,037)	(2,047)	(147,084)
Issue of series shares	2,307	77,693	—	—	—	80,000	—	80,000
Recognition of financial liabilities on series shares	—	—	—	(80,000)	—	(80,000)	—	(80,000)
At 31 December 2024	15,088	128,690*	2,913*	(135,784)*	(292,019)*	(281,112)	(2,054)	(283,166)

Year ended 31 December 2025

	Attributable to owners of the parent								
	Paid-in capital	Share capital	Capital reserve	Share-based payment reserve	Other reserve	Accumulated losses	Total	Non-controlling interests	Total deficits
	RMB'000 (Note 30)	*RMB'000* (Note 30)	*RMB'000* (Note 31)	*RMB'000* (Note 31)	*RMB'000* (Note 31)	*RMB'000* (Note 31)	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	15,088	—	128,690	2,913	(135,784)	(292,019)	(281,112)	(2,054)	(283,166)
Loss for the year	—	—	—	—	—	(109,430)	(109,430)	(1,516)	(110,946)
Total comprehensive loss for the year	—	—	—	—	—	(109,430)	(109,430)	(1,516)	(110,946)
Issue of series shares	3,171	399	136,430	—	—	—	140,000	—	140,000
Recognition of financial liabilities on series shares	—	—	—	—	(140,000)	—	(140,000)	—	(140,000)
Capital contribution	1,694	—	35,224	—	—	—	36,918	—	36,918
Conversion into a joint stock company	(19,953)	19,953	(99,312)	—	—	99,312	—	—	—
Share-based payment compensation	—	—	—	13,588	—	—	13,588	—	13,588
Decrease in non-controlling interests of a subsidiary	—	—	—	—	(2,715)	—	(2,715)	2,715	—
At 31 December 2025	—	20,352	201,032*	16,501*	(278,499)*	(302,137)*	(342,751)	(855)	(343,606)

	Attributable to owners of the parent							
	Share capital	Capital reserve	Share-based payment reserve	Other reserve	Accumulated losses	Total	Non-controlling interests	Total deficits
	RMB'000 (Note 30)	*RMB'000* (Note 31)	*RMB'000* (Note 31)	*RMB'000* (Note 31)	*RMB'000* (Note 31)	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2026	20,352	201,032	16,501	(278,499)	(302,137)	(342,751)	(855)	(343,606)
Loss for the period	—	—	—	—	(196,958)	(196,958)	(194)	(197,152)
Total comprehensive loss for the period	—	—	—	—	(196,958)	(196,958)	(194)	(197,152)
Share-based payment compensation	—	—	7,923	—	—	7,923	—	7,923
At 31 May 2026	20,352	201,032*	24,424*	(278,499)*	(499,095)*	(531,786)	(1,049)	(532,835)

* These reserve accounts comprise the consolidated deficits of RMB296,200,000, RMB363,103,000 and RMB552,138,000 in the consolidated statements of financial position as at 31 December 2024 and 2025 and 31 May 2026, respectively.

Five months ended 31 May 2025 (unaudited)

	Attributable to owners of the parent							
	Paid-in capital	Capital reserve	Share-based payment reserve	Other reserve	Accumulated losses	Total	Non-controlling interests	Total deficits
	RMB'000 (Note 30)	*RMB'000* (Note 31)	*RMB'000* (Note 31)	*RMB'000* (Note 31)	*RMB'000* (Note 31)	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	15,088	128,690	2,913	(135,784)	(292,019)	(281,112)	(2,054)	(283,166)
Loss for the period	—	—	—	—	(17,098)	(17,098)	(1,323)	(18,421)
Total comprehensive loss for the period	—	—	—	—	(17,098)	(17,098)	(1,323)	(18,421)
At 31 May 2025 (unaudited)	15,088	128,690	2,913	(135,784)	(309,117)	(298,210)	(3,377)	(301,587)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December		Five months ended 31 May	
		2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax		(147,084)	(110,946)	(18,421)	(197,148)
Adjustments for:					
Finance costs	*8*	3,388	6,226	687	584
Bank interest income	*5*	(26)	(144)	(15)	(36)
Investment income on financial assets at fair value through profit or loss	*5*	(22)	(94)	—	(93)
Fair value gains on financial assets at fair value through profit or loss	*5*	—	(60)	(19)	(194)
Fair value loss on financial liabilities on series shares		120,449	29,807	1,105	161,720
Foreign exchange difference, net	*7*	(60)	74	5	352
Impairment losses on financial assets, net	*7*	319	359	205	308
Write-down of inventories to net realisable value	*7*	557	1,905	1,356	772
Impairment losses on contract assets	*7*	129	71	6	489
Impairment of property, plant and equipment	*14*	—	—	—	552
Impairment of intangible assets	*16*	664	—	—	—
Depreciation of property, plant and equipment	*14*	4,708	4,699	1,945	1,740
Depreciation of right-of-use assets	*15*	2,308	3,348	1,476	1,775
Amortisation of intangible assets	*16*	516	414	175	159
Share-based payment compensation	*32*	—	13,588	—	7,923
Loss on disposal of property, plant and equipment		—	4	—	—
		(14,154)	(50,749)	(11,495)	(21,097)
Decrease/(increase) in inventories		388	(1,713)	(1,927)	(861)
Increase in prepayments, other receivables and other assets		(1,375)	(2,957)	(1,844)	(1,914)
Decrease/(increase) in trade receivables and contract assets		(5,427)	(11,204)	(5,605)	1,505
Increase/(decrease) in trade payables		(1,509)	3,637	4,157	(2,961)
Increase/(decrease) in contract liabilities		10	(5,645)	2,199	(979)
Increase/(decrease) in deferred income		1,273	(1,270)	(165)	(471)
Increase/(decrease) in other payables and accruals		5,478	3,242	(1,100)	(4,054)
Increase in restricted cash		—	—	(2,046)	—
Cash used in operations		(15,316)	(66,659)	(17,826)	(30,832)
Interest received		26	144	15	36
Income tax paid		—	—	—	(4)
Net cash flows used in operating activities		(15,290)	(66,515)	(17,811)	(30,800)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income from financial assets at fair value through profit or loss		22	94	—	93
Purchase of financial assets at fair value through profit or loss		—	(77,450)	(2,658)	(49,878)
Purchases of items of property, plant and equipment		(3,140)	(11,933)	(5,401)	(3,760)
Purchases of intangible assets		(24)	(17,011)	(150)	—
Proceeds upon maturity of financial assets at fair value through profit or loss		10,382	76,109	—	43,000
Proceeds from disposal of property, plant and equipment		—	10	—	—
Net cash flows (used in)/generated from investing activities		7,240	(30,181)	(8,209)	(10,545)

	Notes	Year ended 31 December		Five months ended 31 May	
		2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
CASH FLOWS FROM FINANCING ACTIVITIES					
New bank and other borrowings		5,000	22,500	22,500	15,000
Repayment of bank and other borrowings		(11,603)	(25,637)	(11,607)	(200)
Principal and interest paid for lease liabilities		(3,813)	(4,319)	(1,087)	(1,396)
Proceeds from issue of series shares		80,000	140,000	—	—
Capital contribution		—	36,918	—	—
Share issue expenses paid		—	(5,100)	(400)	(1,500)
Interest paid		(374)	(741)	(283)	(122)
Payment of **[REDACTED]** expenses		**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
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/period		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/PERIOD	*23*	68,361	133,383	51,464	102,615
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and cash equivalents as stated in the consolidated statements of financial position	*23*	68,361	133,383	51,464	102,615
Cash and cash equivalents as stated in the consolidated statements of cash flows		68,361	133,383	51,464	102,615

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December		As at 31 May
		2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*14*	18,759	16,521	15,281
Right-of-use assets	*15*	8,007	9,867	8,918
Intangible assets	*16*	2,314	2,163	2,004
Prepayments, other receivables and other assets	*17*	483	454	2,577
Investment in subsidiaries	*18*	62,000	132,868	133,892
Total non-current assets		91,563	161,873	162,672
CURRENT ASSETS				
Inventories	*19*	675	1,596	1,685
Trade receivables	*20*	8,103	16,946	12,041
Contract assets	*21*	8,472	10,360	12,926
Prepayments, other receivables and other assets	*17*	23,591	24,595	18,258
Financial assets at fair value through profit or loss	*22*	—	1,402	8,191
Cash and cash equivalents	*23*	11,994	26,352	8,971
Total current assets		52,835	81,251	62,072
CURRENT LIABILITIES				
Trade payables	*24*	1,313	5,358	2,397
Contract liabilities	*28*	12,807	7,579	6,600
Other payables and accruals	*25*	31,850	20,011	14,306
Interest-bearing bank and other borrowings	*26*	12,949	9,807	24,689
Financial liabilities on series shares	*29*	335,309	505,116	666,836
Lease liabilities	*15*	1,450	2,329	2,458
Total current liabilities		395,678	550,200	717,286
NET CURRENT LIABILITIES		(342,843)	(468,949)	(655,214)
TOTAL ASSETS LESS CURRENT LIABILITIES		(251,280)	(307,076)	(492,542)
NON-CURRENT LIABILITIES				
Lease liabilities	*15*	8,353	9,425	8,388
Deferred income	*27*	4,161	2,919	2,459
Total non-current liabilities		12,514	12,344	10,847
Net liabilities		(263,794)	(319,420)	(503,389)
DEFICITS				
Deficits attributable to owners of the parent				
Paid-in capital	*30*	15,088	—	—
Share capital	*30*	—	20,352	20,352
Deficits	*31*	(278,882)	(339,772)	(523,741)
Total deficits		(263,794)	(319,420)	(503,389)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company was established in the People's Republic of China (the "**PRC**") as a limited liability company on 14 November 2007 and converted into a joint stock company with limited liability on 26 November 2025. The registered office address of the Company is 1001, No. 245 Kexue Dadao, Huangpu District, Guangzhou City, Guangdong Province, PRC.

During the Relevant Periods, the Company and its subsidiaries are principally engaged in pharmaceutical research and development.

In the opinion of the directors, Dr. Wu Chuanbin, Dr. Pan Xin, Guangzhou Shanji Investment Consulting Partnership (Limited Partnership), Guangzhou Guangji Investment Biopharmaceutical Investment Enterprise (Limited Partnership), Guangzhou Deji Investment Consulting Partnership (Limited Partnership), Guangzhou Minji Investment Consulting Co., Ltd. and Guangzhou Baiji Biopharmaceutical Investment Enterprise (Limited Partnership) are collectively considered as the controlling shareholders of the Company.

As at the date of this report, the Company had direct interests in its subsidiaries, all of which are private limited liability companies, the particulars of the principal subsidiaries are set out below:

Name	Notes	Place and date of incorporation/ registration and place of operations	Registered capital	Percentage of equity attributable to the Company		Principal activities
				Direct	*Indirect*	
Jiangsu Hyken Pharm Co., Ltd.* 江蘇恒濟醫藥有限公司	(a)	PRC/Chinese Mainland 24 July 2024	RMB60,000,000	100%		Pharmaceutical production, R&D and sales and marketing of pharmaceutical products
Guangzhou Novaken Pharmaceutical Research Institute Co., Ltd.* 廣州新濟生物醫藥研究院有限公司	(b)	PRC/Chinese Mainland 13 September 2020	RMB12,000,000	100%		Pharmaceutical R&D and technology transfer of results

* The English names of these companies registered in the PRC represent the best effort made by the directors of the Company (the "**Directors**") to translate the Chinese names as these companies have not been registered with any official English names.

(a) The statutory financial statements of the entity for the period from the incorporation date to 31 December 2024 and the year ended 31 December 2025, prepared in accordance with Accounting Standards for Business Enterprises — Basic Standard and specific accounting standards, implementation guidance, interpretations and other relevant provisions ("**PRC GAAP**") issued by the Ministry of Finance, were audited by WUYIGE Certified Public Accountants LLP (大信會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC.

(b) The statutory financial statements of the entity for the years ended 31 December 2024 and 2025, prepared in accordance with PRC GAAP issued by the Ministry of Finance, were audited by WUYIGE Certified Public Accountants LLP (大信會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC.

2.1 BASIS OF PREPARATION

The Historical Financial Information of the Company and its subsidiaries (collectively referred to as the "**Group**") has been prepared in accordance with IFRS Accounting Standards ("**IFRS**"), which comprise all standards and interpretations approved by the International Accounting Standards Board ("**IASB**"). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2026, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value at the end of each of the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

Basis of consolidation

The Historical Financial Information includes the financial statements of the Group for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognizes the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Going concern basis

The Group incurred accumulated losses and recorded net current liabilities and net liabilities of RMB573,269,000 and RMB532,835,000 as at 31 May 2026, which mainly included financial liabilities on series shares of RMB666,836,000 being classified as current liabilities. The directors of the Company do not expect that the financial liabilities on series shares would be redeemed within the next twelve months from 31 May 2026 as the redemption rights were terminated on 25 November 2025 and will only be reinstated if the Company fails to complete the **[REDACTED]** with 24 months from 25 November 2025 or the application for **[REDACTED]** is not approved, is withdrawn, or the review is terminated by the stock exchange. Upon completion of the **[REDACTED]**, all special rights including the redemption right will be terminated, and the redemption liabilities will be reclassified into equity. The directors of the Company have considered the additional financial resources available to the Group, the internally generated funds from operations and the ability in adjusting the pace of the R&D projects and capital investments at management's discretion and are of the opinion that the Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for the next twelve months from 31 May 2026.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, which have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these amended IFRS Accounting Standards, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IAS 21	*Translation to Hyperinflationary Presentation Currency*[2]
IFRS 20	Regulatory Assets and Regulatory Liabilities[3]
Amendments to IAS 28	Fair Value Option for Investments in Associates and Joint Ventures[4]

[1] No mandatory effective date yet determined but available for adoption
[2] Effective for annual/reporting periods beginning on or after 1 January 2027
[3] Effective for annual/reporting periods beginning on or after 1 January 2029
[4] Applied consistently with IFRS 18

The Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. So far, the Group considers that these new and amended IFRS Accounting Standards, except for IFRS 18, may result in changes in certain accounting policies but are unlikely to have a significant impact on the Group's financial performance and financial position in the period of initial application. The application of IFRS 18 is not expected to have a material impact on the financial position of the Group but is expected to affect the presentation of the consolidated statements of profit or loss and other comprehensive income and consolidated statements of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of IFRS 18 on the Group's financial information.

2.3 MATERIAL ACCOUNTING POLICIES

Fair value measurement

The Group measures its certain financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for non-financial assets is required (other than inventories), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the Group are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

  (iii) the entity and the Group are joint ventures of the same third party;

  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

  (vi) the entity is controlled or jointly controlled by a person identified in (a);

  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Shorter of remaining lease terms and estimated useful lives
Plant and machinery	9.5% to 20.0%
Office equipment and furniture	19.0% to 33.3%
Motor vehicles	11.9% to 25.0%
Other equipment	19.0% to 33.3%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each reporting period end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each reporting period end.

Licenses

Purchased license is stated at cost less any impairment losses and is amortised on the straight-line basis over the amortisation period, which is determined on the shorter of its remaining validity period and its estimated useful life of 10 years.

Software

Purchased office software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 1–3 years.

Patents

Purchased patent is stated at cost less any impairment losses and is amortised on the straight-line basis over the amortisation period, which is determined on its remaining validity period.

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Plant and buildings	2 to 10 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 1 year past due. The Group has rebutted the 90 days past due presumption of default based on reasonable and supportable information, including the Group's credit risk control practices and the historical recovery rate of financial assets over 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely

to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each of the Relevant Periods. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Classification as equity and financial liabilities

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of financial liability and equity instrument.

A financial liability is any liability that is (a) a contractual obligation (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or (b) a contract that will or may be settled in the entity's own equity instruments and is: (i) a non derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, interest-bearing bank and other borrowings, and financial liabilities on series shares.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost

After initial recognition, financial liabilities are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Financial liabilities at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include financial liabilities on series shares which are designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average method and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

*(a) Research and development services ("**CRO services**")*

CRO stands for Contract Research Organization, entities focused on providing research and development services to companies in the pharmaceutical and agrochemical markets. The CRO service agreements may contain multiple services which are separate performance obligations because the promises to transfer each service is capable of being distinct and separately identifiable. Accordingly, the Group develops assumptions that require judgement to determine the stand-alone selling price for each performance obligation identified. In developing the stand-alone selling price for a performance obligation, the Group uses expected cost plus margin approach and considers all information that is reasonably available, including but not limited to, costs incurred to provide the service and related profit margins.

Revenue from CRO services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the services. If the Group expects to recover the costs incurred in satisfying the performance obligation, revenue is recognised only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

(b) Sale of drugs for MAH business

Revenue is generated by the Company, acting as the Marketing Authorization Holder (MAH), through the sale of licensed drugs to distributors. Revenue from the sale of drugs is recognized at the point in time when control of the goods is transferred to the customer, generally on delivery and acceptance of the goods by the customers.

(c) Sale of medical aesthetic products

Revenue from the sale of medical aesthetic products is recognised at point in time when control of the asset is transferred to the customer, generally on delivery and acceptance of the products. The Group has ceased the sales of medical aesthetic products on 1 September 2025.

Other income

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognized for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Group operates an equity-settled share-based payment scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer, further details of which are given in note 32 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each of the Relevant Periods until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Housing fund and other social insurances — Chinese Mainland

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group's liability in respect of these funds is limited to the contributions payable in each reporting period.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Borrowing costs

All borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the Historical Financial Information.

Judgments in determining the performance obligations in CRO services

A performance obligation represents a good and service that is distinct or a series of distinct goods or services that are substantially the same. In CRO service contracts, the Group is required to fulfill multiple promised services. Each service is separately identifiable in the contract and the Group is not providing a significant integration service because the Group would be able to fulfill its promise by transferring each of the services independently. In addition, each of the services is not highly interdependent or highly interrelated, because the delivery of one service is not dependent on the other services to be provided in the future. Therefore, the directors of the Company concluded those services are multiple performance obligations.

Research and development expenses

All research costs are charged to profit or loss as incurred. Expenses incurred on each pipeline to develop new products are capitalized and deferred in accordance with the accounting policy for research and development expenses in note 2.3 to the Historical Financial Information. Determining the amounts to be capitalized or expensed requires management to make assumptions and judgements. In the opinion of management, during the Relevant Periods the criteria for capitalization of development costs were not met and development expenditure were expensed.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Useful lives of intangible assets

The Group's finite life intangible assets primarily represent patent. These intangible assets are amortized on a straight-line basis over their useful economic lives, which are estimated to be the shorter of their remaining validity period and their estimated useful lives. Additional amortization is recognized if the estimated useful lives are different from the previous estimation. Useful lives are reviewed at the end of each of the Relevant Periods based on changes in circumstances.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the Relevant Periods. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present values of those cash flows.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Net realizable value of inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated cost to be incurred to completion and sale. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in customers' needs and prices change when the products' expiration date is approaching. Management reassesses these estimates at the end of the reporting period.

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgement on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 11 to the Historical Financial Information.

Fair value of share-based payments

Estimating the fair value of share-based payments requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including risk-free interest rate, volatility and discount for lack of marketability and making assumptions about them. The assumptions and model used for estimating fair value for share-based payments are disclosed in note 32 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group as a whole for the purpose of making decision on resources allocation and preformation assessment, therefore, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Overseas	2,031	13,382	5,870	4,165
Chinese Mainland	46,995	41,856	15,487	12,402
Revenue from contracts with customers	49,026	55,238	21,357	16,567

The revenue information above is based on the locations of headquarters of the Group's customers.

(b) Non-current assets

During the Relevant Periods, all of the Group's non-current assets were located in Chinese Mainland.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the Relevant Periods and the five months ended 31 May 2025 is set out below:

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Customer A	7,809	N/A*	N/A*	N/A*
Customer B	N/A*	13,382	5,870	4,165
Customer C	N/A*	N/A*	N/A*	2,990
Customer D	N/A*	N/A*	2,468	N/A*
Customer E	N/A*	N/A*	N/A*	1,668

* The revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue during the corresponding period.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue from contracts with customers	49,026	55,238	21,357	16,567

Revenue from contracts with customers

(i) Disaggregated revenue information

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Types of goods or services				
Sale of drugs for MAH business	2,678	13,382	5,870	4,165
CRO services	46,348	41,856	15,487	12,402
Total revenue from contracts with customers	49,026	55,238	21,357	16,567
Timing of revenue recognition				
Goods transferred at the point in time	2,678	13,382	5,870	4,165
Services transferred over time	46,348	41,856	15,487	12,402
Total revenue from contracts with customers	49,026	55,238	21,357	16,567

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:				
Sale of drugs for MAH business	73	—	—	—
CRO services	8,284	9,053	5,980	2,790
	8,357	9,053	5,980	2,790

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of drugs for MAH business

The performance obligation is satisfied upon delivery of the goods and acceptance by the customers. The credit term is generally 30 days.

CRO services

The CRO services agreements may include multiple phased services. In general, the consideration allocated to each performance obligation is recognised over time. The Group is eligible to receive milestone payments in accordance with service agreements.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are as follows:

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Amounts expected to be recognised as revenue:			
CRO services			
Within one year	23,081	32,936	23,130
After one year	47,241	37,669	36,836
Total	70,322	70,605	59,966

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognized as revenue after one year are related to the CRO services, of which the performance obligations are estimated to be satisfied within two years. The amounts disclosed above do not include variable consideration which is constrained.

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Other income				
Investment income on financial assets at fair value through profit or loss	22	94	—	93
Bank interest Income	26	144	15	36
Sales of medical aesthetic products	1,831	291	198	—
Government grants*	1,761	3,001	1,902	588
— Related to assets	216	175	90	73
— Related to income	1,545	2,826	1,812	515
Others	—	8	—	81
Total other income	3,640	3,538	2,115	798
Gains				
Fair value gains on financial assets at fair value through profit or loss	—	60	19	194
Foreign exchange gains, net	60	—	—	—
Total gains	60	60	19	194
Total other income and gains	3,700	3,598	2,134	992

* The government grants mainly represented amounts received from the local governments to compensate for expenses spent on research and clinical trials and reward the development of new drugs.

6. OTHER EXPENSES

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Write-down of inventories to net realisable value	462	1,310	1,271	—
Impairment of property, plant and equipment *(note 14)*	—	—	—	552
Impairment of intangible assets *(note 16)*	664	—	—	—
Foreign exchange losses, net	—	74	5	352
Cost of medical aesthetic products	2,851	1,135	755	—
Donations	—	319	100	—
Others	260	4	1	12
Total	4,237	2,842	2,132	916

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December		Five months ended 31 May	
		2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Cost of services provided		30,048	29,592	10,524	9,364
Cost of inventories sold*		2,463	12,741	5,300	3,925
Research and development costs		16,413	38,184	10,389	18,961
Depreciation of property, plant and equipment**	*14*	4,708	4,699	1,945	1,740
Depreciation of right-of-use assets**	*15*	2,308	3,348	1,476	1,775
Amortisation of intangible assets**	*16*	516	414	175	159
Write-down of inventories to net realisable value*		557	1,905	1,356	772
Impairment losses of trade receivables	*20*	314	362	195	306
Impairment losses of other receivables	*17*	5	(3)	10	2
Impairment of contract assets	*21*	129	71	6	489
Impairment of property, plant and equipment	*14*	—	—	—	552
Impairment of intangible assets	*16*	664	—	—	—
Lease payments not included in the measurement of lease liabilities	*15*	323	130	44	105
Auditor's remuneration		24	24	12	56
Investment income from financial assets at fair value through profit or loss	*5*	(22)	(94)	—	(93)
Fair value gains on financial assets at fair value through profit or loss	*5*	—	(60)	(19)	(194)
Bank interest income	*5*	(26)	(144)	(15)	(36)
Government grants	*5*	(1,761)	(3,001)	(1,902)	(588)
Foreign exchange differences, net***		(60)	74	5	352
Loss on disposal of property, plant and equipment***		—	4	—	—
[REDACTED]		**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Employee benefit expenses (excluding directors', supervisors' and chief executive's remuneration *(note 9)*):					
— Wages and salaries		35,674	39,251	13,811	15,311
— Pension scheme contributions		1,704	1,815	771	743
Share-based payment compensation		—	4,988	—	5,886
Total		37,378	46,054	14,582	21,940

* Write-down of inventories to net realisable value is included in "Cost of sales" and "Other expenses" in profit and loss.

** The depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of intangible assets are included in "Cost of sales", "Selling and distribution expenses", "Administrative expenses", and "Research and development expenses" in profit or loss.

*** The amounts are included in "Other income and gains" and "Other expenses" in profit or loss.

8. FINANCE COSTS

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest on bank and other borrowings	663	736	298	204
Interest on lease liabilities *(note 15)*	725	953	389	380
Other finance costs	2,000	4,537	—	—
Total	3,388	6,226	687	584

9. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors', supervisors' and chief executive's remuneration for the Relevant Periods and the five months ended 31 May 2025 disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Fees	—	75	—	188
Other emoluments:				
Salaries, allowances and benefits in kind	587	2,565	961	1,087
Performance related bonuses	1,241	1,188	63	85
Pension scheme contributions	10	22	4	8
Equity-settled share award expenses	—	8,599	—	2,037
Total	1,838	12,449	1,028	3,405

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods and the five months ended 31 May 2025 were as follows:

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Dr. Cheng Guohua	—	25	—	63
Dr. Zuo Zhong	—	25	—	63
Mr. Liu Wenhong	—	25	—	50
Ms. Chow Yin Kwan Yvonne	—	—	—	12
Total	—	75	—	188

Dr. Cheng Guohua, Dr. Zuo Zhong and Ms. Chow Yin Kwan Yvonne were appointed as independent non-executive directors on 12 November 2025, 12 November 2025 and 6 May 2026, respectively.

Mr. Liu Wenhong was appointed as independent non-executive director on 12 November 2025 and ceased to serve starting May 2026.

(b) Directors, supervisors, and the chief executive

Year ended 31 December 2024

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors and chief executive:					
Dr. Wu Chuanbin (i)	—	380	1,220	—	1,600
Ms. Jia Lu (ii)	—	177	21	10	208
Mr. Li Jie (iii)	—	—	—	—	—
Mr. Yu Kepeng (iv)	—	—	—	—	—
Dr. Pan Xin (v)	—	30	—	—	30
Total	—	587	1,241	10	1,838

Year ended 31 December 2025

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Equity-settled share award expense	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors and chief executive:						
Dr. Wu Chuanbin (i)	—	2,000	613	—	6,872	9,485
Ms. Jia Lu (ii)	—	279	213	11	921	1,424
Mr. Li Jie (iii)	—	—	—	—	—	—
Mr. Yu Kepeng (iv)	—	—	—	—	—	—
Dr. Pan Xin (v)	—	30	—	—	—	30
Ms. Yang Beibei (vi)	—	256	362	11	806	1,435
Total	—	2,565	1,188	22	8,599	12,374

Five months ended 31 May 2026

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Equity-settled share award expense	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors and chief executive:						
Dr. Wu Chuanbin (i)	—	833	50	—	—	883
Ms. Jia Lu (ii)	—	119	5	4	1,086	1,214
Mr. Li Jie (iii)	—	—	—	—	—	—
Mr. Yu Kepeng (iv)	—	—	—	—	—	—
Dr. Pan Xin (v)	—	13	—	—	—	13
Ms. Yang Beibei (vi)	—	122	30	4	951	1,107
Total	—	1,087	85	8	2,037	3,217

Five months ended 31 May 2025 (unaudited)

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors and chief executive:					
Dr. Wu Chuanbin (i)	—	833	53	—	886
Ms. Jia Lu (ii)	—	115	10	4	129
Mr. Li Jie (iii)	—	—	—	—	—
Mr. Yu Kepeng (iv)	—	—	—	—	—
Dr. Pan Xin (v)	—	13	—	—	13
Total	—	961	63	4	1,028

Notes:

(i) Dr. Wu Chuanbin was appointed as the executive director in November 2009.

(ii) Ms. Jia Lu was appointed as the executive director in December 2021.

(iii) Mr. Li Jie was appointed as the non-executive director in December 2021.

(iv) Mr. Yu Kepeng was appointed as the non-executive director in October 2024.

(v) Dr. Pan Xin was appointed as the non-executive director in October 2024.

(vi) Ms. Yang Beibei was appointed as the executive director in November 2025.

Save for the disclosed above, there was no arrangement under which a director, a supervisor or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods and the five months ended 31 May 2025, include one, three, three and one directors respectively, details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining four, two, two and four highest paid employees who are neither a director nor chief executive of the Company during the Relevant Periods and the five months ended 31 May 2025 are as follows:

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries, allowances and benefits in kind	2,053	1,267	1,066	552
Performance related bonuses	843	872	250	220
Pension scheme contributions	38	21	17	9
Equity-settled share award expense	—	714	—	842
Total	2,934	2,874	1,333	1,623

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
HKD1 to HKD500,000	—	—	3	—
HKD500,001 to HKD1,000,000	3	—	1	2
HKD1,000,001 to HKD1,500,000	1	1	—	—
HKD1,500,001 to HKD2,000,000	—	1	—	—
Total	4	2	4	2

11. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

The provision for corporate income tax in Chinese Mainland is based on the statutory rate of 25% of the assessable profits, in accordance with the PRC Income Tax Law and the respective regulations which were approved and became effective on 1 January 2008 except for as described below:

1) Guangzhou Novaken Pharm Co., Ltd. was qualified as High and New Technology Enterprises and was subject to a preferential income tax rate of 15% during the Relevant Periods and the five months ended 31 May 2025;

2) Huana Biopharm (Guangzhou) Co., Ltd., Novaken Pharm (Zhuhai) Co., Ltd. and Novaken Pharm (Shaoguan) Co., Ltd. were qualified as Small Low-profit Enterprises and were subject to a preferential income tax rate of 20% during the Relevant Periods and the five months ended 31 May 2025.

3) Guangzhou Micnano Biotech Co., Ltd. was qualified as High and New Technology Enterprise and was subject to a preferential income tax rate of 15% in 2024, and was qualified as Small Low-profit Enterprises and was subject to a preferential income tax rate of 20% in 2025 and the five months ended 31 May 2025 and 2026.

4) Guangzhou Novaken Pharmaceutical Research Institute Co., Ltd. was qualified as High and New Technology Enterprise and was subject to a preferential income tax rate of 15% in 2024 and 2025 and the five months ended 31 May 2025, and was qualified as Small Low-profit Enterprises and was subject to a preferential income tax rate of 20% during the five months ended 31 May 2026.

A reconciliation of the tax expense applicable to loss before tax at the applicable rate for the jurisdiction in which the Group's major operating activities are domiciled to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Loss before tax	(147,084)	(110,946)	(18,421)	(197,148)
Tax at the applicable tax rate (15%)	(22,063)	(16,642)	(2,763)	(29,572)
Effect of different tax rates enacted by local authorities	(135)	(1,196)	(221)	(534)
Effect of research and development expenses that are additionally deducted*	(2,224)	(4,823)	(1,319)	(2,286)
Expenses not deductible for tax	18,248	6,772	351	25,660
Effect of deductible temporary difference	141	65	274	363
Tax losses not recognised	6,033	15,824	3,678	6,373
Tax charge at the Group's effective rate	—	—	—	4

* The amounts mainly represent an additional 100% tax deduction on eligible research and development expenses incurred by certain PRC subsidiaries during the Relevant Periods and five months ended 31 May 2025.

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Deductible temporary difference	7,488	6,740	8,292
Tax losses	88,987	187,629	227,519

The Group has accumulated tax losses in Chinese Mainland, that will expire in one to ten years for offsetting against future taxable profits of the companies located in Chinese Mainland in which the tax losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in the Company and its subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits in foreseeable future will be available against which the tax losses can be utilized.

12. DIVIDENDS

No dividend has been paid or declared by the Company during the Relevant Periods and five months ended 31 May 2025.

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

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares in issue during the Relevant Periods and five months ended 31 May 2025. The weighted average numbers of ordinary shares in issue for the Relevant Periods and five months ended 31 May 2025 before the conversion of the Company into a joint stock company were determined by assuming that the paid-in capital had been fully converted into share capital at the same conversion ratio of 1:1 as upon conversion of the Company into a joint stock company on 26 November 2025.

No adjustment has been made to the basic loss per share amounts presented for the Relevant Periods and five months ended 31 May 2025 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue.

The calculation of basic loss per share is based on:

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
			(unaudited)	
Loss				
Loss attributable to ordinary equity holders of the parent (RMB'000)	(145,037)	(109,430)	(17,098)	(196,958)
Shares				
Weighted average number of ordinary shares in issue during the year/period used in the basic loss per share calculation ('000)*	66,320	85,366	75,438	101,762

* The weighted average number of ordinary shares in issue during the year/period used in the basic loss per share calculation has been adjusted retrospectively to reflect the subdivision of shares on a one-for-five basis, which shall take effect immediately prior to the **[REDACTED]**.

14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold improvements	Office equipment and furniture	Plant and machinery	Motor vehicles	Other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024							
At 1 January 2024:							
Cost	11,037	1,170	27,600	1,665	1,478	288	43,238
Accumulated depreciation and impairment	(3,111)	(529)	(11,252)	(1,285)	(1,108)	—	(17,285)
Net carrying amount	7,926	641	16,348	380	370	288	25,953
At 1 January 2024, net of accumulated depreciation	7,926	641	16,348	380	370	288	25,953
Additions	—	—	2,075	233	25	1,105	3,438
Transfers	—	—	575	—	—	(575)	—
Depreciation provided during the year	(1,776)	(295)	(2,335)	(119)	(183)	—	(4,708)
At 31 December 2024, net of accumulated depreciation and impairment	6,150	346	16,663	494	212	818	24,683
At 31 December 2024:							
Cost	11,037	1,170	30,250	1,898	1,503	818	46,676
Accumulated depreciation and impairment	(4,887)	(824)	(13,587)	(1,404)	(1,291)	—	(21,993)
Net carrying amount	6,150	346	16,663	494	212	818	24,683

The Group

	Leasehold improvements	Office equipment and furniture	Plant and machinery	Motor vehicles	Other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025							
At 1 January 2025:							
Cost	11,037	1,170	30,250	1,898	1,503	818	46,676
Accumulated depreciation and impairment	(4,887)	(824)	(13,587)	(1,404)	(1,291)	—	(21,993)
Net carrying amount	6,150	346	16,663	494	212	818	24,683
At 1 January 2025, net of accumulated depreciation	6,150	346	16,663	494	212	818	24,683
Additions	277	8	56	358	168	9,835	10,702
Transfers	1,996	—	1,362	—	115	(3,473)	—
Disposals	—	—	—	(14)	—	—	(14)
Depreciation provided during the year	(1,696)	(271)	(2,398)	(181)	(153)	—	(4,699)
At 31 December 2025, net of accumulated depreciation and impairment	6,727	83	15,683	657	342	7,180	30,672
At 31 December 2025:							
Cost	13,310	1,178	31,668	1,969	1,786	7,180	57,091
Accumulated depreciation and impairment	(6,583)	(1,095)	(15,985)	(1,312)	(1,444)	—	(26,419)
Net carrying amount	6,727	83	15,683	657	342	7,180	30,672

	Leasehold improvements	Office equipment and furniture	Plant and machinery	Motor vehicles	Other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 May 2026							
At 1 January 2026:							
Cost	13,310	1,178	31,668	1,969	1,786	7,180	57,091
Accumulated depreciation and impairment	(6,583)	(1,095)	(15,985)	(1,312)	(1,444)	—	(26,419)
Net carrying amount	6,727	83	15,683	657	342	7,180	30,672
At 1 January 2026, net of accumulated depreciation	6,727	83	15,683	657	342	7,180	30,672
Additions	—	30	22	—	4	3,241	3,297
Depreciation provided during the period	(573)	(18)	(1,022)	(77)	(50)	—	(1,740)
Impairment recognised during the period *(note 7)*	—	(7)	(544)	—	(1)	—	(552)
At 31 May 2026, net of accumulated depreciation and impairment	6,154	88	14,139	580	295	10,421	31,677
At 31 May 2026:							
Cost	13,310	1,208	31,690	1,969	1,790	10,421	60,388
Accumulated depreciation and impairment	(7,156)	(1,120)	(17,551)	(1,389)	(1,495)	—	(28,711)
Net carrying amount	6,154	88	14,139	580	295	10,421	31,677

The Company

	Leasehold improvements	Office equipment and furniture	Plant and machinery	Motor vehicles	Other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024							
At 1 January 2024:							
Cost	7,145	820	21,360	1,665	1,376	288	32,654
Accumulated depreciation and impairment	(2,027)	(328)	(8,191)	(1,285)	(1,077)	—	(12,908)
Net carrying amount	5,118	492	13,169	380	299	288	19,746
At 1 January 2024, net of accumulated depreciation	5,118	492	13,169	380	299	288	19,746
Additions	—	—	2,035	—	25	287	2,347
Transfers	—	—	575	—	—	(575)	—
Depreciation provided during the year	(1,069)	(249)	(1,732)	(114)	(170)	—	(3,334)
At 31 December 2024, net of accumulated depreciation and impairment	4,049	243	14,047	266	154	—	18,759
At 31 December 2024:							
Cost	7,145	820	23,970	1,665	1,401	—	35,001
Accumulated depreciation and impairment	(3,096)	(577)	(9,923)	(1,399)	(1,247)	—	(16,242)
Net carrying amount	4,049	243	14,047	266	154	—	18,759

The Company

	Leasehold improvements	Office equipment and furniture	Plant and machinery	Motor vehicles	Other equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025						
At 1 January 2025:						
Cost	7,145	820	23,970	1,665	1,401	35,001
Accumulated depreciation and impairment	(3,096)	(577)	(9,923)	(1,399)	(1,247)	(16,242)
Net carrying amount	4,049	243	14,047	266	154	18,759
At 1 January 2025, net of accumulated depreciation	4,049	243	14,047	266	154	18,759
Additions	236	7	54	358	121	776
Disposals	—	—	—	(14)	—	(14)
Depreciation provided during the year	(848)	(184)	(1,718)	(145)	(105)	(3,000)
At 31 December 2025, net of accumulated depreciation and impairment	3,437	66	12,383	465	170	16,521
At 31 December 2025:						
Cost	7,381	827	24,024	1,736	1,522	35,490
Accumulated depreciation and impairment	(3,944)	(761)	(11,641)	(1,271)	(1,352)	(18,969)
Net carrying amount	3,437	66	12,383	465	170	16,521

	Leasehold improvements	Office equipment and furniture	Plant and machinery	Motor vehicles	Other equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 May 2026						
At 1 January 2026:						
Cost	7,381	827	24,024	1,736	1,522	35,490
Accumulated depreciation and impairment	(3,944)	(761)	(11,641)	(1,271)	(1,352)	(18,969)
Net carrying amount	3,437	66	12,383	465	170	16,521
At 1 January 2026, net of accumulated depreciation	3,437	66	12,383	465	170	16,521
Additions	—	30	14	—	—	44
Depreciation provided during the period	(325)	(18)	(852)	(61)	(28)	(1,284)
At 31 May 2026, net of accumulated depreciation and impairment	3,112	78	11,545	404	142	15,281
At 31 May 2026:						
Cost	7,381	857	24,038	1,736	1,522	35,534
Accumulated depreciation and impairment	(4,269)	(779)	(12,493)	(1,332)	(1,380)	(20,253)
Net carrying amount	3,112	78	11,545	404	142	15,281

As at 31 December 2024, the Group's plant and machinery with net carrying amount of RMB3,628,000 was held under the sales and leaseback arrangement under which the Group has retained control of the assets and therefore the liabilities are recognised as other borrowings (note 26).

Impairment testing of non-financial assets

Non-financial assets (including the property, plant and equipment, right-of-use assets and intangible assets) of the Group are allocated to the following three cash-generating units ("**CGU**") for impairment testing as at the end of each of the Relevant Periods:

- Manufacturing and sales of medical aesthetic products;
- Sales of licensed-in drugs; and
- Pharmaceutical manufacturing, research and development and sales

For the CGU of manufacturing and sales of medical aesthetic products, the recoverable amounts has been determined based on the fair value less costs of disposal ("**FVLCD**"). The fair values were generally determined based on market approach and by making reference to comparable sales transactions of similar assets in similar conditions available in the market to assess the market value. Based on the impairment assessment, an impairment of RMB1,787,000 was provided for the CGU prior to the Relevant Periods. The sales of medical aesthetic products ceased in September 2025 and the subsidiary engaged in the manufacturing and sales of medical aesthetic products was deregistered in February 2026, therefore, the Group recognised an additional impairment of RMB552,000 for the CGU during the five months ended 31 May 2026. The impairment was fully allocated to the property, plant and equipment.

For the CGU of sales of licensed-in drugs, the recoverable amount has been determined based on the fair value less costs of disposal ("**FVLCD**"), with reference to the valuation performed by an independent qualified professional valuer. The fair values were determined based on income approach by making reference to royalty rates from comparable business in the pharmaceutical industry. Based on the impairment assessment, the Group recognised impairment provision of RMB4,574,000, RMB4,574,000 and RMB4,574,000 as at 31 December 2024 and 2025 and 31 May 2026, respectively. The impairment was fully allocated to the intangible assets (note 16).

For the CGU of pharmaceutical manufacturing, research and development and sales, the recoverable amount has been determined based on a value in use calculation using cash flow projections based on financial budgets covering the remaining useful life of non-financial assets approved by senior management. The values assigned to the key assumptions are consistent with management's past experience and external information sources. As at 31 December 2024 and 2025 and 31 May 2026, the recoverable amount of the CGU has exceeded its carrying amount and no impairment provision was made for the non-financial assets of the CGU.

The pre-tax discount rate applied to the cash flow projections, the revenue growth rate and the gross profit margin used to extrapolate the cash flows of the CGU of pharmaceutical manufacturing, research and development and sales are as follows:

	As at 31 December		As at 31 May
	2024	2025	2026
Average revenue growth rate	50.73%	59.33%	71.82%
Average gross profit margin	53.63%	63.04%	64.64%
Pre-tax discount rate	10.94%	11.38%	11.28%

15. LEASES

The Group had lease contracts for plant and buildings with lease terms of 2 to 10 years during the Relevant Periods.

The Group

	Right-of-use assets	Lease liabilities
	Plant and buildings	Plant and buildings
	RMB'000	*RMB'000*
As at 31 December 2024		
At 1 January 2024	13,053	15,556
Additions	10,374	10,374
Depreciation charged *(note 7)*	(2,308)	—
Interest expense *(note 8)*	—	725
Payments	—	(3,813)
At 31 December 2024	21,119	22,842
As at 31 December 2025		
At 1 January 2025	21,119	22,842
Additions	3,591	3,591
Depreciation charged *(note 7)*	(3,842)	—
Interest expense *(note 8)*	—	953
Payments	—	(4,319)
At 31 December 2025	20,868	23,067
As at 31 May 2026		
At 1 January 2026	20,868	23,067
Depreciation charged *(note 7)*	(1,775)	—
Interest expense *(note 8)*	—	380
Payments	—	(1,396)
At 31 May 2026	19,093	22,051

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities:			
Analyzed into:			
Current portion	3,419	4,415	4,650
Non-current portion	19,423	18,652	17,401
	22,842	23,067	22,051

The Company

	Right-of-use assets	Lease liabilities
	Plant and buildings	Plant and buildings
	RMB'000	*RMB'000*
As at 31 December 2024		
At 1 January 2024	9,508	11,133
Depreciation charged *(note 7)*	(1,501)	—
Interest expense *(note 8)*	—	480
Payments	—	(1,810)
At 31 December 2024	8,007	9,803
As at 31 December 2025		
At 1 January 2025	8,007	9,803
Additions	3,555	3,555
Depreciation charged *(note 7)*	(1,695)	—
Interest expense *(note 8)*	—	447
Payments	—	(2,051)
At 31 December 2025	9,867	11,754
As at 31 May 2026		
At 1 January 2026	9,867	11,754
Depreciation charged *(note 7)*	(949)	—
Interest expense *(note 8)*	—	201
Payments	—	(1,109)
At 31 May 2026	8,918	10,846

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities:			
Analyzed into:			
Current portion	1,450	2,329	2,458
Non-current portion	8,353	9,425	8,388
	9,803	11,754	10,846

Total amounts recognized in profit or loss in relation to leases during the Relevant Periods and five months ended 31 May 2025 are as follows:

The Group

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest on lease liabilities *(note 8)*	725	953	389	380
Depreciation charge of right-of-use assets	2,308	3,348	1,476	1,775
Expenses relating to short-term leases and low-value leases *(note 7)*	323	130	44	105
Total amount recognised in profit or loss	3,356	4,431	1,909	2,260

The Company

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest on lease liabilities *(note 8)*	480	447	182	201
Depreciation charge of right-of-use assets	1,501	1,695	626	949
Expenses relating to short-term leases and low-value leases *(note 7)*	—	57	13	74
Total amount recognised in profit or loss	1,981	2,199	821	1,224

16. INTANGIBLE ASSETS

The Group

	Software	Licenses	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 31 December 2024			
At 1 January 2024			
Cost	789	7,750	8,539
Accumulated amortisation and impairment	(319)	(4,750)	(5,069)
Net carrying amount	470	3,000	3,470
At 1 January 2024, net of accumulated amortisation	470	3,000	3,470
Additions	24	—	24
Amortisation *(note 7)*	(180)	(336)	(516)
Impairment *(note 7)*	—	(664)	(664)
At 31 December 2024, net of accumulated amortisation	314	2,000	2,314
At 31 December 2024			
Cost	813	7,750	8,563
Accumulated amortisation and impairment	(499)	(5,750)	(6,249)
Net carrying amount	314	2,000	2,314

The Group

	Software	Licenses	Patents	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2025				
At 1 January 2025				
Cost	813	7,750	—	8,563
Accumulated amortisation and impairment	(499)	(5,750)	—	(6,249)
Net carrying amount	314	2,000	—	2,314
At 1 January 2025, net of accumulated amortisation	314	2,000	—	2,314
Additions	113	—	150	263
Amortisation *(note 7)*	(150)	(253)	(11)	(414)
At 31 December 2025, net of accumulated amortisation	277	1,747	139	2,163
At 31 December 2025				
Cost	926	7,750	150	8,826
Accumulated amortisation and impairment	(649)	(6,003)	(11)	(6,663)
Net carrying amount	277	1,747	139	2,163

The Group

	Software	Licenses	Patents	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 May 2026				
At 1 January 2026				
Cost	926	7,750	150	8,826
Accumulated amortisation and impairment	(649)	(6,003)	(11)	(6,663)
Net carrying amount	277	1,747	139	2,163
At 1 January 2026, net of accumulated amortisation	277	1,747	139	2,163
Amortisation *(note 7)*	(49)	(105)	(5)	(159)
At 31 May 2026, net of accumulated amortisation	228	1,642	134	2,004
At 31 May 2026				
Cost	926	7,750	150	8,826
Accumulated amortisation and impairment	(698)	(6,108)	(16)	(6,822)
Net carrying amount	228	1,642	134	2,004

Details of the impairment of intangible assets are set out in note 14 to the Historical Financial Information.

The Company

	Software	Licenses	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 31 December 2024			
At 1 January 2024			
Cost	782	7,750	8,532
Accumulated amortisation and impairment	(315)	(4,750)	(5,065)
Net carrying amount	467	3,000	3,467
At 1 January 2024, net of accumulated amortisation	467	3,000	3,467
Additions	24	—	24
Amortisation	(177)	(336)	(513)
Impairment	—	(664)	(664)
At 31 December 2024, net of accumulated amortisation	314	2,000	2,314
At 31 December 2024			
Cost	806	7,750	8,556
Accumulated amortisation and impairment	(492)	(5,750)	(6,242)
Net carrying amount	314	2,000	2,314

The Company

	Software	Licenses	Patents	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2025				
At 1 January 2025				
Cost	806	7,750	—	8,556
Accumulated amortisation and impairment	(492)	(5,750)	—	(6,242)
Net carrying amount	314	2,000	—	2,314
At 1 January 2025, net of accumulated amortisation	314	2,000	—	2,314
Additions	113	—	150	263
Amortisation	(150)	(253)	(11)	(414)
At 31 December 2025, net of accumulated amortisation	277	1,747	139	2,163
At 31 December 2025				
Cost	919	7,750	150	8,819
Accumulated amortisation and impairment	(642)	(6,003)	(11)	(6,656)
Net carrying amount	277	1,747	139	2,163

The Company

	Software	Licenses	Patents	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 May 2026				
At 1 January 2026				
Cost	919	7,750	150	8,819
Accumulated amortisation and impairment	(642)	(6,003)	(11)	(6,656)
Net carrying amount	277	1,747	139	2,163
At 1 January 2026, net of accumulated amortisation	277	1,747	139	2,163
Amortisation	(49)	(105)	(5)	(159)
At 31 May 2026, net of accumulated amortisation	228	1,642	134	2,004
At 31 May 2026				
Cost	919	7,750	150	8,819
Accumulated amortisation and impairment	(691)	(6,108)	(16)	(6,815)
Net carrying amount	228	1,642	134	2,004

17. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
Prepayments for property, plant and equipment	63	2,355	2,639
Deposits	619	1,246	1,399
Value-added tax and other taxes recoverable	918	2,170	4,173
	1,600	5,771	8,211
Current:			
Prepayments	3,206	2,648	2,304
Value-added tax and other taxes recoverable	144	2,019	2,173
Deferred **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Other receivables and deposits	1,670	1,607	1,743
	5,020	8,917	9,296
Impairment allowance	(844)	(841)	(843)
Total	5,776	13,847	16,664

The Company

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
Prepayments for property, plant and equipment	29	—	195
Deposits	454	454	607
Value-added tax and other taxes recoverable	—	—	1,775
	483	454	2,577
Current:			
Prepayments	2,612	2,235	1,981
Value-added tax and other taxes recoverable	144	2,019	2,173
Deferred **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Due from subsidiaries	20,221	22,916	16,086
Other receivables and deposits	1,454	1,560	1,697
	24,431	31,373	25,013
Impairment allowance	(840)	(6,778)	(6,755)
Total	24,074	25,049	20,835

The other receivables and deposits are interest-free and are not secured with collateral.

As at 31 December 2024 and 2025 and 31 May 2026, the impairment of the other receivables and deposits were measured based on 12-month expected credit loss if they were not past due and there was no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on lifetime expected credit loss.

As at 31 December 2025 and 31 May 2026, the Company recognised an impairment provision of RMB5,935,000 and RMB 5,913,000 for the amount due from a subsidiary which has ceased operations in 2025.

The movements in the loss allowance for impairment of other receivables are as follows:

The Group

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year/period	839	844	841
Impairment losses/(reversal of impairment), net *(note 7)*	5	(3)	2
At end of year/period	844	841	843

The Company

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year/period	837	840	6,778
Impairment losses/(reversal of impairment), net	3	5,938	(23)
At end of year/period	840	6,778	6,755

18. INVESTMENT IN SUBSIDIARIES

The Company

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Jiangsu Hyken Pharm Co., Ltd. 江蘇恒濟醫藥有限公司	60,000	60,083	60,181
Guangzhou Novaken Pharmaceutical Research Institute Co., Ltd. 廣州新濟生物醫藥研究院有限公司	2,000	12,325	12,707
Guangzhou Micnano Biotech Co., Ltd. 廣州新濟薇娜生物科技有限公司	1,600	1,600	1,600
Novaken Pharm (Shaoguan) Co., Ltd. 新濟醫藥(韶關)有限公司	—	30,000	30,000
Novaken Pharm (Zhuhai) Co., Ltd. 新濟醫藥(珠海)有限公司	—	30,460	31,004
Less: provision for impairment	(1,600)	(1,600)	(1,600)
	62,000	132,868	133,892

Some subsidiaries incurred losses or only carried out limited operational activities. The management has performed impairment testing for investment in subsidiaries which has impairment indicators as at each of the Relevant Periods. The Company has recognised an impairment loss on investment in Guangzhou Micnano Biotech Co., Ltd. amounted to RMB1,600,000, RMB1,600,000 and RMB1,600,000 as at 31 December 2024 and 2025 and 31 May 2026, respectively.

Novaken Pharm (Shaoguan) Co., Ltd was established in 2025 and has not commenced operating activities. Guangzhou Novaken Pharmaceutical Research Institute Co., Ltd. was engaged in the research and development of the pipeline drugs and Jiangsu Hyken Pharm Co., Ltd. and Novaken Pharm (Zhuhai) Co., Ltd. were under the construction and will be the manufacturing platform of the Group. The management of the Company expects the subsidiaries will generate sufficient profits in the foreseeable future with the commercialization of new products and improvement in sales and business scale. Based on the assessment performed by the Company, no impairment for the investment in these subsidiaries was required during the Relevant Periods.

19. INVENTORIES

The Group

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	928	1,596	1,685
Work in progress	380	—	—
Finished goods	481	—	—
Total	1,789	1,596	1,685

The inventories are net of a write-down of approximately RMB1,842,000, RMB940,000 and RMB979,000 at the end of each of the Relevant Periods.

The Company

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	675	1,596	1,685

The inventories are net of a write-down of approximately RMB746,000, RMB843,000 and RMB882,000 at the end of each of the Relevant Periods.

20. TRADE RECEIVABLES

The Group and the Company

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	8,457	17,662	13,063
Impairment	(354)	(716)	(1,022)
Net carrying amount	8,103	16,946	12,041

The Group's trading terms with its customers are mainly on credit. For sales of products, the credits period is normally 30 days. For sales of CRO services, the settlement is made in accordance with the terms specified in the agreements. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the revenue recognition date and net of loss allowance, is as follows:

The Group and the Company

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	5,830	14,667	9,317
Over 1 year	2,273	2,279	2,724
Total	8,103	16,946	12,041

The movements in the loss allowance for impairment of trade receivables are as follows:

The Group and the Company

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year/period	40	354	716
Impairment losses, net *(note 7)*	314	362	306
At end of year/period	354	716	1,022

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

The Group and the Company

	As at 31 December		As at 31 May
	2024	2025	2026
Assessed on collective basis			
Expected credit loss rate	4.18%	4.63%	8.23%
Gross carrying amount *(RMB'000)*	8,457	14,754	12,312
Expected credit losses *(RMB'000)*	354	683	1,013
Assessed individually			
Expected credit loss rate	—	1.15%	1.20%
Gross carrying amount *(RMB'000)*	—	2,908	751
Expected credit losses *(RMB'000)*	—	33	9

21. CONTRACT ASSETS

The Group and the Company

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Contract assets arising from:			
CRO services	8,609	10,568	13,623
Impairment	(137)	(208)	(697)
Net carrying amount	8,472	10,360	12,926

Contract assets are initially recognised for revenue earned from the provision of CRO services and the receipt of consideration is conditional on successful completion of the services.

The expected timing of recovery or settlement for contract assets at the end of each reporting period is as follows:

The Group and the Company

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	8,095	9,044	11,431
Over 1 year	377	1,316	1,495
Total	8,472	10,360	12,926

The movements in the loss allowance for impairment of contract assets are as follows:

The Group and the Company

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year/period	8	137	208
Impairment losses, net *(note 7)*	129	71	489
At end of year/period	137	208	697

The impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases.

Set out below is the information about the credit risk exposure on the Group's contract assets using a provision matrix:

The Group and the Company

	As at 31 December		As at 31 May
	2024	2025	2026
Expected credit loss rate	1.59%	1.97%	5.12%
Gross carrying amount (RMB'000)	8,609	10,568	13,623
Expected credit losses (RMB'000)	137	208	697

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Structured deposits	—	1,402	8,191

The above amount represented investments in certain financial products issued by a commercial bank in Chinese Mainland with expected return rates ranging from 1.39% to 4.05% per annum. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

23. CASH AND CASH EQUIVALENTS

The Group

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	68,361	133,383	102,615
Cash and cash equivalents	68,361	133,383	102,615
Denominated in:			
RMB	68,361	131,232	102,615
USD	—	2,151	—

The Company

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	11,994	26,352	8,971
Cash and cash equivalents	11,994	26,352	8,971
Denominated in:			
RMB	11,994	24,216	8,971
USD	—	2,136	—

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

24. TRADE PAYABLES

The Group

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	1,837	5,474	2,513

The Company

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	1,313	5,358	2,397

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

The Group

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	1,295	5,356	2,400
Over 1 year	542	118	113
Total	1,837	5,474	2,513

The Company

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	1,168	5,352	2,397
Over 1 year	145	6	—
Total	1,313	5,358	2,397

The trade payables are non-interest-bearing and normally settled within one year.

25. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Payroll payable	9,679	8,042	4,120
Amounts due to the directors *(note 35)*	900	—	—
Other tax payable	412	624	275
Payables for property, plant and equipment	1,132	567	561
Other payables and accruals	3,859	7,116	8,014
Accrued **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Provisions for onerous contracts	—	150	100
Payables for intangible assets*	16,750	—	—
Total	32,732	20,179	13,892

The Company

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Payroll payable	8,565	7,073	3,521
Amounts due to the directors *(note 35)*	900	—	—
Other tax payable	228	286	203
Payables for property, plant and equipment	741	72	57
Due to subsidiaries	1,461	1,847	1,851
Other payables and accruals	3,205	6,903	7,752
Accrued **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Provisions for onerous contracts	—	150	100
Payables for intangible assets*	16,750	—	—
Total	31,850	20,011	14,306

* It represented the payable for the purchase of the licenses to research, development and sales of licensed products from a third party whose director became an indirect shareholder of the Company since October 2023. The payables were fully settled in August 2025.

The above other payables are non-interest-bearing and repayable on demand.

26. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group and the Company

	As at 31 December 2024			As at 31 December 2025			As at 31 May 2026		
	Effective interest rate (%)	*Maturity*	*RMB'000*	*Effective interest rate (%)*	*Maturity*	*RMB'000*	*Effective interest rate (%)*	*Maturity*	*RMB'000*
Current									
Bank loans — secured	3.20	2025	2,002	—	—	—	—	—	—
Bank loans — unsecured	—	—	—	—	—	—	LIBOR-20	2027	10,008
Bank loans — unsecured	—	—	—	—	—	—	2.80	2027	5,026
Current portion of long-term bank loans — secured	LIBOR+40-80	2025	8,370	—	—	—	—	—	—
Current portion of long-term other borrowings — secured	10.18	2025	2,577	—	—	—	—	—	—
Current portion of long-term bank loans — unsecured	—	—	—	LIBOR-10	On demand	9,807	LIBOR-10	On demand	9,655
Total			12,949			9,807			24,689

As at 31 December 2024, certain of the Group's bank and other borrowings amounting to RMB10,372,000 were guaranteed by the directors of the Company (note 35).

As at 31 December 2024, the other borrowings of the Group represented the borrowings from certain financial institutions under sales and leaseback transactions (note 14).

The bank loan of RMB9,807,000 and RMB9,655,000 as at 31 December 2025 and 31 May 2026 respectively were subject to a financial covenant which was not met and the corresponding bank loans were record as bank loans on demand as at 31 December 2025 and 31 May 2026.

All bank and other borrowings were denominated in RMB and the carrying amounts approximate to their fair values as at 31 December 2024 and 2025 and 31 May 2026.

27. DEFERRED INCOME

The Group

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Deferred government grant:			
At 1 January	3,618	4,891	3,621
Received during the year/period	2,279	—	—
Released during the year/period	(1,006)	(1,270)	(471)
At 31 December/May	4,891	3,621	3,150

The Company

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Deferred government grant:			
At 1 January	2,860	4,161	2,919
Received during the year/period	2,279	—	—
Released during the year/period	(978)	(1,242)	(460)
At 31 December/May	4,161	2,919	2,459

Deferred income represented amounts received from the governments for projects and is credited to profit or loss on a straight-line basis over the expected lives of the related assets or recognised as income on a systematic basis over the periods that the costs, for which they are intended to compensate, are expensed.

28. CONTRACT LIABILITIES

The Group

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Advances from customers			
CRO services	12,807	7,579	6,128
Sales of goods or license	416	—	472
	13,223	7,579	6,600

The Company

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Advances from customers			
CRO services	12,807	7,579	6,128
Sales of goods or license	—	—	472
	12,807	7,579	6,600

Contract liabilities mainly include advances received under the CRO service agreement at the end of each of the Relevant Periods. Contract liabilities are recognized as revenue upon the Group satisfying its obligations under the agreements.

29. FINANCIAL LIABILITIES ON SERIES SHARES

Pursuant to the shareholders agreement entered into from September 2021 to November 2025 (collectively, the "**Agreements**"), the Company issued 2,314,077 series A, 334,850 series A+, 5,478,525 series B and 399,067 series C ordinary shares (collectively, the "**Series Shares**") to the

Pre-**[REDACTED]** investors for a total cash proceed of approximately RMB287,000,000. Pursuant to the Agreements, the Pre-**[REDACTED]** investors were granted by the Company with certain special rights ("**Special Rights**"). The key terms of the Special Rights are summarized as follows:

(1) Voting rights

All shareholders, including the holders of ordinary shares and holders of Series Shares, are entitled to vote together as a single class on a pro-rata basis.

(2) Dividend rights

The Group's capital reserve, surplus reserve and undistributed reserve (if any) are shared by all shareholders in proportion to their shareholding.

(3) Redemption features

The Series Shares shall be redeemable by the Company at the option of the shareholders upon occurrence of certain events, including but not limited to:

(a) The Company fails to achieve a qualified **[REDACTED]** or qualified overall sale of the Company before 10 November 2027, 31 December 2027 and 31 December 2029 for shareholders for Series A Shares, Series A+ Shares and Series B Shares, respectively;

(b) The Company is unable to provide a qualified audit report on its consolidated financial statements;

(c) The Company is unable to achieve the goal that at least one of its high-end new drugs entering into phase II clinical trial before 31 December 2026.

(4) Liquidation preferences

In the event of any liquidation or deemed liquidation event, holders of the Series Shares shall be entitled to be paid out of the funds and assets available for distribution to the members of the Company, an amount per share equal to the original issue price for each series share with an annual compound interest rate of 8% thereon in the sequence as follows: Series B Shares, Series A+ Shares and Series A Shares.

(5) Anti-dilution right

If the Company increases its paid-in capital at a price lower than the price paid by the investors on a per paid-in capital basis, the investors have a right to require the Company to issue additional paid-in capital at the lowest issue price permitted by law to the investors or receive cash compensation from the Company, and the investors also have a right to require the controlling shareholders to transfer shares to the investors at the lowest issue price permitted by law or receive cash compensation from the controlling shareholders, so that the total amount paid by the investors divided by the total amount of paid-in capital obtained is equal to the price per paid-in capital in the new issuance.

On 25 November 2025, the Company and the Pre-**[REDACTED]** investors subsequently entered into supplemental agreements, agreeing that, all the Special Rights granted to the Pre-**[REDACTED]** investors have been terminated prior to the initial filing of the application for **[REDACTED]**. In the event that the application for **[REDACTED]** is not approved, is withdrawn, or the review is terminated by the stock exchange or other securities regulatory authorities, or the Company fails to complete the **[REDACTED]** with 24 months from the supplemental agreement, the Special Rights shall be reinstated.

Presentation and classification

As the Agreements give rise to redemption obligation of the Company, upon the issuance of each series of shares, the Company classifies the series shares as financial liabilities and debited to other reserve in equity. As the special rights granted to the Pre-**[REDACTED]** investors in the Agreements form a hybrid contract with multiple embedded derivatives which satisfy the criteria under IFRS 9, the Group designated the entire hybrid instrument as financial liabilities at fair value through profit or loss upon initial recognition and presented as "financial liabilities on series shares" in the consolidated statements of financial position. The change in fair value of the financial liabilities on series shares is charged to profit or loss except for the portion attributable to credit risk change that shall be charged to other comprehensive income. Management considered that the fair value change in the financial liabilities on series shares attributable to changes of own credit risk is not significant.

The financial liabilities on series shares were presented as current liabilities as not all triggering payment events mentioned above were within the control of the Company.

The movements of financial liabilities on series shares are set out as follows:

The Group and the Company

	Series A	Series A+	Series B	Series C	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	115,199	19,661	—	—	134,860
Issue of series shares	—	—	80,000	—	80,000
Change in fair value	35,431	3,704	81,314	—	120,449
At 31 December 2024	150,630	23,365	161,314	—	335,309
Issue of series shares	—	—	110,000	30,000	140,000
Change in fair value	(22,975)	(3,851)	56,228	405	29,807
At 31 December 2025	127,655	19,514	327,542	30,405	505,116
Change in fair value	46,553	6,603	102,354	6,210	161,720
At 31 May 2026	174,208	26,117	429,896	36,615	666,836

The Group has used the discounted cash flow method to determine the underlying share value of the Company and performed an equity allocation based on the Option Pricing model to arrive the fair value of the financial liabilities on series shares as at 31 December 2024 and 2025 and 31 May 2026. The key assumptions used in the valuation are set out below:

	As at 31 December		As at 31 May
	2024	2025	2026
Risk-free interest rate	1.10%	1.52%	1.25%
DLOM	25.52%	25.25%	24.13%
Volatility	44.89%	51.09%	48.20%

Set out below is a summary of significant unobservable inputs to the valuation of financial liabilities recognised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at the end of each of the Relevant Periods.

		(Decrease)/increase in the fair value		
		As at 31 December		As at 31 May
Significant unobservable inputs	Increase/(decrease) in the inputs	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*
Risk-free interest rate	1%/(1%)	(1,866)/2,006	(1,950)/2,038	(1,806)/1,708
DLOM	1%/(1%)	(3,756)/3,758	(5,764)/5,805	(7,659)/7,655
Volatility	1%/(1%)	375/(401)	93/(115)	480/(454)

30. PAID-IN CAPITAL/SHARE CAPITAL

The Group and the Company

Paid-in capital:

	Paid-in capital
	RMB'000
As at 1 January 2024	12,781
Issue of series shares (i)	2,307
As at 31 December 2024 and 1 January 2025	15,088
Issue of series shares (ii)	3,171
Capital contribution (iii)	1,694
Conversion into a joint stock company (iv)	(19,953)
As at 31 December 2025 and 31 May 2026	—

Share capital:

A summary of movements in the share capital is as follows:

	Number of shares in issue	Share capital
	(000)	*RMB'000*
As at 1 January 2025	—	—
Issue of ordinary shares upon conversion into a joint stock company of RMB 1 each (iv)	19,953	19,953
Issue of series shares (v)	399	399
As at 31 December 2025 and 31 May 2026	20,352	20,352

(i) During the year ended 31 December 2024, the Company issued 2,306,747 series B shares for cash consideration of RMB80,000,000, which has increased the paid-in capital and capital reserve by RMB2,307,000 and RMB77,693,000, respectively.

(ii) During the year ended 31 December 2025, the Company issued 3,171,778 series B shares for cash consideration of RMB110,000,000, which has increased the paid-in capital and capital reserve by RMB3,171,000 and RMB106,829,000, respectively.

(iii) During the year ended 31 December 2025, the Company received the subscribed capital contribution from Guangzhou Guangji Investment Biopharmaceutical Investment Enterprise and Guangzhou Baiji Biopharmaceutical Investment Enterprise for total cash consideration of RMB36,918,000, which has increased the paid-in capital and capital reserve by RMB1,694,000 and RMB35,224,000, respectively.

(iv) On 26 November 2025, the Company converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as of the conversion base date, including the paid-in capital, capital reserves and accumulated losses, were converted into 19,953,361 ordinary shares of RMB1.00 each. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company's capital reserve.

(v) During the year ended 31 December 2025, the Company issued 399,067 series C shares for cash consideration of RMB30,000,000, which has increased the share capital and capital reserve by RMB399,000 and RMB29,601,000, respectively.

On 12 December 2025, resolution was passed by the shareholders approving, among others, the share subdivision, whereby each of the shares with a nominal value of RMB1.00 each shall be sub-divided into 5 shares with a nominal value of RMB0.20 each, and such share subdivision shall take effect immediately before the **[REDACTED]**, upon which the registered capital of the Company shall be divided into 101,760,000 shares with a nominal value of RMB0.20 per share.

31. DEFICITS

The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods and the five months ended 31 May 2025 are presented in the consolidated statements of changes in equity of the Group.

(a) Capital reserve

The capital reserve of the Group represents the difference between the par value of the shares issued and the consideration received.

(b) Share-based payment reserve

The share-based payment reserve represents share-based compensation due to the equity-settled share-based payments transactions.

(c) Other reserve

The other reserve represents the debt amount of the financial liabilities on series shares upon initial recognition and the reserves arising from the transactions with the non-controlling shareholders.

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods and the five months ended 31 May 2025 are as follows:

	Capital reserve	Share-based payment reserve	Other reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	50,997	2,913	(67,000)	(124,798)	(137,888)
Loss for the year	—	—	—	(138,687)	(138,687)
Total comprehensive loss for the year	—	—	—	(138,687)	(138,687)
Issue of series shares	77,693	—	—	—	77,693
Recognition of financial liabilities on series shares	—	—	(80,000)	—	(80,000)
At 31 December 2024	128,690	2,913	(147,000)	(263,485)	(278,882)

	Capital reserve	Share-based payment reserve	Other reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	128,690	2,913	(147,000)	(263,485)	(278,882)
Loss for the year	—	—	—	(106,132)	(106,132)
Total comprehensive loss for the year	—	—	—	(106,132)	(106,132)
Issue of series shares	136,430	—	—	—	136,430
Recognition of financial liabilities on series shares	—	—	(140,000)	—	(140,000)
Capital contribution	35,224	—	—	—	35,224
Conversion into a joint stock company	(99,312)	—	—	99,312	—
Share-based payment compensation	—	13,588	—	—	13,588
At 31 December 2025	201,032	16,501	(287,000)	(270,305)	(339,772)

	Capital reserve	Share-based payment reserve	Other reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2026	201,032	16,501	(287,000)	(270,305)	(339,772)
Loss for the period	—	—	—	(191,892)	(191,892)
Total comprehensive loss for the period	—	—	—	(191,892)	(191,892)
Share-based payment compensation	—	7,923	—	—	7,923
At 31 May 2026	201,032	24,424	(287,000)	(462,197)	(523,741)

	Capital reserve	Share-based payment reserve	Other reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	128,690	2,913	(147,000)	(263,485)	(278,882)
Loss for the period	—	—	—	(12,774)	(12,774)
Total comprehensive loss for the period	—	—	—	(12,774)	(12,774)
At 31 May 2025 (unaudited)	128,690	2,913	(147,000)	(276,259)	(291,656)

32. SHARE-BASED PAYMENTS

The Company adopted a share incentive plan (the "**Plan**") in 2025 for the purpose of attracting and retaining the best talents who promote the success of the Group's operations. Eligible participants of the Plan include the Group's directors and employees. Guangzhou Guangji Investment Biopharmaceutical Investment Enterprise ("**Guangji**") were designated as the share incentive platform to hold the shares specially awarded to the eligible participants under the Plan.

On 25 August 2025, 1,277,069 shares of the Company held by Guangji under the Plan were granted to eligible employees and directors of the Group, at a subscription price of RMB16.45 per share. Except for 213,935 shares granted to Dr. Wu Chuanbin which were vested immediately, the vesting of other shares is subject to the service condition and **[REDACTED]** conditions.

The fair values of the restricted shares as at the grant date were determined using back-solve method. Major inputs used for the determination of the fair values are listed as follows:

	25 August 2025
Expected volatility	51.34%
Risk-free interest rate	1.57%
Discount for lack of marketability	26.98%

During the year ended 31 December 2025 and five months ended 31 May 2026, the Group recognised share-based payment expenses of RMB13,588,000 and RMB7,923,000 respectively for the above equity-settled restricted shares.

33. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods and the five months ended 31 May 2025, the Group had non-cash additions to right-of-use assets of RMB10,374,000, RMB3,591,000, nil and nil, respectively, in respect of lease arrangements for office buildings.

(b) Changes in liabilities arising from financing activities

	Lease liabilities	Interest-bearing bank and other borrowings	Financial liabilities on series shares	Accrued transaction cost on issue of series shares in other payables	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	15,556	19,263	134,860	—	169,679
Changes from financing cash flows	(3,813)	(6,977)	80,000	—	69,210
Non-cash transactions	10,374	—	—	2,000	12,374
Interest expenses	725	663	—	—	1,388
Change in fair value of financial liabilities on series shares	—	—	120,449	—	120,449
At 31 December 2024	22,842	12,949	335,309	2,000	373,100

	Lease liabilities	Interest-bearing bank and other borrowings	Financial liabilities on series shares	Accrued transaction cost on issue of series shares in other payables	Accrued [REDACTED] expenses included in other payables	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	22,842	12,949	335,309	2,000	[REDACTED]	373,100
Changes from financing cash flows	(4,319)	(3,878)	140,000	(5,100)	[REDACTED]	124,835
Non-cash transactions	3,591	—	—	4,600	[REDACTED]	10,946
Interest expenses	953	736	—	—	[REDACTED]	1,689
Change in fair value of financial liabilities on series shares	—	—	29,807	—	[REDACTED]	29,807
At 31 December 2025	23,067	9,807	505,116	1,500	[REDACTED]	540,377

	Lease liabilities	Interest-bearing bank and other borrowings	Financial liabilities on series shares	Accrued transaction cost on issue of series shares in other payables	Accrued [REDACTED] expenses included in other payables	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2026	23,067	9,807	505,116	1,500	[REDACTED]	540,377
Changes from financing cash flows	(1,396)	14,678	—	(1,500)	[REDACTED]	10,600
Non-cash transactions	—	—	—	—	[REDACTED]	433
Interest expenses	380	204	—	—	[REDACTED]	584
Change in fair value of financial liabilities on series shares	—	—	161,720	—	[REDACTED]	161,720
At 31 May 2026	22,051	24,689	666,836	—	[REDACTED]	713,714

	Lease liabilities	Interest-bearing bank and other borrowings	Financial liabilities on series shares	Accrued transaction cost on issue of series shares in other payables	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	22,842	12,949	335,309	2,000	373,100
Changes from financing cash flows	(1,087)	10,610	—	(400)	9,123
Interest expenses	389	298	—	—	687
Change in fair value of financial liabilities on series shares	—	—	1,105	—	1,105
At 31 May 2025 (unaudited)	22,144	23,857	336,414	1,600	384,015

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Within operating activities	323	130	44	105
Within financing activities	3,813	4,319	1,087	1,396
Total	4,136	4,449	1,131	1,501

34. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods:

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Contracted, but not provided for:			
Plant and machinery	616	4,359	13,793

35. RELATED PARTY TRANSACTIONS

The Directors are of the view that the following companies are related parties that had material transactions or balances with the Group during the Relevant Periods and the five months ended 31 May 2025.

(a) Name of related parties

	Relationship with the Group
Dr. Wu Chuanbin	Director and the shareholder
Ms. Pan Xin	Director
Ms. Jia Lu	Director

(b) Outstanding balances with related parties:

The Group had the following outstanding balances with related parties at 31 December 2024 and 2025 and 31 May 2026.

Other payables

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Ms. Pan Xin*	700	—	—
Ms. Jia Lu*	200	—	—

* These balances were unsecured, interest-free, and of non-trade in nature.

(c) Certain of the Group's bank and other borrowings are secured by:

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Dr. Wu Chuanbin	10,372	—	—
Ms. Pan Xin	8,370	—	—

The above guarantees provided by the related parties were released in 2025.

(d) Compensation of key management personnel of the Group:

	Year ended 31 December		Five months ended 31 May	
	2024	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries, allowances and benefits in kind	1,578	3,391	1,067	1,453
Performance related bonuses	1,724	1,938	88	285
Pension scheme contributions	29	32	9	13
Equity-settled share award expenses	—	8,806	—	2,281
	3,331	14,167	1,164	4,032

Further details of directors' supervisors' and the chief executive's emoluments are included in note 9 to the Historical Financial Information.

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

As at 31 December 2024

Financial assets

	Financial assets at amortised cost
	RMB'000
Cash and cash equivalents	68,361
Trade receivables	8,103
Financial assets included in prepayments, other receivables and other assets	1,445
	77,909

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	—	12,949	12,949
Trade payables	—	1,837	1,837
Financial liabilities included in other payables and accruals	—	22,641	22,641
Financial liabilities on series shares	335,309	—	335,309
Lease liabilities	—	22,842	22,842
	335,309	60,269	395,578

As at 31 December 2025

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	—	133,383	133,383
Trade receivables	—	16,946	16,946
Financial assets included in prepayments, other receivables and other assets	—	2,012	2,012
Financial assets at fair value through profit or loss	1,402	—	1,402
	1,402	152,341	153,743

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	—	9,807	9,807
Trade payables	—	5,474	5,474
Financial liabilities included in other payables and accruals	—	11,363	11,363
Financial liabilities on series shares	505,116	—	505,116
Lease liabilities	—	23,067	23,067
	505,116	49,711	554,827

As at 31 May 2026

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	—	102,615	102,615
Trade receivables	—	12,041	12,041
Financial assets included in prepayments, other receivables and other assets	—	2,299	2,299
Financial assets at fair value through profit or loss	8,191	—	8,191
	8,191	116,955	125,146

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	—	24,689	24,689
Trade payables	—	2,513	2,513
Financial liabilities included in other payables and accruals	—	9,397	9,397
Financial liabilities on series shares	666,836	—	666,836
Lease liabilities	—	22,051	22,051
	666,836	58,650	725,486

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair value

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, other receivables and other assets, trade payables, financial liabilities included in other payables and accruals, lease liabilities and interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance controller. The valuation process and results are discussed with the directors of the Company periodically for financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the financial assets at fair value through profit or loss have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all required significant inputs to fair value of an instrument are observable, the instruments are included in Level 2. If one or more of the significant inputs are not based on observable market data, the instruments are included in Level 3.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	—	1,402	—	1,402

As at 31 May 2026

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	—	8,191	—	8,191

Liabilities measured at fair value:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities on series shares	—	—	335,309	335,309

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities on series shares	—	—	505,116	505,116

As at 31 May 2026

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities on series shares	—	—	666,836	666,836

Further details of financial liabilities on series shares are included in note 29 to the Historical Financial Information.

There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, financial assets at fair value through profit or loss and interest-bearing bank and other borrowings, and finance liabilities on series shares. The Group has various other financial assets and liabilities such as trade receivables, other receivables, trade payables and other payables and accruals and lease liabilities, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, interest rate risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and staging classification as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Contract assets*	—	—	—	8,609	8,609
Trade receivables*	—	—	—	8,457	8,457
Financial assets included in prepayments, other receivables and other assets	1,459	—	830	—	2,289
— Normal**	1,459	—	—	—	1,459
— Doubtful**	—	—	830	—	830
Cash and cash equivalents					
— Not yet past due	68,361	—	—	—	68,361
	69,820	—	830	17,066	87,716

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Contract assets*	—	—	—	10,568	10,568
Trade receivables*	—	—	—	17,662	17,662
Financial assets included in prepayments, other receivables and other assets	2,023	—	830	—	2,853
— Normal**	2,023	—	—	—	2,023
— Doubtful**	—	—	830	—	830
Cash and cash equivalents — Not yet past due	133,383	—	—	—	133,383
	135,406	—	830	28,230	164,466

As at 31 May 2026

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Contract assets*	—	—	—	13,623	13,623
Trade receivables*	—	—	—	13,063	13,063
Financial assets included in prepayments, other receivables and other assets	2,312	—	830	—	3,142
— Normal**	2,312	—	—	—	2,312
— Doubtful**	—	—	830	—	830
Cash and cash equivalents — Not yet past due	102,615	—	—	—	102,615
	104,927	—	830	26,686	132,443

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 20 and 21 to the financial statements, respectively.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to interest-bearing loans. The Group currently does not enter into any hedging instrument for both of the fair value interest rate risk and cash flow interest rate risk.

The following table details the (increase)/decrease on the Group's loss before tax for each of the Relevant Periods as at the end of each reporting period that an increase/decrease of 5% in interest rate would have.

	For the year ended 31 December		For the five months ended 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
5% Increase of interest rate	(1,142)	(1,167)	(1,103)
5% Decrease of interest rate	1,142	1,167	1,103

Liquidity risk

The Group's objective is to maintain continuity of funding and flexibility through the use of internally generated cash flows from operation and bank borrowings. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations. The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at 31 December 2024

	On demand	Within 1 year	Over 1 year	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	—	1,837	—	1,837
Financial liabilities included in other payables and accruals	22,641	—	—	22,641
Lease liabilities	—	4,320	21,479	25,799
Interest-bearing bank and other borrowings	—	13,583	—	13,583
	22,641	19,740	21,479	63,860

As at 31 December 2025

	On demand	Within 1 year	Over 1 year	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	—	5,474	—	5,474
Financial liabilities included in other payables and accruals	11,363	—	—	11,363
Lease liabilities	—	5,283	20,137	25,420
Interest-bearing bank and other borrowings	9,807	—	—	9,807
	21,170	10,757	20,137	52,064

As at 31 May 2026

	On demand	Within 1 year	Over 1 year	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	—	2,513	—	2,513
Financial liabilities included in other payables and accruals	9,397	—	—	9,397
Lease liabilities	—	5,283	20,137	25,420
Interest-bearing bank and other borrowings	9,655	15,375	—	25,030
	19,052	23,171	20,137	62,360

Capital management

The Group's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of business.

The directors of the Company review the asset-liability ratio, which is total assets divided by total liability, on a continuous basis, taking into account the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the raising of new debts as well as the redemption of the existing debts and manage the asset-liability ratios. The Group's overall strategy remained unchanged during the Relevant Periods.

The asset-liability ratios as at the end of each of Relevant Periods are as follows:

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Total assets	140,617	231,237	206,896
Total liabilities	423,783	574,843	739,731
Asset-liability ratio	301.37%	248.59%	357.54%

39. EVENTS AFTER THE RELEVANT PERIODS

No significant events of the Group occurred after 31 May 2026.

40. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of its subsidiaries in respect of any period subsequent to 31 May 2026.

[REDACTED]

[REDACTED]

[REDACTED]

TAXATION OF SECURITY HOLDERS

Income tax and capital gains tax of holders of the H shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of the H shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, and has not taken into account the expected change or amendment to the relevant laws or policies and does not constitute any opinion or advice. The discussion does not deal with all possible tax consequences relating to an investment in the H shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulation. Accordingly, you should consult your own tax adviser regarding the tax consequences of an investment in the H shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to change or adjustment and may have retrospective effect.

This discussion does not address any aspects of PRC taxation other than income tax, value-added tax, and stamp duty. Prospective investors are urged to consult their financial advisers regarding the PRC and other tax consequences of owning and disposing of the H shares.

Taxation in mainland China

Tax on Dividends

For Individual Investors

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》), or the Individual Income Tax Law, amended by the NPCSC on August 31, 2018 and effective on January 1, 2019, and the Implementation Rules of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得税法實施條例》) amended by the State Council on December 18, 2018, and effective on January 1, 2019, dividends paid by PRC companies to individual investors are ordinarily subject to a withholding income tax levied at a flat rate of 20%.

Pursuant to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》), or the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, executed on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷税漏税的安排》第五議定書), or the Fifth Protocol, issued by the STA and effective on December 6, 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

For Enterprise Investors

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), or the EIT Law, last amended by the NPCSC and effective on December 29, 2018, and the Implementation Rules of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》), or the Implementation Rules of the EIT Law, last amended by the State Council and effective on January 20, 2025, a non-resident enterprise is subject to a reduced rate of 10% enterprise income tax on PRC-sourced income, including dividends paid by a PRC resident enterprise that issues and lists shares in Hong Kong, if such non-resident enterprise does not have an establishment or place of business in the PRC or has an establishment or place of business in the PRC but the PRC-sourced income is not actually connected with such establishment or place of business in the PRC. The aforesaid income tax payable by non-resident enterprises shall be withheld at source, and the payer shall be the withholdingagent, and the tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

Pursuant to the Notice from the SAT on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (《國家税務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) which was issued by the STA and effective on November 6, 2008, a PRC resident enterprise is required to withhold enterprise income tax at a rate of 10% on dividends paid to non-PRC resident enterprise holders of H Shares which are derived out of profit generated since 2008.

According to the Fifth Protocol, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' verification.

Tax related to equity transfer income

For Individual Investors

Under the Individual Income Tax Law and its implementation rules, individuals are subject to individual income tax at a rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Pursuant to the Circular on Continuing the Temporary Exemption of Individual Income Tax on Gains from Share Transfers by Individuals (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》), which was promulgated by the MOF and the STA and became effective on March 30, 1998, from January 1, 1997, income of individuals from the transfer of shares in listed companies continues to be temporarily exempted from individual income tax. According to the Announcement of the MOF and the STA on the Catalogue of Continuing Effective Preferential Individual Income Tax Policies (《財政部國家稅務總局關於繼續有效的個人所得稅優惠政策目錄的公告》) issued by the MOF and the STA on December 29, 2018, the Circular on Continuing the Temporary Exemption of Individual Income Tax on Gains from Share Transfers by Individuals (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) shall continue to be effective. As of the Latest Practicable Date, the foregoing provisions did not explicitly provide for the imposition of individual income tax on non-PRC resident individuals in respect of the equity transfer of PRC resident enterprises listed on overseas stock exchanges.

For Enterprise Investors

Under the EIT Law and its implementation rules, a non-PRC resident enterprise is subject to enterprise income tax at the rate of 10% with respect to PRC-sourced income, including gains derived from the disposal of shares in a PRC resident enterprise, if it does not have an establishment or premises in the PRC or has an establishment or premises in the PRC but the PRC-sourced income is not actually connected with such establishment or premises in the PRC. The aforementioned income tax payable by non-PRC resident enterprises is subject to source withholding, and the payer is the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted under applicable tax treaties or arrangements.

Shanghai-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (《財政部、國家稅務總局、中國證券監督管理委員會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) promulgated by the MOF, the STA and the CSRC on October 31, 2014 and effective on November 17, 2014, transfer spread income derived by mainland enterprises from stock investment listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall be included in their total income and subject to enterprise income tax according to law. For dividends and bonuses received by mainland individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the H-share companies shall apply to CSDCC for providing the register of mainland individual investors to the H-share companies and withhold individual income tax at the rate of 20% on behalf of the H-share companies. Pursuant to the Announcement on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen- Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) which was promulgated on August 21, 2023 and implemented on the same date, the transfer spread income derived by mainland individual investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall be exempted from individual income tax from December 5, 2019 to December 31, 2027. Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (《財政部、國家稅務總局、中國證券監督管理委員會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》), dividends derived by mainland enterprises

from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect are included in their total income and subject to Enterprise Income Tax according to law. Pursuant to the Notice, dividend income obtained by mainland resident enterprises from holding H shares for 12 consecutive months shall be exempted from enterprise income tax according to law. H-share companies shall not withhold income tax on dividends and bonus income for mainland enterprises investors. The tax payable shall be declared and paid by the enterprise itself.

Shenzhen-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) promulgated by the MOF, the STA and the CSRC on November 5, 2016 and effective on December 5, 2016, transfer spread income derived by mainland enterprises from stock investment listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall be included in their total income and subject to enterprise income tax according to law. For dividends and bonuses received by mainland individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the H-share companies shall apply to CSDCC for providing the register of mainland individual investors to the H-share companies and the H-share companies shall withhold individual income tax at the rate of 20% on behalf of the investors.

Pursuant to the Announcement on Continuing the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds (《關於繼續執行滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) promulgated by the MOF, the STA and the CSRC on December 4, 2019 and effective on December 5, 2019 and the Announcement on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds (《關於延續執行滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) which promulgated on August 21, 2023 and implemented on the same date, the transfer spread income derived by mainland individual investors from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall be exempted from individual income tax from December 5, 2019 to December 31, 2027.

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》), dividends derived by mainland enterprises investors from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect are included in their total income and subject to Enterprise Income Tax according to law. In particular, dividend and bonus income obtained by mainland resident enterprises from holding H shares for 12 consecutive months shall be exempted from enterprise income tax according to law. H-share companies shall not withhold income tax on dividends and bonus income for mainland enterprises. The tax payable shall be declared and paid by the enterprise itself.

Stamp Duty

According to the Stamp Duty Law of the People's Republic of China (《中華人民共和國印花稅法》), which was promulgated on June 10, 2021 and came into effect on July 1, 2022, the disposal of H Shares by non-mainland China investors outside of the mainland China is not subject to the requirements of the Stamp Duty Law of the People's Republic of China.

FOREIGN EXCHANGE ADMINISTRATION IN THE PRC

The lawful currency of the PRC is the Renminbi. The SAFE, authorized by the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

Pursuant to the Foreign Exchange Administrative Regulations of the PRC (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, effective on April 1, 1996 and last amended on August 5, 2008, and the Administrative Regulations on Foreign Exchange Settlement, Sales and Payment (《結匯、售匯及付匯管理規定》) promulgated by the PBOC on June 20, 1996 and effective on July 1, 1996, Renminbi is freely convertible for payments of current account items such as trade and service-related foreign exchange transactions and dividend payments after the relevant financial institutions have reasonably examined the authenticity of the transaction documents and their consistency with foreign exchange receipts and payments, but are not freely convertible for capital expenditure items such as direct investment, loans or investments in securities outside the PRC unless the approval of the SAFE or its local counterparts is obtained in advance.

According to the Guidance on Foreign Exchange Business for Capital Account (2024 Edition) (《資本項目外匯業務指引(2024年版)》), proceeds raised by domestic companies through overseas listings shall, in principle, be repatriated to China in a timely manner, either in RMB or foreign currency. The use of proceeds must be consistent with the relevant content disclosed in public documents such as prospectuses, corporate bond offering circulars, shareholders' circulars, board of directors or shareholders' meeting resolutions. Where domestic companies use proceeds raised from overseas listings to engage in activities such as outbound direct investment, overseas securities investment, or overseas lending, they must comply with the relevant foreign exchange regulations.

According to (1) the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies for the Administration over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) announced by SAFE which became effective on June 9, 2016, and was last amended on December 4, 2023; (2) the Notice of the State Administration of Foreign Exchange on Further Deepening Reform to Promote Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) announced by SAFE which became effective on December 4, 2023; and (3) the Circular of the State Administration of Foreign Exchange on Matters Concerning Deepening the Reform of Foreign Exchange Administration for Cross-Border Investment and Financing (《國家外匯管理局關於深化跨境投融資外匯管理改革有關事宜的通知》) announced by SAFE which became effective on September 12, 2025, the foreign exchange receipts under capital accounts of domestic institutions are subject to discretionary settlement policies. The foreign exchange receipts under capital accounts (including foreign exchange capital, foreign debts, and repatriated funds raised through overseas listing) subject to discretionary settlement as expressly prescribed in the relevant policies may be settled with banks according to the actual need of the domestic institutions for business operation. Domestic institutions may, at their discretion, settle up to 100% of foreign exchange receipts under capital accounts for the time being, SAFE may adjust the above proportion in due time according to the balance of payments. While eligible for the discretionary settlement of foreign exchange receipts under capital accounts, domestic institutions may also opt to use their foreign exchange receipts according to the payment-based settlement system. A bank shall, in handling each transaction of foreign exchange settlement for a domestic institution according to the principle of payment-based settlement, review the authenticity and compliance of the use of the funds settled in the previous foreign exchange settlement (including discretionary settlement and payment-based settlement) of such domestic institution. Domestic institutions' foreign exchange receipts under the capital account and the RMB funds obtained from the settlement thereof shall not (i) directly or indirectly, be used for expenditure beyond the enterprise's business scope or expenditure prohibited by laws and regulations of the state, (ii) unless otherwise expressly specified, directly or indirectly, be used for investments in securities or other investments or wealth management (excluding financial products with a risk rating no higher than level II and structured deposits), and (iii) be used for the granting of loans to non-affiliated enterprises (except where it is expressly permitted in the business scope).

According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business by the State Administration of Foreign Exchange (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments by using receipts under capital accounts, such as their capital funds, foreign credits and the income from overseas listing, without need to provide the evidentiary materials concerning authenticity on a transaction-by-transaction basis to banks in advance, provided that their capital use shall be authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of receipts under capital accounts. Local foreign exchange authorities shall strengthen monitoring analysis and interim and post regulation.

The Circular of the PBOC and the SAFE on Issues Concerning the Administration of Funds Raised through Overseas Listings by Domestic Enterprises (《中國人民銀行、國家外匯管理局關於境內企業境外上市募集資金管理有關事項的通知》) or the Circular, took effect on April 1, 2026, replacing the Notice on Issues concerning the Foreign Exchange Administration of Overseas Listing (《關於境外上市外匯管理有關問題的通知》), and materially revise the regulatory regime governing the administration of funds raised through overseas listings. According to the Circular, the overseas listing registration deadline will be extended to 30 working days from the first trading day or the completion of over-allotment and the registration authority will be changed from the SAFE to designated banks. Proceeds raised by domestic enterprises through overseas listings shall, in principle, be repatriated to China in a timely manner. Where such proceeds are to be retained offshore for purposes such as outbound direct investment, overseas securities investment, or overseas lending, the enterprise shall obtain the approval or filing documents from the competent authorities prior to the conclusion of the overseas listing issuance or the completion of over-allotment, and shall comply with the relevant regulations on cross-border capital management.

This Appendix summarizes certain aspects of PRC laws and regulations which are relevant to our Company's operations and business, including, among others, the PRC legal system, the PRC judicial system, securities laws and regulations, and arbitration and enforcement of arbitral awards. Laws and regulations relating to taxation in the PRC are discussed separately in "Appendix III — Taxation and Foreign Exchange" to this document. This Appendix also contains a summary of laws and regulatory provisions of the PRC Company Law. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulatory provisions applicable to our Company. This summary is not intended to include all the information which is important to the potential investors. For a discussion of laws and regulations which are relevant to our Company's business, see "Regulatory Overview" in this document.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of PRC (《中華人民共和國憲法》), or the Constitution, and is made up of written laws, administrative regulations, local regulations, separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, autonomous regulations, separate regulations of autonomous regions, special administrative region law and international treaties and other regulatory documents signed by the PRC government. Court decisions do not constitute binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》), or the Legislation Law, which was amended by the NPC on March 13, 2023 and became effective on March 15, 2023, the NPC and the NPCSC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing criminal and civil matters, state organs and other matters. The NPCSC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their standing committees may formulate local regulations on matters such as urban and rural construction and management, ecological civilization construction, historical and cultural protection and grassroots governance based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where laws have other stipulations on matters of local regulations formulated by cities divided into districts, such stipulations shall prevail. The local regulations of cities divided into districts shall be submitted for approval before implementation.

The standing committees of the people's congresses of provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in the light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned. The ministries, commissions, PBOC, National Audit Office of the State Council and institutions with administrative functions directly under the State Council may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations or rules may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authorityof the rules enacted by the people's governments of the provinces and autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts within their respective administrative regions.

The NPC has the power to alter or annul any inappropriate laws enacted by the NPCSC, and to annul any autonomous regulations and separate regulations which have been approved by the NPCSC but which contravene the Constitution and the Legislation Law; the NPCSC has the power to annul

administrative regulations that contravene the Constitution and laws, to annul local regulations that contravene the Constitution, laws and administrative regulations, and to annul autonomous regulations and separate regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government, but which contravene the Constitution and the Legislation Law; the State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments; the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees; the standing committees of the local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level; the people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the NPCSC. According to the Decision of the NPCSC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed by the NPCSC and effective on June 10, 1981, the Supreme People's Court shall give interpretation on questions involving the specific application of laws and decrees in court trials. The Supreme People's Procuratorate (最高人民檢察院) shall interpret all issues involving the specific application of laws and decrees in the procuratorial work. Interpretation of questions involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be provided by the State Council and competent authorities.

Where the scope of local regulations needs to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government which have enacted these regulations shall provide the interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the competent departments of the people's governments of provinces, autonomous regions and municipalities directly under the Central Government.

PRC JUDICIAL SYSTEM

According to the Constitution and the Law of the PRC of Organization of the People's Courts (《中華人民共和國人民法院組織法》) amended by the NPCSC on October 26, 2018 and becoming effective on January 1, 2019, the PRC People's Court is made up of the Supreme People's Court, the local people's courts, and other special people's courts. The local people's courts are divided into three levels, namely the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up certain people's tribunals based on the status of the region, population and cases. The Supreme People's Court shall be the highest judicial organ of the state. The Supreme People's Court shall supervise the administration of justice by the local people's courts at all levels and by the special people's courts. The people's courts at a higher level shall supervise the judicial work of the people's courts at lower levels.

According to the Constitution and the Law of Organization of the People's Procuratorate of the PRC (《中華人民共和國人民檢察院組織法》) revised by NPCSC on October 26, 2018 and taking effect on January 1, 2019, the People's Procuratorate is the law supervision organ of the state. The Supreme People's Procuratorate shall be the highest procuratorial organ. The Supreme People's Procuratorate shall direct the work of the local people's procuratorates at all levels and of the special people's procuratorates; the people's procuratorates at higher levels shall direct the work of those at lower levels.

The people's courts employ a two-tier appellate system, and judgments or rulings of the second instance at the people's courts are final. A party may appeal against the judgment or ruling of the first instance of a local people's courts. The people's procuratorate may present a protest to the people's courts at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's courts are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court and those of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court or the people's courts at the next higher level finds any definite errors in a legally effective final judgment or ruling of the people's court at a lower level, or if the chief judge of a people's court at any level finds any definite errors in a legally effective final judgment or ruling of such court, the case can be retried according to judicial supervision procedures.

The PRC Civil Procedure Law (《中華人民共和國民事訴訟法(2023年修訂)》), or the PRC Civil Procedure Law, which was promulgated by the NPCSC on March 8, 1982, last amended on September 1, 2023 and effective on January 1, 2024 sets forth the requirements for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the PRC Civil Procedure Law. Civil cases are generally heard by the courts where the defendants are located. The court of jurisdiction in a civil action may be chosen by express agreement between the parties, provided that the court is located at a place that has direct connection with the dispute, such as the plaintiff's or the defendant's place of domicile, the place where the contract is performed or signed, or the object of the action is located. However, the choice of the court cannot be in conflict with the regulations of different jurisdictions and exclusive jurisdictions in any case.

A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organization must have the same litigation rights and obligations as a PRC citizen, legal person or other organizations when initiating or defending any proceedings at a people's court. If a foreign court limits the litigation rights of PRC citizens and enterprises, the PRC court may apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organization must engage a PRC lawyer if such person needs to engage a lawyer in initiating or defending any proceedings at a people's court. Under an international treaty or the principle of reciprocity signed or acceded to by the PRC, the people's court and foreign courts may require each other to act on their behalf to serve documents, conduct investigations, collect evidence and take other actions on behalf of each other. If the request by a foreign court would result in the violation of the PRC's sovereignty, security or public interest, the people's court shall decline the request.

All parties must comply with legally effective civil judgments and rulings. If any party to a civil action refuse to comply with a judgment or order made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for enforcement within two years. Suspension or disruption of the time limit for applying for such enforcement shall comply with the provisions of the applicable law concerning the suspension or disruption of the time-barring of actions.

When a party applies to a people's court for enforcing an effective judgment or ruling by a people's court against a party who is not located within the territory of the PRC or whose property is not within the PRC, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless among other exceptions, the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

THE PRC COMPANY LAW, THE TRIAL ADMINISTRATIVE MEASURES OF OVERSEAS SECURITIES OFFERING AND LISTING BY DOMESTIC COMPANIES, AND THE GUIDELINES FOR THE ARTICLES OF ASSOCIATION OF LISTED COMPANIES

A joint stock limited company established in the PRC seeking a listing on The Stock Exchange of Hong Kong Limited is mainly subject to the following laws and regulations of the PRC.

The PRC Company Law (《中華人民共和國公司法》) was promulgated by the Fifth Standing Committee Meeting of the Eighth NPC on December 29, 1993 and came into effect on July 1, 1994, and was amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023. The latest revised Company Law came into effect on 1 July 2024.

The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and its five interpretative guidelines (hereinafter referred to as the "Overseas Listing Trial Measures") promulgated by the CSRC on February 17, 2023 came into effect on March 31, 2023 and were applicable to the direct and indirect overseas share subscription and listing of domestic companies.

According to the Overseas Listing Trial Measures, where a domestic company directly offering and listing overseas, it shall formulate its articles of association in line with the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》), or the Guidelines for Articles of

Association, in place of the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas which ceased to apply from March 31, 2023. The Guidelines for Articles of Association were promulgated by the CSRC on December 16, 1997 and last amended on 28 March 2025.

Set out below is a summary of the major provisions of the Company Law, the Overseas Listing Trial Measures and the Guidelines for Articles of Association which are applicable to our Company.

General Provisions

"A joint stock limited company" means a corporate legal person incorporated under the Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares held by them and the liability of a company is limited to the full value of all the property owned by it.

A company must conduct its business in accordance with laws as well as public and commercial ethics. A company may invest in other limited liability companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint liabilities associated with the debts of the invested enterprises.

Registered Shares

Under the Company Law, shareholders may make capital contributions in cash, or with non-monetary property that may be valued in money and legally transferred, such as contribution in kind or with intellectual property rights, land use rights, shareholding or claims.

The Trial Measures provides that domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

Under the Trial Measures, for a domestic company directly offering and listing overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC and authorize the domestic company to file with the CSRC on their behalf. The domestic unlisted shares mentioned in the preceding paragraph refer to the shares that have been issued by domestic enterprises but have not been listed or listed for trading on domestic exchanges. Domestic unlisted shares shall be centrally registered and deposited with domestic securities registration and settlement institutions. The registration and settlement arrangements of overseas listed shares shall be subject to the provisions of overseas listing places.

Under the Company Law, a joint stock limited company is required to maintain a register of shareholders, detailing the following information: (i) the name and domicile of each shareholder; (ii) the class and number of shares subscribed for by each shareholder; (iii) the serial number of shares if issued in paper form; and (iv) the date on which each shareholder acquired the shares.

Allotment and Issue of Shares

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer shall file with the CSRC. If a domestic enterprise is indirectly listed overseas, the issuer shall designate a major domestic operating entity as the domestic responsible person and file with the CSRC.

Increase in Share Capital

Under the Company Law, in the case of a joint stock limited company issuing new shares, resolutions shall be passed at the shareholders' meeting in respect of the class and number of new shares, the issue price of the new shares, the commencement and end dates for the issuance of new shares and the class and number of the new shares proposed to be issued to existing shareholders, if any. To **[REDACTED]** overseas, the domestic company shall file with the CSRC within three business days after submission of the application documents for offering and listing overseas.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

(i) to prepare a balance sheet and a property list;

(ii) a company makes a resolution at shareholders' meeting to reduce its registered capital;

(iii) a company shall inform its creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days after the approval of resolution of reducing registered capital;

(iv) the creditors shall have the right to require a company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice;

(v) when a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

When a company reduces its registered capital, it must reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless otherwise prescribed by any law, or as specified in the articles of association of a joint stock limited company.

Share Buy-Back

Under the Company Law, a company shall not purchase its own shares. Except for any following circumstances:

(i) reducing the registered capital;

(ii) merging with other company that holds the shares of the company;

(iii) using the shares for employee stocks plan or equity incentives;

(iv) with respect to shareholders voting against any resolution adopted at the shareholders' meeting on the merger or division of our Company, the right to demand our Company to acquire the shares held by them;

(v) using the shares for the conversion of convertible corporate bonds issued by the listed company;

(vi) as required for maintenance of the corporate value and shareholders' rights and interests of a listed company.

The purchase of shares of a company for reasons specified in the case of (i) to (ii) above shall be subject to the resolution of the general meeting; the purchase of shares of a company for reasons specified in the case of (iii), (v) and (vi) above shall be subject to the resolution of the Board meeting attended by more than two-thirds of the directors in accordance with the provisions of the articles of association or the authorization from the general meeting.

Following the purchase of a company's shares by a company in accordance with the above provisions, such shares shall be canceled within 10 days from the date of buy-back in the case of item (i) above; such shares shall be transferred or canceled within six months in the case of items (ii) and (iv) above; the total numbers of share of our Company held by a company shall not exceed 10% of the total issued shares of a company, and shall be transferred or canceled within three years in the case of items (iii), (v) and (vi) above.

Transfer of Shares

Shares held by a shareholder may be transferred according to the law. Under the Company Law, a shareholder should affect a transfer of his shares on securities established exchange according to the law or by any other means as required by the State Council. Registered shares may be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and address of the transferee in the register of shareholders.

Under the Company Law, shares issued by a company prior to the public offering of shares shall not be transferred within one year from the date on which the shares of the company are listed and traded on a securities exchange. The directors and senior management of the company should declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year should not exceed 25% of the total shares they hold of the company. Shares of a company held by its directors and senior management shall not be transferred within one year from the date of a company's listing on a securities exchange, nor within six months after their resignation from their positions with a company.

If the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee cannot exercise the pledge right within such restricted period.

Shareholders

Under the Company Law and Guidelines for Articles of Association the rights of a shareholder of ordinary shares of a company include:

(i) to receive dividends and other forms of distributions in proportion to their shareholdings;

(ii) to attend or appoint a proxy to attend shareholders' meetings and to exercise voting rights;

(iii) to supervise and manage a company's business operations, and to present proposals or to raise inquiries;

(iv) to transfer shares in accordance with laws, administrative regulations and the provisions of the articles of association;

(v) to inspect the company's articles of association, share register, counterfoil of company debentures, minutes of Shareholder's Meetings, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports and to make proposals or enquiries on the company's operations;

(vi) in the event of the winding-up or liquidation of a company, to participate in the distribution of remaining property of a company in proportion to the number of shares held;

(vii) other rights conferred by laws, administrative regulations and the articles of association.

The obligations of a shareholder of ordinary shares of a company include:

(i) to comply with the articles of association;

(ii) to pay subscription money according to the number of shares subscribed and the method of subscription;

(iii) not to abuse their shareholders' rights to damage the interests of a company or other shareholders; not to abuse the independent legal person status of a company and the limited liability of shareholders to damage the interests of the creditors of a company;

(iv) other obligations conferred by laws, administrative regulations and the articles of association.

Shareholder's Meetings

Under the Company Law, the shareholders' meeting of a joint stock limited company is made up of all shareholders. The shareholders' meeting is the organ of authority of a company, which exercises the following functions and powers:

(i) to elect and replace directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors;

(ii) to examine and approve reports of the board of directors;

(iii) to examine and approve reports of the supervisory committee;

(iv) to examine and approve a company's profit distribution plans and loss recovery plans;

(v) to resolve on the increase or reduction of a company's registered capital;

(vi) to resolve on the issuance of corporate bonds;

(vii) to resolve on the merger, division, dissolution, liquidation or change of corporate form of a company;

(viii) to amend the company's articles of association;

(ix) other functions and powers specified in provision of the articles of association.

Under the Company Law, annual shareholders' meetings are required to be held once every year. An extraordinary shareholders' meeting is required to be held within two months after the occurrence of any of the following circumstances:

(i) the number of directors is less than the number stipulated in the Company Law or less than two-thirds of the number specified in the articles of association;

(ii) when the unrecovered losses of a company amount to one-third of the total paid-up share capital;

(iii) shareholders individually or jointly holding 10% or more of the company's shares request;

(iv) when deemed necessary by the Board;

(v) when the audit committee so requests;

(vi) other circumstances as stipulated in the articles of association.

Shareholders' meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

If the board of directors is incapable of performing or is not performing its duties to convene the general meeting, the audit committee should convene and preside over shareholders' meeting in a timely manner. If the audit committee fails to convene and preside over shareholders' meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 days or more consecutively may unilaterally convene and preside over shareholders' meeting.

If the shareholders who separately or aggregately hold more than 10% of the shares of the company request to convene an interim shareholders' meeting, the board of directors and the audit committee should, within 10 days after the receipt of such request, decide whether to hold an interim shareholders' meeting and reply to the shareholders in writing.

Notice of general meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. A notice of extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting.

Shareholders who individually or jointly hold more than 1% of the company's shares may put forward interim proposals and submit them to the convener in writing 10 days before the general meeting of shareholders. The convener shall issue a supplementary notice of the general meeting of shareholders within two days after receiving the proposal and announce the contents of the interim proposal.

Under the Company Law, a shareholder may entrust a proxy to attend a shareholders' meeting, and it should clarify the matters, power and time limit of the proxy. The proxy shall present a written power of attorney issued by the shareholder to a company and shall exercise his voting rights within the scope of authorization. There is no specific provision in the Company Law regarding the quorum of a shareholders' meeting.

Under the Company Law, shareholders present at a shareholders' meeting have one vote for each share they hold, except the shareholders of classified shares. However, shares held by the company itself are not entitled to any voting rights.

The cumulative voting system may be adopted for the election of directors and supervisors at the shareholders' meeting in accordance with the provisions of the articles of association or the resolutions of the shareholders' meeting. Under the accumulative voting system, each share shall have the same number of voting rights as the number of directors or supervisors to be elected at the shareholders' meeting, and shareholders may consolidate their voting rights when casting a vote.

Under the Company Law and the Guidelines for Articles of Association, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights represented by the shareholders who attend the shareholders' meeting.

Matters relating to merger, division or dissolution of a company, increase or reduction of registered capital, change of corporate form or amendments to the articles of association must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Directors

Under the Company Law, a joint stock limited company should have a board of directors, which consists of more than three members. The term of office of a director shall be stipulated in the articles of association, but each term of office shall not exceed three years. Directors may serve consecutive terms if re-elected.

Meetings of the board of directors shall be convened at least twice a year. All directors and supervisors shall be noticed 10 days before the meeting for every meeting. The Board exercises the following functions and powers:

(i) to convene Shareholder's Meetings and report its work to the Shareholder's Meetings;

(ii) to implement the resolutions of the shareholder's general meeting;

(iii) to decide on a company's business plans and investment plans;

(iv) to formulate a company's profit distribution plan and loss recovery plan;

(v) to formulate proposals for the increase or reduction of a company's registered capital and the issue of corporate bonds;

(vi) to formulate plans for merger, division, dissolution or change of corporate form of a company;

(vii) to decide on the internal management structure of a company;

(viii) to decide on the appointment or dismissal of the manager of a company and their remuneration;

(ix) to decide on the appointment or dismissal of the deputy manager and financial officer of a company based on the nomination of the manager and as well as remuneration;

(x) to formulate a company's basic management system;

(xi) other functions and powers specified in the articles of association or granted by the shareholders' meeting.

Board meetings shall be held only if more than half of the directors are present. If a director is unable to attend a board meeting, he may appoint another director by a power of attorney specifying the scope of the authorization for another director to attend the meeting on his behalf. If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company suffers serious losses, the directors participating in the resolution shall be liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempt from such liability.

Under the Company Law, a person may not serve as a director of a company if he/she is:

(i) a person without capacity or with restricted capacity;

(ii) a person who has been sentenced to any criminal penalty due to an offence of corruption, bribery, encroachment of property, misappropriation of property, or disrupting the order of the socialist market economy, or has been deprived of political rights due to a crime, where a five-year period has not elapsed since the date of completion of the sentence; if he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension period;

(iii) a person who was a director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;

(iv) persons who were legal representatives of a company or enterprise which had its business license revoked due to violation of the law and had been closed down by order, and who were personally liable, where less than three years have elapsed since the date of the revocation of the business license of the company or enterprise or the order for closure; and

(v) being listed as one of "dishonest persons subject to enforcement" by the people's court due to his/her failure to pay off a relatively large amount of due debts.

The board of directors shall have one chairman, who shall be elected by more than half of all the directors. The chairman shall exercise the following functions and powers (including but not limited to):

(i) to preside over shareholders' meetings and convene and preside over board meetings;

(ii) to examine the implementation of resolutions of the Board;

(iii) to sign the securities issued by a company;

(iv) to exercise other powers conferred by the Board.

Audit committee

A joint stock limited company may, in accordance with its articles of association, instead of having set up a board of supervisors or having supervisors, establish an audit committee which comprises directors of the board of directors and exercises the functions and powers of the board of supervisors as provided for in the Company Law. The audit committee shall consist of over three members, a majority of whom shall not hold any position in the company other than that of director, and shall not have any relationship with the company that may affect their independent and objective judgement. Any employee representative on the board of directors of a company can serve as a member of the audit committee.

Managers and Senior Management

Under the Company Law, a company should have a manager who is appointed or removed by the board of directors. The manager is responsible to the board of directors and exercise his/her functions and powers according to the Articles of Association or the authorization of the board of directors. The manager attends the meetings of the board of directors as a non-voting member.

According to the Company Law, senior management shall refer to the manager, deputy manager(s), financial controller, secretary of the board of directors and other personnel as stipulated in the articles of association of the company.

Duties of Directors and Senior Management

Directors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties.

Directors and senior management are prohibited from:

(i) embezzling the company's property or misappropriating of the company's capital;

(ii) depositing the company's capital into accounts under his own name or the name of other individuals;

(iii) giving bribes or accepting any other illegal proceeds by taking advantage of their power;

(iv) accept and possess commissions paid by a third party for transactions conducted with the company;

(v) unauthorized divulgence of confidential business information of the company; or

(vi) other acts in violation of their fiduciary duty to the company.

If any director or senior management directly or indirectly concludes a contract or conducts a transaction with the company, he/she should report the matters relating to the conclusion of the contract or transaction to the board of directors or shareholders' meeting, subject to the approval of the board of directors or shareholders according to the articles of association.

The provisions of the preceding paragraph shall apply if any near relatives of the directors or senior management, or any of the enterprises directly or indirectly controlled by the directors or senior management or any of their near relatives, or any related parties with any other related-party relationship with the directors or senior management, concludes a contract or conducts a transaction with the company.

Neither director or senior management may take advantage of his/her position to seek any business opportunity that belongs to the company for himself/herself or any other person except under any of the following circumstances:

(i) where he/she has reported to the board of directors or the shareholders' meeting and has been approved by a resolution of the board of directors or the shareholders' meeting according to the Articles of Association; or

(ii) where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the Articles of Association.

Where any director or senior management fails to report to the board of directors or the shareholders' meeting and obtain an approval by resolution of the board of directors or the shareholders' meeting according to the articles of association, he/she may not engage in any business that is similar to that of the company where he/she holds office for himself/herself or for any other person.

A director or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally liable for the damages to the company.

Finance and Accounting

Under the Company Law, a company shall establish its financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council. At the end of each fiscal year, the company shall prepare a financial and accounting reports which shall be audited by an accounting firm in accordance with the law. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial department of the State Council.

A joint stock limited company shall make its financial and accounting reports available at the company for inspection by the shareholders 20 days before the convening of an annual general meeting of shareholders. A joint stock limited company issuing its shares in public must publish its financial and accounting reports.

When distributing each year's after-tax profits, the company shall set aside 10% of its profits into its statutory reserve fund. The company can no longer withdraw statutory reserve fund if it has accumulated to more than 50% of the registered capital. If the statutory reserve fund of the company is insufficient to make up for the losses of the previous years, the current year profits shall be used to make up for the losses before making allocations to the statutory reserve in accordance with the preceding paragraph. After the company has made an allocation to the statutory reserve fund from its after-tax profit, it may also make an allocation to the discretionary reserve fund from its after-tax profit upon a resolution of the general meeting or the shareholders' meeting.

A joint stock limited company may distribute profits in proportion to the number of shares held by its shareholders, except for profit distributions that are not in proportion to the number of shares held in accordance with the provisions of the Articles of Association of the joint stock limited company.

The premium over the nominal value of the shares of a joint stock limited company from the issue of shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital and other incomes required by the financial department of the State Council to be treated as the capital reserve fund shall be accounted for as the capital reserve fund of the company.

The reserve fund of the company shall be used to make up losses of the company, expand the production and operation of the company or increase the capital of the company. Where the reserve fund of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. When the statutory reserve fund is converted to increase registered capital, the balance of the statutory reserve shall not be less than 25% of the registered capital before such conversion.

The company shall not keep accounts other than those provided by law.

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the engagement or dismissal of an accounting firm responsible for the company's auditing shall be determined by a shareholders' meeting, the board of directors in accordance with the articles of association. The accounting firm should be allowed to make representations when the general meeting or the board of directors conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

The Guidelines for Articles of Association provides that the company guarantees to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the employed accounting firm, and shall not refuse, conceal or falsely report. And the audit fee of the accounting firm shall be decided by the general meeting of shareholders.

Profit Distribution

Where a company distributes profits to shareholders in violation of the provisions of the Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders, directors, supervisors, and senior management personnel who are responsible for causing losses to the company shall bear compensation liability.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved for the following reasons:

(i) the term of business stipulated in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred;

(ii) the general meeting or the shareholders' meeting resolves to dissolve the company;

(iii) dissolution is necessary due to a merger or division of the company;

(iv) the business license is revoked, or the business license is ordered to be closed or revoked in accordance with laws;

(v) where the company encounters serious difficulties in its operation and management and its continuance shall cause a significant loss in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to a people's court for the dissolution of the company with the support of the judgment.

If any of the situations as mentioned in the preceding paragraph arises, a company shall publicize the situation through the National Enterprise Credit Information Publicity System (國家企業信用資訊公示系統) within ten days.

Where the company is dissolved in accordance with sub-paragraph (i) above, it may carry on its existence by amending its articles of association or upon a resolution of the shareholders' meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders' meeting. Where the company is dissolved pursuant to sub-paragraphs (i), (ii), (iv) or (v) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company's Articles of Association or it is otherwise elected by the shareholders' meeting. The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

The liquidation group fails to be formed within the time limit or fails to carry out the liquidation after its formation, any interested party may request the people's court to designate relevant persons to form a liquidation group. The people's court shall accept such request and organize a liquidation group to carry out the liquidation in a timely manner.

The liquidation group shall exercise the following functions and powers during the liquidation period:

(i) to liquidate the company's property and respectively prepare balance sheet and list of property;

(ii) to notify creditors by notice or public announcement;

(iii) to deal with the outstanding business of the company involved in the liquidation;

(iv) to pay all outstanding taxes and taxes arising in the course of liquidation;

(v) to liquidate claims and debts;

(vi) distributing the remaining property of the company after paying off debts;

(vii) to participate in civil litigations on behalf of the company.

The liquidation group shall notify the company's creditors within ten days as of its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice.

The remaining property of the company after the payment of liquidation expenses, employees' wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to their shareholdings.

During the liquidation period, the company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. The company's assets shall not be distributed to the shareholders before the liquidation in accordance with the preceding paragraph.

If the liquidation group, having thoroughly examined the company's assets and having prepared a balance sheet and an inventory of assets, discovers that the company's assets are insufficient to pay its debts in full, it shall file an application to a people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation, the liquidation group shall prepare a liquidation report to be submitted to the shareholders' meeting or the people's court for confirmation, and submit to the company registration authority to apply for cancellation of the company's registration.

The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation group who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Where, after three years since the business license of a company is revoked, or the company is ordered to close down or is revoked, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company's deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company's registration.

Overseas Listing

According to the Overseas Listing Trial Measures, where an issuer makes an overseas initial public offering or listing, it shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within 3 working days after the completion of the issuance. If an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall be filed in accordance with the provisions of the first paragraph of this article. Moreover, if the filing materials are complete and meet the requirements, the CSRC shall complete the filing within 20 working days from the date of receiving the filing materials, and publicize the filing information through the website. If the filing materials are incomplete or do not meet the requirements, the CSRC shall inform the supplementary issuer required within 5 working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

The Overseas Listing Trial Measures also set forth the issuer's reporting obligations in the event of occurrence of material events ("**Material Events**") after the Overseas Offering and Listing. Upon the occurrence of any of the Material Events specified below after the Overseas Offering and Listing, the issuer shall make a detailed report to the CSRC within three working days after the occurrence and public announcement of the relevant event: (i) change in controlling rights; (ii) being subject to investigation, punishment or other measures by overseas securities regulatory authorities or the relevant authorities; (iii) changing listing status or changing the listing board; or (iv) voluntary or compulsory termination of listing. Besides, if any material change in the principal business and operation of the issuer after its Overseas Offering and Listing makes the issuer no longer within the scope of record-filing, the issuer shall submit a special report and a legal opinion issued by a PRC domestic law firm to the CSRC within three working days after the occurrence of the relevant change to provide an explanation of the relevant situation. According to the Overseas Listing Trial Measures, the PRC domestic enterprises engaging in Overseas Offering and Listing activities shall strictly comply with the PRC laws, administrative regulations, and relevant provisions on foreign investment, state-owned assets, industry regulation, overseas investment, etc., shall not disrupt domestic market order, and shall not harm national interests, public interests and the legitimate rights and interests of domestic investors.

The PRC domestic enterprise that conducts Overseas Offering and Listing shall (i) formulate its articles of association, improve its internal control system and standardize its corporate governance, financial affairs and accounting activities in accordance with the PRC Company Law, the PRC Accounting Law and other PRC laws, administrative regulations and applicable provisions; (ii) abide by the legal system of the PRC on confidentiality and take necessary measures to implement the confidentiality responsibility, shall not divulge any state secret or the work secrets of state authorities, and shall also comply with laws, administrative regulations and the relevant provisions of the PRC where involved in the overseas provisions of personal information and important data.

In addition, the Overseas Listing Trial Measures also provides the circumstances where the Overseas Offering and Listing is explicitly prohibited, including: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the Overseas Offering and Listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the PRC domestic enterprise, or its controlling shareholder(s) and the actual controller, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the PRC domestic enterprise is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

Confidentiality and Archives Administration Concerning Overseas Listing

The Provisions on Strengthening the Confidentiality and File Management of Domestic Enterprises Related to Overseas Issuance of Securities and Listing (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) were promulgated by the CSRC together with the MOF, the National Administration of State Secrets Protection (國家保密局) and the National Archives Administration of the PRC (國家檔案局) on February 24, 2023 and implemented on March 31, 2023. According to which, during the overseas offering and listing activities of domestic enterprises, domestic enterprises, securities companies and securities service providers providing corresponding services shall strictly abide by the relevant PRC laws and regulation as well as the requirements of the provisions, enhance legal awareness of guarding state secrets and strengthening the management of archives, establish and complete systems for confidentiality and archives work, take necessary measures to implement the responsibility for confidentiality and archives management, and shall not divulge state secrets and work secrets of state organs, and shall not harm the interests of state and the public. If domestic enterprises provide or publicly disclose to relevant securities companies, securities service institutions, overseas regulatory agencies and other parties, or provide or publicly disclose documents and materials involving state secrets or state organ work secrets through the issuer, they shall report the matters to the competent authorities for examination and approval, and file them with the department for the administration and management of state secrets at the same level for the record.

Full Circulation of H Shares

According to the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請"全流通"業務指引》) ("**Full Circulation**" Guidelines), promulgated by the CSRC on August 10, 2023, "Full circulation" represents listing and circulating on the Stock Exchange of the domestic unlisted shares of a domestic H-share listed company, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders.

According to "Full Circulation" Guidelines, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file the said application for "full circulation". Pursuant to the Overseas Listing Trial Measures, shareholders holding unlisted shares in the PRC shall comply with the relevant requirements of the CSRC and appoint a domestic enterprise to file report with the CSRC.

On December 31, 2019, China Securities Depository and Clearing Corporation Limited ("**CSDCC**") and Shenzhen Stock Exchange jointly announced the Measures for Implementation of H-share "Full Circulation" Business (《H股"全流通"業務實施細則》) ("**Measures for** M223 **Implementation**"). The businesses of cross-border share transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. in relation to the H-share "full circulation business", are subject to these Measures for Implementation.

In order to fully promote the reform of H-shares "full circulation" and clarify the business arrangement and procedures for the relevant shares' registration, custody, settlement and delivery, Shenzhen Branch of CSDCC has issued the Guidelines to the Program for "Full Circulation" of H-shares (《中國證券登記結算有限責任公司深圳分公司H股"全流通"業務指南》) in September, 2024, which was last amended in June, 2025, and specified the business preparation, account arrangement, cross-border share transfer registration and overseas centralized custody, etc.

SECURITIES LAW AND REGULATIONS

In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by Chinese companies in the Chinese Mainland or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis. On March 29, 1998, the State Council consolidated the above two departments and reformed the CSRC.

The Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) promulgated by the State Council and effective on April 22, 1993 provide the application and approval procedures for public offerings of shares, trading in shares, the acquisition of listed companies, the deposit, settlement and transfer of listed shares, the disclosure of information with respect to a listed company, investigation and penalties and dispute arbitration.

The Regulations of the State Council Concerning the Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》), which were promulgated by the State Council and came into effect on December 25, 1995, mainly provide for the issue, subscription, trading and payment of dividends of domestic listed foreign shares and disclosure of information of joint stock limited companies with domestic listed foreign shares.

The Securities Law of the PRC (《中華人民共和國證券法》), or the PRC Securities Law, which was promulgated by the NPCSC on December 29, 1998, last amended on December 28, 2019 and came into effect on March 1, 2020, provides a series of provisions regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities in the PRC, and comprehensively regulates activities in the PRC securities market. The PRC Securities Law provides that a domestic enterprise must comply with the relevant provisions of the State Council in issuing securities directly or indirectly outside the PRC or listing and trading its securities outside the PRC. Currently, the issue and trading of foreign issued shares are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

Under the Arbitration Law of the People's Republic of China (《中華人民共和國仲裁法》), or the Arbitration Law, which was promulgated by the NPCSC last amended on September 12, 2025 and effective on March 1, 2026, the Arbitration Law is applicable to economic disputes involving foreign parties, and all parties have entered into a written agreement to refer the matter to an arbitration committee constituted in accordance with the Arbitration Law. An arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with relevant regulations under the Arbitration Law and the PRC Civil Procedure Law. Where both parties have agreed to settle disputes by means of arbitration, the people's court will refuse to take legal action brought by a party in the people's court.

Under the Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement according to the PRC Civil Procedure Law. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including irregularity in the composition of the arbitration committee or the making of an award on matters beyond the scope of the arbitration agreement or the jurisdiction of the arbitration commission). A party seeking to enforce an arbitral award of foreign arbitration commission against a party who or whose property is not within the PRC shall apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the people's court in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

According to the Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) promulgated by the Supreme People's Court on January 24, 2000 and effective on February 1, 2000, and the Supplementary Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) promulgated by the Supreme People's Court on November 26, 2020 and effective on November 27, 2020, awards made by PRC arbitral authorities can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

This Appendix mainly provides investors with an overview of the Articles of Association (draft) adopted in December 2025, which will take effect on the date of the Company's **[REDACTED]** of H shares and **[REDACTED]** on the Stock Exchange of Hong Kong Limited ("**SEHK**"). As the following information is a summary, it does not contain all information that may be important to investors.

SHARES

Issuance of Shares

The shares of the Company are issued in the form of stock.

The shares of the Company shall be issued in an open, fair and equal manner. Each share of the same class shall have equal right. Shares of the same class in each issuance shall be issued under the same terms and at the same price. Each share shall be subscribed for at the same price by subscribers.

INCREASE, DECREASE, REPURCHASE AND TRANSFER OF SHARES

Increase and Decrease of Shares

Based on the Company's operational and development needs, and in accordance with the laws, regulations, and the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, the Company may increase its capital by the following methods upon respective resolutions passed by the Shareholders' meeting:

(i) issuing shares to non-specific objects;

(ii) issuing shares to specific objects;

(iii) placing or distributing new shares to existing shareholders;

(iv) converting capital reserve into share capital;

(v) other methods stipulated by the laws and regulations, or approved by the SEHK, and the securities regulatory authorities of the place where the Company's shares are listed.

Our Company may reduce its registered capital. The reduction of our Company's registered capital shall be carried out in accordance with the procedures stipulated by the PRC Company Law, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, other relevant regulations and the Articles of Association.

Repurchase of Shares

Our company shall not acquire its own shares, unless otherwise under any of the following circumstances:

(i) to reduce our Company's registered capital;

(ii) to merge with another company holding our shares;

(iii) to use the shares as an employee stock ownership plan or equity incentives;

(iv) to purchase its shares from Shareholders who have voted against the resolutions on the Company's merger or division made by the Shareholders' Meeting;

(v) to use the shares for converting corporate bonds issued by our Company into shares;

(vi) as necessary to safeguard our Company's value and the rights and interests of shareholders;

(vii) other circumstances permitted by laws, administrative regulations, departmental rules and regulations, and other securities regulatory rules of the place where the Company's shares are **[REDACTED]**.

Where the Company acquires its shares under the circumstances prescribed in items (iii), (v) or (vi) above, such acquisition shall be conducted through public centralized trading.

Where the Company acquires its shares under the circumstances prescribed in items (i) and (ii) above, such acquisition shall be subject to a resolution of the Shareholders' Meeting. Where the Company acquires its shares under the circumstances prescribed in items (iii), (v) and (vi) above, such acquisition shall be subject to a resolution of the Board meeting attended by at least two-thirds of the directors, in accordance with the applicable laws and regulations, the Articles of Association, the Hong Kong Listing Rules, and the securities regulatory rules of the place where the shares of the Company are **[REDACTED]**.

Where the Company acquires its shares under the circumstances prescribed in item (i) above, such shares shall be cancelled within ten days from the date of acquisition. Where the shares are acquired under the circumstances prescribed in items (ii) and (iv) above, such shares shall be transferred or

cancelled within six months. Where the shares are acquired under the circumstances prescribed in items (iii), (v) and (vi) above, the total number of the shares held by the Company shall not exceed 10% of the total issued shares, and such shares shall be transferred or cancelled within three years.

If the laws, regulations and the securities regulatory rules of the place where the shares of the Company are **[REDACTED]** on matters relating to the share repurchases provide otherwise, such provisions shall prevail.

Transfer of Shares

Shares of the Company shall be transferred in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, and the Articles of Association.

All transfers of H shares shall be effected by means of an instrument of transfer in writing in the usual or common form or in any other form approved by the Board of Directors (including the standard transfer form or transfer deed prescribed by the Hong Kong Stock Exchange from time to time). Such instrument of transfer shall be executed either manually or under seal if the transferor or transferee is a company. Where the transferor or transferee is a recognized clearing house (hereinafter referred to as a "**Recognized Clearing House**") as defined under the relevant ordinances in force from time to time under the laws of Hong Kong, or its agent, the instrument of transfer may be executed either manually or by machine-imprinted signature. All instruments of transfer shall be kept at the Company's registered office or such other place as the Board of Directors may from time to time designate.

The Company shall not accept its own shares as the subject matter of a pledge.

Shares of the Company that were issued prior to a public issue shall not be transferred within one year from the date on which shares of the Company are **[REDACTED]** and traded on a stock exchange.

The Directors, and senior management of the Company shall notify the Company of their holdings of shares in the Company and the changes therein. The shares transferable by them during each year of their tenures shall not exceed 25% of their total holdings of shares in the Company. The shares in the Company held by them shall not be transferred within one year from the date on which the Company's shares are **[REDACTED]** for trading. The shares in the Company held by them shall not be transferred within half a year from their departure from the Company. Where the laws, administrative regulations, or the securities regulatory rules of the place where the Company's shares are **[REDACTED]** provide otherwise in respect of the restrictions on the transfer, such rules shall prevail.

When shareholders holding more than 5% of the shares, Directors, and senior management officers of the Company sell their shares or other equity securities within six months from the acquisition of such shares, or purchase shares within six months from the disposal of such shares, the resulting gains shall be disgorged and paid to the Company, and the Board of Directors of the Company shall recover such gains from the abovementioned parties. However, this restriction shall not apply to securities companies holding more than 5% of the Company's shares as a result of the outstanding shares acquired under underwriting, and other circumstances stipulated by the CSRC. Except as otherwise provided by the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, the CSRC or any other competent authorities. ("**Paragraph 1, Article 31 of the Articles of Association**")

The shares or other equity securities held by the Directors, senior management officers and natural person shareholders referred to in the preceding paragraph shall include the shares or other equity securities held by their spouse, parents, children, or held by them by using other people's accounts.

Shareholders may require the Board of Directors of the Company to comply with the above requirement within 30 days if the Board of Directors fails to do so. In the event that the Board of Directors of the Company fails to rectify the situation within the said timeline, shareholders may file a legal action to the people's court in their own name for safeguarding the interests of the Company.

If the Board of Directors of the Company fails to implement the provisions set forth in the provisions of Paragraph 1, Article 31 of the Articles of Association, the relevant responsible Directors shall bear joint liability pursuant to the laws.

SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

Shareholders

The Company shall establish a register of Shareholders according to the Company Law, the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, other relevant applicable regulations, and the Articles of Association, and the register of Shareholders is the sufficient evidence to prove that the Shareholders hold the shares of the Company.

The original copy of the register of Shareholders of H Shares listed in Hong Kong is kept in Hong Kong and is available for inspection by Shareholders, but the Company may suspend the registration of Shareholders in accordance with applicable laws and regulations and the securities regulatory rules of the place where the Company's Shares are **[REDACTED]**. In the event that any Shareholder whose name is recorded in or any person who requests to have its name entered in the register of holders of H Shares loses his/her share certificate(s), he/she may apply to the Company for replacement of new share certificate(s) in respect thereof. Where a holder of overseas-listed foreign shares loses his/her share certificate(s) and applies for replacement, such application shall be dealt with in accordance with the laws, rules of the stock exchange or other relevant regulations of the place where the original copy of the register of shareholders of overseas-listed foreign shares is maintained.

Shareholders shall enjoy rights and assume obligations according to the class of shares they hold. Shareholders holding shares of the same class shall enjoy the same rights and assume the same obligations.

Shareholders of the Company enjoy the following rights:

(i) to receive dividends and other forms of interest distributions in proportion to the shares they hold;

(ii) to file a petition of, to convene, hold and attend the Shareholders' Meetings either in person or by proxy and exercise their corresponding voting and deliberate right according to laws;

(iii) to supervise, present suggestions on or make inquiries about the business operations of the Company;

(iv) to transfer, donate or pledge their shares in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, and the Articles of Association;

(v) to inspect, copy the Articles of Association, register of Shareholders, minutes of Shareholders' Meetings, resolutions of the Board meetings, financial and accounting reports;

(vi) to participate in the distribution of the remaining properties of the Company in proportion to their shareholdings in the event of the termination or liquidation of the Company;

(vii) to request the Company to purchase their shares for the Shareholders who voting against any resolutions adopted at the Shareholders' Meeting concerning merger or division of the Company; and

(viii) other rights stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are **[REDACTED]** or the Articles of Association.

Shareholders who, individually or jointly, hold 3% or more of the Company's shares for 180 or more consecutive days may request to inspect the Company's accounting books and accounting vouchers.

Shareholders demanding inspection or duplication of the relevant information or copies of the materials mentioned in the preceding provision shall comply with the requirements under the Company Law, the Securities Law, other laws, administrative regulations, departmental rules, and the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, and shall submit a written request to the Company stating the purpose of such inspection, together with documentary evidence of the class and number of shares held. Upon verification of the shareholder's identity, and receiving a confidentiality undertaking from the shareholder, the Company shall notify the shareholder to inspect and copy the relevant materials on-site at a location designated by the company. The company may refuse to allow such inspection if it has reasonable grounds to determine that the shareholder's purpose is improper and that allowing the inspection would be likely to harm the Company's legitimate interests.

In the event that the content of the resolution of the Shareholders' Meeting or resolution of the Board of Directors violates laws or administrative regulations, the Shareholder is entitled to apply to the People's Court to declare such resolutions void.

In the event that the convening procedures or voting method of the Shareholders' Meeting or the Board meeting violates any of laws, administrative regulations or the Articles of Association, or the content of the resolution which violates the Articles of Association, the Shareholder is entitled to apply to the People's Court to overturn the resolution within 60 days from the date the resolution is passed. However, if the defects in the convening procedures or voting methods are minor and do not have a substantive effect on the resolutions, such resolutions shall not be overturned.

Where disputes arise concerning the validity of resolutions of the Shareholders' Meeting, from the Board of Directors, or among shareholders and other relevant parties, a lawsuit shall be promptly filed with the People's Court. Prior to the People's Court rendering a judgment or ruling to rescind or otherwise invalidate a resolution, the relevant parties shall perform such resolution. The Company, its directors, and senior management shall duly perform their duties to ensure the normal operation of the Company.

Where the People's Court renders a judgment or ruling on relevant matters, the Company shall fulfill its information disclosure obligations in accordance with the laws, administrative regulations, and the requirements of the CSRC and the stock exchange, fully explaining the impact thereof. After such judgment or ruling becomes effective, the Company shall actively cooperate with its implementation. If corrections to prior-period matters are involved, the Company shall handle them in a timely manner and perform the corresponding information disclosure obligations.

In the event that any of the following circumstances occurs, a resolution of the Shareholders' Meeting or the Board of Directors shall be a nullity:

(i) the resolution is made without convening a Shareholders' Meeting or Board of Directors meeting;

(ii) the resolution was not voted on at the Shareholders' Meeting or Board of Directors meeting;

(iii) the number of persons present or the votes held did not reach the number required by the Company Law or the Articles of Association;

(iv) the number of persons agreeing to the resolution matter or the votes cast did not reach the number required by the Company Law or the Articles of Association.

In the event of any loss caused to the Company as a result of violation of any laws, administrative regulations or the Articles of Association by the Directors or senior management outside the members of the Audit Committee when performing their duties in the Company, the shareholders holding more than 1% shares separately or jointly for over 180 consecutive days may submit a written request to the Audit Committee to file an action with the People's Court. Where members of the Audit Committee violate laws, administrative regulations or the Articles of Association in their duty performance and cause loss to the Company, the above shareholders may submit a written request to the Board of Directors to file an action with the People's Court. ("**Paragraph 1, Article 38 of the Articles of Association**")

In the event that the Audit Committee or the Board of Directors refuse to file an action upon receipt of the Shareholders' written request specified in the preceding paragraph, or fail to file an action within 30 days upon receipt thereof, or in the event that the failure to immediately file an action in an emergency case will cause irreparable damage to the interests of the Company, the shareholders specified in the preceding paragraph may, in their own name, directly file an action with the People's Court for the interest of the Company.

In the event of other person infringes upon the legitimate rights and interests of the Company and causes losses thereto, the shareholders specified in Paragraph 1, Article 38 of the Articles of Association may file an action with the People's Court pursuant to the provisions of the preceding two paragraphs.

Where the directors or senior management of a wholly-owned subsidiary of the Company, in the performance of their duties, violate laws, administrative regulations, or the provisions of the Articles of Association and cause losses to the Company, or where the lawful rights and interests of the Company's wholly-owned subsidiary are infringed by others, thereby causing losses, shareholders who individually or collectively hold at least 1% of the Company's shares for a consecutive period of no less than 180 days may, in accordance with the first three paragraphs of Article 38 of the Articles of Association, request in writing the Supervisory Committee or the Board of Directors of the wholly-owned subsidiary to initiate a lawsuit with the People's Court, or bring a lawsuit directly with the People's Court in their own name. Where a wholly-owned subsidiary of the Company does not have a Supervisory Committee or Supervisors but has established an Audit Committee, the provisions of Paragraphs 1 and 2 of the Article 38 of the Articles of Association shall apply.

In the event of a director or senior management violates laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, or the Articles of Association, thereby damaging the interests of the Shareholder(s), the Shareholder(s) may file an action with the People's Court.

The shareholders of the Company shall undertake the following obligations:

(i) comply with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, and the Articles of Association;

(ii) pay the capital contribution according to the shares subscribed for and the method of capital contribution;

(iii) not to withdraw their capital contribution except under circumstances prescribed by laws, regulations, the securities regulatory rules of the place where the Company's shares are **[REDACTED]**;

(iv) not to abuse Shareholders' rights to damage the interests of the Company or other shareholders; not abuse the independent legal person status of the Company and the limited liability of shareholders to damage the interests of the Company's creditors;

(v) to perform other obligations prescribed in laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, and the Articles of Association.

Where a Shareholder who abuses Shareholders' rights and causes the Company or other Shareholders to suffer a loss shall be liable for making compensation in accordance with the law. Where a shareholder utilizes two or more companies under its control to conduct the acts specified in the preceding paragraph, each such company shall be jointly and severally liable for the debts of any one of the companies. Where a Shareholder who abuses the status of the Company as an independent legal entity or the limited liability of Shareholders to evade debts and seriously damages the interests of the Company's creditors shall assume joint and several liability for the Company's debts.

Controlling Shareholders and actual controller

Controlling shareholders and actual controller of the Company shall comply with the following provisions:

(i) to exercise their rights as shareholders in accordance with the law and not abuse their control or use their affiliation to prejudice the legitimate interests of the Company or other shareholders;

(ii) to strictly implement the public statements and undertakings made and shall not change or waive them;

(iii) to fulfil information disclosure obligations in strict accordance with the relevant regulations, to proactively cooperate with the Company in information disclosure and to inform the Company in a timely manner of material events that have occurred or are proposed to occur;

(iv) not to appropriate the Company's funds in any way;

(v) not to order, instruct or request the Company and relevant personnel to provide guarantees in violation of laws and regulations;

(vi) not to make use of the Company's undisclosed material information to gain benefits, not to disclose in any way undisclosed material information relating to the Company, and not to engage in insider trading, short-swing trading, market manipulation and other illegal and unlawful acts;

(vii) not to prejudice the legitimate rights and interests of the Company and other shareholders through unfair related transactions, profit distribution, asset restructuring, foreign investment or any other means;

(viii) to ensure the integrity of the Company's assets, and the independence of personnel, finance, organisation and business, and not to affect the independence of the Company in any way;

(ix) other provisions of laws, administrative regulations, the CSRC, the stock exchange and the Articles of Association.

Where a controlling shareholder or actual controller of the Company does not act as a director of the Company but actually carries out the affairs of the Company, the provisions of the Articles of Association relating to the duties of loyalty and diligence of directors shall apply.

Where a controlling shareholder or actual controller of the Company instructs directors or senior management members to engage in activities that damage the interests of the Company or shareholders, they shall bear joint and several liability with such Directors or senior management members.

General Provisions for Shareholders' Meetings

The Shareholders' Meeting shall be composed of all shareholders of the Company. The Shareholders' Meeting is the organ of authority of the Company, which exercises the following powers in accordance with the law.

(i) to elect and replace directors who are not employee representatives, and to decide on matters relating to the remuneration of directors;

(ii) to consider and approve the reports of the Board of Directors;

(iii) to consider and approve the Company's profit distribution plans and loss recovery plans;

(iv) to resolve on the increase or reduction of the registered capital of the Company;

(v) to resolve on the issue of corporate bonds of the Company;

(vi) to resolve on the merger, division, dissolution, liquidation or change of corporate form of the Company;

(vii) to amend the Articles of Association;

(viii) to resolve on the appointment and dismissal of the accounting firm that undertakes the auditing activities of the Company;

(ix) to consider and approve the guarantee matters stipulated in the Articles of Association that shall be submit to Shareholders' Meeting;

(x) to consider matters relating to the purchases or disposals of the Company's material assets within one year , which exceed 30% of the Company's latest audited total assets;

(xi) to consider and approve matters relating to changes in the use of **[REDACTED]**;

(xii) to consider share incentive schemes and employee share ownership schemes;

(xiii) to consider other matters required by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are **[REDACTED]** or the Articles of Association to be decided by the Shareholders' Meeting.

The Shareholders' Meeting may authorize the Board of Directors to make a resolution on the issuance of corporate bonds.

The following provision of guarantees to third parties by the Company are subject to the consideration and approval by the Shareholders' Meeting:

(i) any guarantee provided after the total amount of guarantee to third parties provided by the Company and its controlled subsidiaries has exceeded 50% of the Company's latest audited net assets;

(ii) any guarantee to be provided after the total amount of external guarantees provided by the Company has exceeded 30% of its latest audited total assets;

(iii) any guarantee provided to any guaranteed party with assets-liabilities ratio exceeding 70%;

(iv) any single guarantee exceeding 10% of the latest audited net assets;

(v) the cumulative guarantee amount in the last 12 months has exceeded 30% of the Company's latest audited total assets;

(vi) any guarantees to be provided for shareholders, actual controller and their related parties;

(vii) other circumstances as prescribed by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, or the Articles of Association, which shall be subject to the approval of the Shareholders' Meeting.

When the Shareholders' Meeting considers the guarantee matters in item (v) above, it shall be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting.

When the Shareholders' Meeting considers a proposal to provide a guarantee to a shareholder, actual controller or their connected parties, such shareholder or the shareholder controlled by such actual controller shall not participate in the voting on such proposal, and such proposal shall be passed by more than half of the voting rights held by other shareholders present at the Shareholders' Meeting.

Any financial assistance transaction of the Company shall, in addition to being approved by a simple majority of all directors, be approved by at least two-thirds of the directors present at the Board meeting, and shall be promptly disclosed.

A financial assistance matter shall be submitted to the Shareholders' Meeting for approval after being approved by the Board, if it falls under any of the following circumstances:

(i) the amount of the single financial assistance exceeds 10% of the Company's latest audited net assets;

(ii) the latest financial statement data of the recipient shows a gearing ratio exceeding 70%;

(iii) the accumulative amount of financial assistance provided within the last 12 months exceeds 10% of the Company's latest audited net assets;

(iv) other circumstances requiring Shareholders' Meeting approval as stipulated by laws, administrative regulations, the securities regulatory rules of the Company's **[REDACTED]** venue, or these Articles of Association.

The provisions of the preceding paragraph above may be waived if the recipient is a controlled subsidiary included in the Company's consolidated financial statements and none of the other shareholders of such subsidiary is the Company's controlling shareholder, actual controller or any of their respective associates.

A connected transaction entered into by the Company with a connected person shall be subject to approval by the Shareholders' Meeting if:

(i) the transaction amount (including any assumed liabilities and expenses) exceeds RMB 30 million and accounts for 5% or more of the absolute value of the Company's latest audited net assets; or

(ii) it constitutes a connected transaction that, under the Hong Kong Listing Rules, requires shareholders' approval.

When considering a connected transaction, the Shareholders' Meeting shall require any connected shareholder to abstain from voting and preclude such shareholder from appointing a proxy to vote on the matter.

For the purposes of the Articles of Association, "connected transaction" shall be construed to include a "connected transaction" as defined under the Hong Kong Listing Rules; "connected person" shall be construed to include a "connected person" as defined under the Hong Kong Listing Rules; "connected relationship" shall be construed to include a "connected relationship" as defined under the Hong Kong Listing Rules.

Shareholders' Meetings are divided into annual Shareholders' Meetings and extraordinary Shareholders' Meetings. The annual Shareholders' Meeting is convened once a year and shall be held within six months after the end of the previous accounting year.

The Company shall convene an extraordinary Shareholders' Meeting within two months from the date of the occurrence of any of the following circumstances:

(i) where the number of directors is less than the number provided for in the Company Law or less than two-thirds of the number prescribed in the Articles of Association;

(ii) where the Company's accumulated losses reach one-third of its total paid-in share capital;

(iii) upon the request of shareholder(s) holding, individually or in aggregate, 10% or more of the Company's shares;

(iv) the Board of Directors considers it necessary;

(v) when the Audit Committee under the Board of Directors proposes to hold such a meeting;

(vi) when more than half of all the Independent Non-executive Directors approve and has been approved in writing by the Board of Directors;

(vii) other circumstances conferred by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are **[REDACTED]** and the Articles of Association.

The place for convening the Shareholders' Meeting shall be the Company's registered office or the place designated in the notice of the Shareholders' Meeting.

The Shareholders' Meeting will set up a venue and be held in the form of an on-site meeting. The Company shall, in compliance with the securities regulatory rules of the place where its shares are **[REDACTED]**, provide its shareholders with the means to attend Shareholders' Meetings remotely and

to exercise their rights to speak and vote electronically via the Internet or other electronic channels. Shareholders who participate in the Shareholders' Meeting through the above-mentioned means shall be deemed to have attended.

Convening of Shareholders' Meeting

The Board of Directors shall convene the Shareholders' Meeting on time within the specified period as stipulated in the Articles of Association. Subject to the consent of more than half of all the Independent Non-executive Directors, the Independent Non-executive Directors have the right to propose to the Board of Directors to convene an extraordinary Shareholders' Meeting. With regard to the proposal made by the Independent Non-executive Directors for convening an extraordinary Shareholders' Meeting, the Board of Directors shall, in accordance with the laws, administrative regulations and the Articles of Association, provide a written response indicating whether it agrees or disagrees to convene the extraordinary Shareholders' Meeting within 10 days upon receipt of the proposal. Where the Board of Directors agrees to convene the Shareholders' Meeting, a notice of convening such meeting shall be issued within five days after the resolution of the Board of Directors is made. Where the Board of Directors does not agree to convene the extraordinary Shareholders' Meeting, it shall provide reasons and make an announcement.

Shareholders who individually or jointly hold more than 10% of the Company's shares are entitled to request the Board of Directors to convene an extraordinary Shareholders' Meeting and such requisition shall be made in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, administrative regulations and the Articles of Association, give a written reply on whether or not it agrees to convene the extraordinary Shareholders' Meeting within 10 days upon receipt of the requisition.

Where the Board of Directors agrees to convene the Shareholders' Meeting, a notice of convening such meeting shall be issued within 5 days after the resolution of the Board of Directors is made. Any change to the original requisition in the notice shall be subject to the approval of relevant shareholders. Where the Board of Directors does not agree to convene the extraordinary Shareholders' Meeting or fails to reply within 10 days after receipt of the requisition, shareholders who individually or jointly hold more than 10% of the Company's shares shall have the right to propose the Audit Committee to convene the extraordinary Shareholders' Meeting and such requisition shall be made in writing to the Audit Committee.

The Audit Committee is entitled to propose to the Board of Directors to convene an extraordinary Shareholders' Meeting and such proposal shall be made in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, administrative regulations and the Articles of Association, give a written reply on whether or not it agrees to convene the extraordinary Shareholders' Meeting within 10 days upon receipt of the proposal. Where the Board of Directors agrees to convene the Shareholders' Meeting, a notice of convening such meeting shall be issued within 5 days after the resolution of the Board of Directors is made. Any change to the original proposal in the notice shall be subject to the approval of the Audit Committee. Where the Board of Directors does not agree to convene the extraordinary Shareholders' Meeting or fails to reply within 10 days after receipt of the proposal, it shall be deemed to be unable to perform or fail to perform the duty of convening the Shareholders' Meeting, and the Audit Committee may convene and preside over the meeting by itself.

Shareholders who individually or jointly hold more than 10% of the Company's shares are entitled to request the Board of Directors to convene an extraordinary Shareholders' Meeting and such requisition shall be made in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, administrative regulations and the Articles of Association, give a written reply on whether or not it agrees to convene the extraordinary Shareholders' Meeting within 10 days upon receipt of the requisition.

Where the Board of Directors agrees to convene the Shareholders' Meeting, a notice of convening such meeting shall be issued within 5 days after the resolution of the Board of Directors is made. Any change to the original requisition in the notice shall be subject to the approval of relevant shareholders. Where the Board of Directors does not agree to convene the extraordinary Shareholders' Meeting or fails to reply within 10 days after receipt of the requisition, shareholders who individually or jointly hold more than 10% of the Company's shares shall have the right to propose the Audit Committee to convene the extraordinary Shareholders' Meeting and such requisition shall be made in writing to the Audit Committee.

Where the Audit Committee agrees to convene the Shareholders' Meeting, a notice of convening such meeting shall be issued within five days after receipt of the requisition. Any change to the original requisition in the notice shall be subject to the approval of relevant shareholders. If the Audit Committee fails to issue the notice of the meeting within the specified period, it shall be deemed that

the Audit Committee does not convene and preside over the Shareholders' Meeting. Shareholders who individually or jointly hold more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over the Shareholders' Meeting by themselves.

Proposals and Notice of Shareholders' Meeting

Proposals to be considered at the Shareholders' Meeting shall fall within the scope of authority of the Shareholders' Meeting as set forth in these Articles, contain a clear agenda item and specify the matters to be resolved, comply with applicable laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, and the relevant provisions of the Articles of Association, and be submitted to the convener in writing.

When the Company convenes a Shareholders' Meeting, the Board of Directors, the Audit Committee and shareholders who individually or jointly hold more than 1% of the Company's shares shall be entitled to put forward proposals to the Company.

Shareholders who individually or jointly hold more than 1% of the Company's shares (excluding treasury shares) may submit provisional proposals in writing to the convener ten days prior to the convening of the Shareholders' Meeting. The convener shall issue a supplementary notice of the Shareholders' Meeting within two days upon receipt of the proposals to announce the contents of the provisional proposal and submit the provisional proposals to the Shareholders' Meeting for consideration; however, except for the provisional proposals that violate the requirements of the laws, administrative regulations or the Articles of Association, or are not within the terms of reference of the Shareholders' Meeting. If the Shareholders' Meeting needs to be postponed due to the issuance of a supplementary notice of the Shareholders' Meeting according to the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, the convening of the Shareholders' Meeting shall be postponed according to the securities regulatory rules of the place where the Company's shares are **[REDACTED]**.

Except as provided in the preceding paragraph, the convener shall not change the proposals set out in the notice of the Shareholders' Meeting or add any new proposal after the said notice is served.

Proposals not set out in the notice of the Shareholders' Meeting or not complying with the Articles of Association shall not be voted on or resolved at the Shareholders' Meeting.

In the event of a hostile takeover bid for the Company, if the bidder submits a proposal to the Shareholders' Meeting concerning the sale of the Company's assets or the acquisition of other assets, such proposal shall include a comprehensive analysis and explanation of the basic particulars of the assets to be sold or acquired, the necessity of the proposed transaction, the pricing methodology and its rationale, the basic particulars of the counterparty to the transaction, any connected relationship between the counterparty and the offeror, the subsequent arrangements for the assets following their acquisition or sale, and the impact of the proposed transaction on the Company's sustainable profitability, accompanied by all relevant supporting documents. If the information disclosed in the proposal is incomplete or insufficient, or if the supporting documentation provided is inadequate to substantiate its content, the convener shall so notify the proposer. The proposer shall then have two days to amend and supplement the proposal prior to its resubmission.

The convener shall notify all shareholders by announcement at least 21 days prior to the convention of an annual Shareholders' Meeting, or at least 15 days prior to the convention of an extraordinary Shareholders' Meeting. The Company shall not include the date of convention of meeting in the calculation of starting and ending time.

Notice of the Shareholders' Meeting shall contain:

(i) the date, venue and duration of the meeting;

(ii) matters and proposals submitted for consideration at the meeting;

(iii) a clear statement that: each shareholder is entitled to attend the Shareholders' Meeting in person, or appoint one or more proxies who need not be shareholders of the Company, to attend and vote on his/its behalf;

(iv) the date of record for the determination of shareholders who are entitled to attend the Shareholders' Meeting;

(v) name and telephone number of permanent contact person;

(vi) time and procedures for voting online or by other means;

(vii) any other requirements stipulated by laws, administrative regulations, departmental rules and regulations, securities regulatory rules of the place where the Company's shares are **[REDACTED]**, and the Articles of Association.

Where a Shareholders' Meeting is to be conducted via the internet or by other means, the notice convening such meeting shall clearly specify the voting period and the voting procedures applicable to such means.

The period between the record date for determining shareholders entitled to vote and the date of the meeting shall not exceed seven business days. Once confirmed, the record date may not be altered.

HOLDING OF SHAREHOLDERS' MEETING

All shareholders whose names appear on the register of members on the record date or their proxies are entitled to attend the Shareholders' Meeting and exercise their voting rights in accordance with the relevant laws, regulations and the Articles of Association, unless individual shareholders are required to abstain voting from individual matter as stipulated by the securities regulatory rules of the place where the shares of the Company are **[REDACTED]**.

A shareholder may attend and vote at the Shareholders' Meeting in person or by proxy. The proxy is not required to be a shareholder of the Company.

Individual shareholders attending the meeting in person shall present their personal identity cards or other valid certificates or documents or proof of shareholding. Proxies attending the meeting shall present their personal identity cards and the proxy statements from the shareholder.

Corporate shareholders shall be represented by its legal representative or proxies authorized by the legal representative. Legal representatives attending the meeting shall present their personal identity cards or valid documents that can prove its identity as the legal representative. Proxies authorized to attend the meeting shall present their personal identity cards or the written proxy statement legally issued by the legal representative of the legal person shareholder, except for the shareholder who is **[REDACTED]** or its proxy.

If the shareholder is **[REDACTED]**, the **[REDACTED]** may authorize one or more persons it deems fit to act as its proxy at any Shareholders' Meeting or any meeting of creditors; however, if more than one person is authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorized. Any person so authorized by **[REDACTED]** (or its appointed agent) shall be entitled to attend, speak, and vote at Shareholders' Meeting of the Company as the duly constituted representative of **[REDACTED]**. Such person may exercise these rights without being required to produce the relevant share certificate, a notarized power of attorney, or any other evidence of authority, and for all purposes of the meeting shall be treated as if he/she were an individual shareholder of the Company.

Voting at the Shareholders' Meeting

Resolutions of the Shareholders' Meeting include ordinary resolutions and special resolutions. An ordinary resolution at a Shareholders' Meeting shall be passed by one half or above of the voting rights held by shareholders (including their proxies) attending and entitled to vote at the Shareholders' Meeting. A special resolution at a Shareholders' Meeting shall be passed by two-thirds or above of the voting rights held by shareholders (including their proxies) attending and entitled to vote at the Shareholders' Meeting.

The following matters shall be resolved by an ordinary resolution at a Shareholders' Meeting:

(i) work reports of the Board;

(ii) plans formulated by the Board for the distribution of profits and for making up losses;

(iii) appointment and removal of the members of the Board, their remunerations and methods of payment;

(iv) Company's annual report;

(v) approve the appointment, dismissal and remuneration of auditors;

(vi) matters other than those required by the laws, administrative regulations, the securities regulatory rules of the place where the Company's share are **[REDACTED]**, or the Articles of Association to be approved by a special resolution.

The following matters shall be resolved by a special resolution at a Shareholders' Meeting:

(i) the increase or reduction of share capital of the Company (including selective capital reduction);

(ii) the split, spin-off, merger, dissolution and liquidation of the Company;

(iii) amendments to the Articles of Association;

(iv) the purchase or disposal of major assets or guarantees within one year exceeds 30% of the Company's latest audited total assets;

(v) equity incentive plan;

(vi) any proposal submitted by a bidder and/or its concert party in the context of a hostile takeover concerning: (a) the re-election of directors, (b) the purchase or sale, (c) lease in or lease out, (d) donation or receipt as a gift of assets, (e) connected transactions, (f) external investments (including entrusted wealth management, entrusted loans, investments in subsidiaries, etc.), (g) external guarantees or mortgages, (h) provision of financial assistance, (i) debt or debt restructuring, (j) execution of management contracts (including entrusted operations and trusteeship, etc.), (k) transfer of research and development projects, (l) the execution of licensing agreements; and

(vii) any other matters as required by the laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are **[REDACTED]** or the Articles of Association, and any other matters considered by the Shareholders' Meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company and should be approved by a special resolution.

A shareholder (including proxy) may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote.

The shares held by the Company shall have no voting right, and shall not be included in the total number of shares with voting rights of shareholders present at the Shareholders' Meeting.

Where a related party transaction is considered at a Shareholders' Meeting, the interested shareholder(s) shall abstain from voting, and the voting shares held by the interested shareholder(s) shall not be counted in the total number of voting shares. The announcement on the resolutions of the Shareholders' Meeting shall fully disclose the voting of the non-interested shareholders.

DIRECTORS AND THE BOARD OF DIRECTORS

General provisions in relation to directors

A director of the Company who is a natural person shall not act as the director of the Company under any of the following circumstances:

(i) lacking or having limited capacity to engage in civil juristic acts;

(ii) having been sentenced to any criminal penalty due to an offense of corruption, bribery, encroachment of property, misappropriation of property or disrupting the economic order of the socialist market; or having ever been deprived of political rights due to any crime, with less than five years having elapsed since the completion date of the execution of the penalty, or having been granted probation, with less than two years having elapsed since the completion date of the probation period;

(iii) acting as a director, factory director or general manager of a company or enterprise that has been bankrupt and liquidated, whereby the director is personally liable for the bankruptcy of such company or enterprise, with three years having not elapsed since the completion date of the bankruptcy and liquidation of the company or enterprise;

(iv) acting as the legal representative of a company or enterprise, but the business license of this company or enterprise has been revoked and this company or enterprise has been ordered to close due to a violation of the law, whereby the director is personally liable for the revocation, with three years having not elapsed since the revocation date of the business license thereof;

(v) classified as a dishonest person subject to enforcement due to significant outstanding debts that have become due but have not been paid;

(vi) prohibited from entering the securities market by the CSRC with the penalty period not yet expired;

(vii) recognized by stock exchanges as unsuitable for serving as a director, supervisor or senior management officer of a listed company, with the disciplinary action period not yet expired;

(viii) other circumstances as stipulated by the laws, administrative regulations, departmental regulations, and securities regulatory rules of the places where the Company's shares are **[REDACTED]**.

Any election, appointment, or designation of a director made in violation of the preceding Article shall be null and void. If a director, during his or her term of office, falls under any circumstance specified in the preceding Article, the Company shall remove such director from office and suspend his or her exercise of powers.

Employee representative directors shall be elected or replaced by the Shareholders' Meeting. Such directors shall be nominated and elected by the employees through an employees' assembly, employees' congress, or other democratic election procedures. A director may be removed from office before the expiry of his/her term by the body that elected or appointed him/her, provided that such removal shall not affect any claim for damages that the director may have under any contract.

The term of office for a director shall be three years. A director may be re-elected upon expiry of his/her term, subject to any specific provisions regarding re-election under the securities regulatory rules of the place where the Company's shares list.

A director's term shall commence on the date he/she assumes office and shall expire upon the expiry of the term of the current Board of Directors. If a director's term expires and a successor has not been duly elected, the incumbent director shall continue to perform his/her duties in accordance with applicable laws, administrative regulations, departmental rules, the securities regulatory rules of the Company's **[REDACTED]** venue, and the Articles of Association, until a successor assumes office.

A director appointed by the Board of Directors to fill a casual vacancy or as an additional director shall hold office from the date of his/her appointment until the next annual Shareholders' Meeting of shareholders following such appointment, and shall be eligible for re-election at such meeting.

A director may concurrently serve as a member of senior management. However, the total number of directors who concurrently serve as senior management, together with employee representative directors, shall not exceed one-half of the total number of directors of the Company.

In order to maintain the stability and continuity of the Company's operational decision-making and to safeguard the lawful interests of the Company and its shareholders, in the event of a hostile takeover of the Company as defined in these Articles of Association, the following provisions shall apply: (a) upon Expiry of Board Term: If the term of the incumbent Board of Directors expires during such a hostile takeover, at least two-thirds of the members of the succeeding Board of Directors shall be re-elected incumbent directors; provided that the re-election of Independent Non-executive Directors shall comply with the securities regulatory rules of the Company's **[REDACTED]** venue. (b) during an Ongoing Board Term: If the term of the incumbent Board of Directors has not expired, the total number of directors that may be replaced at any single annual Shareholders' Meeting of shareholders shall not exceed one-quarter of the total number of directors constituting the Board as stipulated in these Articles of Association. To ensure the overall interests of the Company and its shareholders and the stability of the Company's operations, director candidates nominated by shareholders (excluding candidates for Independent Non-executive Director) shall possess not less than five years of business management experience in the Company's current principal line of business, as well as the professional competence and knowledge commensurate with their duties as directors. Director candidates nominated by the bidder or its concert party in the context of a hostile takeover shall, when their appointment is considered by the Shareholders' Meeting, the Board of Directors, or the employees' congress (as applicable), attend the relevant meeting in person. They shall provide an explanation regarding their qualifications, professional competence, career history, record of any violations of law or regulations, potential conflicts of interest with the Company, and their relationship with the Company's controlling shareholder, de facto controller, other directors, and senior management.

Directors shall comply with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are **[REDACTED]**, and the Articles of Association, and owe fiduciary duties to the Company. They shall take measures to avoid conflicts of interest between themselves and the Company, and shall not exploit their positions to seek improper benefits. Directors owe the following fiduciary duties to the Company:

(i) they shall not misappropriate Company property or embezzle Company funds;

(ii) they shall not deposit Company funds into accounts opened in their personal names or in the names of other individuals;

(iii) they shall not solicit or accept bribes or other illegal benefits through their authority;

(iv) they shall not directly or indirectly enter into contracts or transactions with the Company unless they have reported to the Board of Directors or the Shareholders' Meeting and obtained approval through a resolution of the Shareholders' Meeting or the Board of Directors in accordance with the articles of association;

(v) they shall not exploit their positions to seize business opportunities that rightfully belong to the Company for their own benefit or the benefit of others, except that such opportunities are reported to the Board of Directors or Shareholders' Meeting and approved by a resolution of the Shareholders' Meeting; or the Company is legally, administratively, or under its articles of association unable to pursue such opportunities;

(vi) they shall not engage in any business competing with the Company, either on their own behalf or for others, unless they have reported to the Board of Directors or Shareholders' Meeting and obtained approval through a resolution of the Shareholders' Meeting;

(vii) they shall not retain commissions derived from transactions between third parties and the Company;

(viii) they shall not disclose any material non-public information, shall not utilize any inside information for unlawful gain, and shall, following the termination of his/her tenure, comply with any post-service non-compete obligations agreed upon with the Company;

(ix) they shall not exploit any connected relationship to the detriment of the Company's interests;

(x) they shall not incite or assist any hostile bidder in acquiring the Company's shares, nor shall they utilize their position to provide assistance in any form to any organization or individual that intends to or is in the process of conducting a hostile takeover of the Company. In the event the director of the Company violates this provision, the Board of Directors shall, depending on the severity of the circumstances, impose disciplinary measures and seek compensation for losses against the director(s) held directly or indirectly responsible, and shall propose to the Shareholders' Meeting that such director(s) be removed from office;

(xi) they shall safeguard the interests of the Company and all its shareholders, and shall not act to the detriment of the Company's interests for the benefit of the de facto controller, any shareholder, any employee, themselves, or any other third party.

(xii) they shall comply with other fiduciary duties stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are **[REDACTED]**, and the Articles of Association.

Any income obtained by Directors in violation of the preceding provision shall be returned to the Company. Directors who cause losses to the Company through such violations shall be liable for compensation.

The provision of the item (iv) above shall apply to any contract entered into or transaction conducted between the Company and (a) any close relative of a director or a member of senior management; (b) any enterprise directly or indirectly controlled by a director, a member of senior management, or any of their close relatives; or (c) any other person having a connected relationship with a director or a member of senior management.

The Director shall not exploit his or her position to appropriate for himself or herself, or for any third party, any business opportunity that is rightfully that of the Company. This obligation shall not apply if:

(i) the Director has fully disclosed the opportunity to the Board of Directors or the Shareholders' Meeting and its appropriation has been authorized by a duly passed resolution in accordance with the Articles of Association; or

(ii) the Company is legally or contractually precluded from pursuing the opportunity under any applicable law, administrative regulation, or the Articles of Association.

Furthermore, and subject to any applicable laws, regulations and the securities regulatory rules of the place where the Company's share list, no Director shall, unless he or she has obtained prior disclosure and authorization from the Board of Directors or the Shareholders' Meeting in accordance with the Articles of Association, engage in any business, whether on his or her own account or for others, that is in competition with the principal business of the Company.

The Directors shall abide by the provisions of laws, administrative regulations and the articles of association, and have a diligent obligation to the Company, and shall perform their duties in the best interests of the Company and with the reasonable care normally due by the management. The Directors have the following diligent obligations to the Company:

(i) shall exercise prudently, conscientiously and diligently the rights conferred by the Company in order to ensure that the Company's business activities comply with the requirements of national laws, administrative regulations and various economic policies, and that the business activities do not exceed the scope of business stipulated in the business license;

(ii) shall fairly treat all Shareholders;

(iii) to keep abreast of the business operation and management of the Company, promptly report relevant issues and risks to the Board of Directors and shall not assert unfamiliarity with the Company's business or lack of knowledge of the relevant matters as grounds for relief from liability;

(iv) a written confirmation opinion shall be signed on the Company's periodic reports to ensure that the information disclosed by the Company is true, accurate and complete;

(v) shall provide truthful information and materials to the Audit Committee and shall not obstruct the Audit Committee in the exercise of its authority;

(vi) shall ensure sufficient time and capacity to participate in the Company's affairs, exercising prudent judgment regarding the risks and benefits of matters under consideration, in principle, attend meetings of the Board of Directors in person, where authorization is granted to another director to attend a meeting due to unavoidable circumstances, the trustee shall be selected with prudence, the scope of authorization and the decision-making intent must be specific and clear, a general power of attorney is not permitted;

(vii) shall diligently oversee the Company's compliance with its information disclosure obligations, and promptly rectify and report any regulatory violations by the Company;

(viii) shall perform such other duties of diligence prescribed by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are **[REDACTED]**, and the Articles of Association.

A director who is absent from two consecutive meetings of the Board of Directors, without attending in person or appointing another director as a proxy, shall be deemed unable to perform his/her duties. In such a case, the Board of Directors shall recommend to the Shareholders' Meeting or the employees' congress that the director be removed.

A director may resign before the expiry of his/her term, subject to compliance with the securities regulatory rules of the place where the Company's shares are **[REDACTED]**. A director wishing to resign shall submit a written resignation to the Board of Directors. The Company shall disclose the relevant information within the timeframe stipulated by the securities regulatory rules of the place where the Company's shares are **[REDACTED]**.

Board of Directors

The Board of Directors consists of nine Directors, including three Independent Non-executive Directors. There shall be one Chairman, elected by a simple majority of all directors.

To preserve stability and continuity in the Company's business decision-making and to protect the legitimate interests of the Company and its shareholders, during a hostile takeover the Chairman shall be selected from among those non-independent Directors who have served continuously on the Board for at least five years.

The Board of Directors exercises the following powers:

(i) to convene the Shareholders' Meeting and report on work to the Shareholders' Meeting;

(ii) implement the resolutions of the Shareholders' Meeting;

(iii) determine the business and investment plans of our Company;

(iv) devise the earnings distribution and loss offset plans of our Company;

(v) formulate the plans for increasing or decreasing the Company's registered capital, the issuance of corporate bonds or other securities, as well as the **[REDACTED]** of the stock of our Company;

(vi) formulate plans for the Company's major acquisitions, share repurchases, as well as plans for mergers, divisions, dissolution, and changes in the Company's form;

(vii) determine such matters as the Company's external investment, purchase or sale of assets, asset pledge, external guarantee, entrusting wealth management, connected transaction and external donation within the scope authorized by the Shareholders' Meeting;

(viii) decide on the setup of our Company's internal management organization;

(ix) to decide on matters such as appointment or dismissal of the Company's general manager and other senior officers and to determine their remuneration as well as incentives and disincentives; and, upon the nomination of the general manager, to appoint and dismiss senior management personnel such as deputy general managers and the financial officer, and to determine their remuneration as well as incentives and disincentives;

(x) set the basic management systems of our Company;

(xi) make the modification plan to the Articles of Association;

(xii) manage the disclosure of company information;

(xiii) to propose to the Shareholders' Meeting the appointment or change of the accounting firm engaged as the Company's auditor;

(xiv) attend to the work report of our Company's general manager and review the work of the general manager;

(xv) in the event of an acquisition of the Company that may result in a transfer of its actual control, to have the authority to adopt and implement any countermeasures not prohibited by applicable laws and regulations and not infringing upon the lawful rights and interests of the Company or its other shareholders;

(xvi) other powers and duties authorized by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, the Articles of Association, or the Shareholders' Meeting.

In the event of a hostile takeover of the Company, and to ensure the continuity and stability of its operations and management and to protect the overall and long-term interests of the Company and its shareholders to the greatest extent possible, the Board of Directors may, at its discretion, take the following measures:

(i) discuss, analyze, and formulate recommendations and countermeasures concerning materials submitted by the offeror in accordance with the requirements of the Articles of Association regarding its future plans for increasing its shareholding, acquisition, and other subsequent arrangements, and, where appropriate, submit the results to the Shareholders' Meeting for review and confirmation;

(ii) select an alternative offeror for the Company from the perspective of its long-term interests;

(iii) take actions, in accordance with applicable laws, regulations, and the Articles of Association, that may appropriately adjust the Company's shareholding structure to reduce the offeror's shareholding percentage or increase the difficulty of the takeover; and

(iv) any other means or measures effective in impeding the hostile takeover.

In the event of a hostile takeover as defined in these Articles of Association, if any Director is removed from or otherwise loses his or her position before the term expires, provided such person: (a) has committed no illegal or criminal act, (b) remains qualified and competent to serve, (c) is not in breach of any provision of these Articles, then the Company shall pay the individual a lump-sum compensation equivalent to ten times the total pre-tax remuneration and benefits received during his or her tenure (deemed to be three years for this purpose). A Director or senior manager who qualifies the foregoing may resign and shall, upon doing so, be entitled to receive the compensation specified in the foregoing from the Company.

The Board of Directors shall establish approval authorities and implement rigorous review and decision-making procedures for matters including but not limited to external investments, asset acquisitions and disposals, asset mortgages, provision of external guarantees, entrusted wealth management, connected transactions, and external donations. For major investment projects, the Board shall organize evaluations by relevant experts and professionals. Matters requiring shareholders' approval under applicable laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, or the Articles of Association shall be submitted to the Shareholders' Meeting for approval.

Transactions entered into by the Company with non-connected parties, including purchases or sales of assets (excluding the purchase of raw materials, fuel, and power for daily operations, and the sale of products, goods, and other assets related to daily operations, except where such purchases or sales are involved in an asset swap), external investments (including entrusted wealth management, investments in subsidiaries, etc., excluding the purchase of bank wealth management products and the establishment of or capital increase in wholly-owned subsidiaries), leases of assets, execution of management contracts (including entrusted operations and trusteeship), donations or receipt of

donations, applications for bank loans, asset mortgages, debt or debt restructuring, transfer of research and development projects, execution of licensing agreements, and waiver of rights (including pre-emptive rights, capital contribution commitments, etc.), shall be subject to review by the Board of Directors if they meet any of the following criteria:

(i) the total assets involved in the transaction (taking the higher of book value and assessed value, if both exist) exceed 10% of the Company's most recently audited total assets;

(ii) the net assets pertaining to the subject matter of the transaction (e.g., equity) (taking the higher of book value and assessed value, if both exist) exceed 10% of the Company's most recently audited net assets, with an absolute amount exceeding RMB 10 million;

(iii) the transaction value (including assumed liabilities and expenses) exceeds 10% of the Company's most recently audited net assets, with an absolute amount exceeding RMB 10 million;

(iv) the profit generated from the transaction exceeds 10% of the Company's net profit for the most recent fiscal year as audited, with an absolute amount exceeding RMB 1 million;

(v) the revenue related to the subject matter of the transaction (e.g., equity) for the most recent fiscal year exceeds 10% of the Company's operating revenue for the most recent fiscal year as audited, with an absolute amount exceeding RMB 10 million;

(vi) the net profit related to the subject matter of the transaction (e.g., equity) for the most recent fiscal year exceeds 10% of the Company's net profit for the most recent fiscal year as audited, with an absolute amount exceeding RMB 1 million;

(vii) any other circumstances stipulated by laws, administrative regulations, or the securities regulatory rules of the place where the Company's shares are **[REDACTED]** as requiring Board review.

For the purpose of calculating the above criteria, if any relevant data is negative, its absolute value shall be taken.

If any transaction described above is required to be submitted to the Shareholders' Meeting for approval under applicable laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, or the Articles of Association, the Board of Directors shall, after its review, submit such transaction to the Shareholders' Meeting for approval.

Any external guarantee entered into by the Company shall be subject to review and approval by the Board of Directors. Where an external guarantee is required to be submitted to the Shareholders' Meeting for approval according to the applicable laws, administrative regulations, securities regulatory rules of the place where the Company's shares are **[REDACTED]**, and the Articles of Association, the Board of Directors shall, after its review, submit such matter to the Shareholders' Meeting for approval. A resolution of the Board of Directors to approve an external guarantee shall require the affirmative vote of a majority of all directors and the affirmative vote of at least two-thirds of the directors present at the meeting.

Where a proposed connected transaction of the Company or any of its subsidiaries reaches the following threshold, it shall be submitted by the general manager to the Board of Directors for review and approval, following the general manager's review (for the Company) or upon completion of the relevant decision-making process by the subsidiary (for any subsidiary). Upon completion of such procedures, it shall be reported to the Company's Board Office for record-keeping. Such transaction shall be promptly disclosed by announcement following its approval by the Board: the highest percentage ratio calculated in accordance with the Hong Kong Listing Rules is: (i) less than 5%; or (ii) less than 25% and the total transaction amount is less than HK$10 million.

Where a proposed connected transaction of the Company or any of its subsidiaries meets any of the following criteria, it shall be subject to review and approval by the general manager (for the Company) or by the relevant subsidiary in accordance with its decision-making process (for any subsidiary). Upon completion of such procedures, it shall be reported to the Company's Securities Department for record-keeping:

(i) the issue or repurchase of securities in compliance with the Hong Kong Listing Rules;

(ii) a service contract entered into by the Company or any subsidiary with one of its directors;

(iii) the provision of consumer goods or consumer services, or shared administrative services, in compliance with the Hong Kong Listing Rules;

(iv) the highest percentage ratio (excluding the profit ratio) calculated in accordance with the Hong Kong Listing Rules is: (a) less than 0.1%; (b) less than 1%, provided that the transaction is a connected transaction only because the connected person involved is connected or related solely to a subsidiary of the Company; or (c) less than 5% and the total transaction price (or, in the case of financial assistance, the total amount of financial assistance plus any monetary benefit paid to the connected person or jointly-held entity) is less than HK$3 million;

(v) a transaction with a connected person at the subsidiary level conducted on normal commercial terms or better in compliance with the Hong Kong Listing Rules, provided that: (a) the transaction is approved by the Company's Board; and (b) the Company's independent non-executive directors confirm that the terms are fair and reasonable, on normal commercial terms or better, and in the interests of the Company and its shareholders as a whole;

(vi) a transaction between the Company and a person who is a connected person solely due to their relationship with a non-significant subsidiary of the Company;

(vii) a transaction with an associate of a passive investor (as defined in the Hong Kong Listing Rules) in compliance with the Hong Kong Listing Rules.

A proposed connected transaction of the Company that does not fall within the categories specified in the two paragraphs above shall, following approval by the Board, be submitted to the Shareholders' Meeting for approval. A proposed connected transaction of any subsidiary that does not fall within the categories specified in the two paragraphs above shall, upon completion of the relevant decision-making process by the subsidiary, be submitted by the general manager to the Board for review and approval. Following such approval by the Board, it shall be submitted to the Shareholders' Meeting for approval. Upon completion of such procedures, it shall be reported to the Company's Securities Department for record-keeping. Such transaction shall be promptly disclosed by announcement and circular following its approval by the Board.

Where a director has a connected relationship with any enterprise or individual involved in a matter for resolution at a Board meeting, such director shall promptly submit a written report to the Board. A director with such a connected relationship shall neither vote on the relevant resolution nor appoint a proxy to vote on his/her behalf. The Board meeting may be held with the attendance of a majority of directors who have no such connected relationship, and any resolution of the Board meeting shall require the affirmative vote of a majority of such disinterested directors present. Where the number of disinterested directors present at the Board meeting is fewer than three, the matter shall be submitted to the Shareholders' Meeting for consideration. In the event that applicable laws, regulations, or the securities regulatory rules of the place where the Company's shares are **[REDACTED]** impose additional restrictions on a director's participation in Board meetings or voting, such provisions shall prevail. When the Board considers a connected transaction, a director (including his/her authorized proxy) who has a connected relationship with the matter in question may attend the Board meeting and present his/her opinion to the attending directors in accordance with the meeting procedures, but shall abstain from voting.

Independent Non-executive Directors

The Company establishes a mechanism for special meeting attended solely by Independent Non-executive Directors. Related party transactions should be pre-approved by the special meeting of Independent Non-executive Directors before being submitted to the Board of Directors for consideration.

The Independent Non-executive Director shall have the following special powers:

(i) to independently engage intermediaries to conduct audits, provide consultations, or perform investigations on specific matters of the Company;

(ii) to propose the convening of an extraordinary Shareholders' Meeting to the Board of Directors;

(iii) to propose the convening of a meeting of the Board of Directors;

(iv) to issue independent opinions on matters that may harm the interests of the Company or minority shareholders; and

(v) other powers conferred by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, and these Articles of Association.

The exercise of the powers listed in items (i) through (iii) of the preceding paragraph shall require the affirmative vote of a majority of all Independent Non-executive Directors. The exercise of any power set forth in the paragraph above shall be disclosed by the Company in a timely manner in accordance with the securities regulatory rules of the place where the Company's shares are **[REDACTED]**. If the normal exercise of any such power is impeded, the Company shall disclose the specific circumstances and reasons in accordance with the securities regulatory rules of the place where the Company's shares are **[REDACTED]**.

The special meetings of Independent Non-executive Directors may study and discuss other matters of our Company as needed.

The special meetings of Independent Non-executive Directors shall be convened and presided over by an independent director jointly elected by a majority of the Independent Non-executive Directors; in the event that the convener fails to or is unable to perform his/her duties, two or more Independent Non-executive Directors may convene and elect a representative to preside over the meeting on their own.

Minutes of the special meetings of Independent Non-executive Directors shall be prepared as required, with the inclusion of the opinions of the Independent Non-executive Directors, who shall sign to confirm the minutes of the meetings.

The Company shall facilitate and support the convening of special meetings of Independent Non-executive Directors.

SENIOR MANAGEMENT MEMBERS

Senior Management as defined in the Articles of Association refers to the Company's general manager, deputy general manager(s), the chief financial officer, the company secretary, and any other personnel confirmed and appointed as such by the Board of Directors.

The Company shall have one general manager, who shall be appointed and dismissed by the Board of Directors and shall be accountable to the Board.

In the event of a hostile takeover of the Company, the general manager appointed by the Board of Directors shall have at least five years of work experience within the Company (including its controlling subsidiaries) and shall possess the professional competence and knowledge necessary to perform the duties of the position.

In the event of a hostile takeover of the Company, if the general manager is removed from office before the expiry of his/her term, provided that such removal is not due to (i) any illegal or criminal act committed by the general manager, (ii) his/her loss of qualifications or competence to serve, or (iii) a breach of the Articles of Association, the Company shall pay the general manager a severance compensation equal to 10 times his/her total pre-tax remuneration from the Company for the preceding year.

The general manager may nominate candidate(s) for the position of Deputy general manager. The deputy general manager(s) shall be appointed and dismissed by the Board of Directors.

The general manager is responsible to the Board and exercises the following authorities:

(i) preside over the production, operation and management work of the Company, organize the implementation of the resolutions of the Board, and report the work to the Board;

(ii) organize the implementation of the Company's annual business plan and investment plan;

(iii) draft the Company's internal management organization setup plan;

(iv) draft the Company's basic management system;

(v) formulate the specific rules and regulations of the Company;

(vi) propose to the Board the appointment or dismissal of the Company's deputy general managers and chief financial officer;

(vii) decide on the appointment or dismissal of management personnel other than those whose appointment or dismissal shall be decided by the Board;

(viii) other authorities granted by the Articles of Association or the Board.

The general manager shall attend the meetings of the Board as a non-voting participant.

The Company has a secretary of the Board, who is responsible for the preparation of the meetings of the Shareholders' Meeting and the Board of the Company, the custody of documents, the management of the Company's shareholder information, and handling matters related to information disclosure, etc.

The secretary of the Board shall comply with the relevant provisions of laws, administrative regulations, departmental rules and regulations and the Articles.

FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial and Accounting System

The Company shall, within four months after the end of each fiscal year, prepare, submit and disclose its annual report in accordance with the prescribed requirements. The Company shall, within two months after the end of the first half of each fiscal year, prepare, submit and disclose its interim report in accordance with the prescribed requirements.

Such annual reports and interim reports shall be prepared in accordance with the relevant laws, administrative regulations, and the securities regulatory rules of the place where the Company's shares are **[REDACTED]**.

The Company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

When distributing profits after taxation of the year, the Company shall set aside 10% of its profits for the Company's statutory reserve until the fund has reached 50% or more of the Company's registered capital.

When the Company's statutory reserve is not sufficient to make up for the Company's losses for the previous years, the profits of the current year shall first be used to cover the losses before any allocation is set aside for the statutory reserve pursuant to the preceding provision.

After making allocations to the statutory reserve from its profits after taxation, the Company may, upon passing a resolution at a Shareholders' Meeting, make further allocations from its profits after taxation to the discretionary reserve.

After the Company covers its losses and makes allocations to its reserve, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the Shareholders, except for profits which are not distributed in proportion to shareholdings as provided by laws and regulations, securities regulatory rules of the place where the Company's shares are **[REDACTED]**, or the Articles of Association.

If the Shareholders' Meeting resolves to distribute any profits to the shareholders in violation of the Company Law, the shareholders shall return such profits distributed to the Company, and if any losses are caused thereby to the Company, the shareholders, as well as any directors, and senior officers responsible for the violation, shall be liable for compensation.

The Company shall not distribute any profits in respect of the shares held by it.

The reserve fund of the Company is appropriated for purpose of making up the losses or expanding production and operation of the Company or being capitalized.

When using the Company's reserves to cover its losses, any discretionary reserve and statutory reserve balances shall first be used to cover such losses; if there is still a shortfall, the capital reserve may be used in accordance with regulations.

In any capitalization of the statutory reserve fund, the remaining statutory reserve fund shall not be less than 25% of the Company's registered capital immediately prior to such capital increase through reserve fund transfer.

The Company recognizes the importance of providing reasonable investment returns to its shareholders. Its profit distribution policy shall adhere to the principles of ensuring reasonable returns to shareholders and facilitating the Company's long-term development, while maintaining continuity and stability and complying with all applicable laws and regulations. Dividends may be distributed in cash, shares, or a combination thereof. When distributable profits exist, the Board of Directors may propose cash and/or share dividend distribution plans based on the Company's operational and financial conditions.

Cash dividends and other payments to holders of domestic shares shall be paid in Renminbi. Cash dividends and other payments to holders of non-listed foreign-invested shares shall be denominated and declared in Renminbi but paid in a foreign currency. Cash dividends and other payments to holders of

overseas listed shares shall be denominated and declared in Renminbi but paid in Hong Kong dollars. The foreign currency required for payments to holders of overseas listed shares shall be obtained in accordance with the relevant foreign exchange regulations of the state.

The Company shall appoint one or more receiving agents in Hong Kong for its H Share holders. The receiving agent(s) shall receive and hold on behalf of the relevant H Share holders any dividends distributed and other sums payable by the Company in respect of the H Shares, pending payment to such holders.

Any receiving agent appointed by the Company must meet the requirements of the laws of the listing venue or the relevant stock exchange. The receiving agent appointed in Hong Kong for the Company's H Share holders **[REDACTED]** there shall be a trust company registered under the Hong Kong Trustee Ordinance.

Internal Audit

The Company shall implement an internal audit system and clarify the leadership system, duties and authorities, staffing, financial support, application of audit results, and accountability.

The internal audit institution of the Company shall conduct supervision and inspection on the Company's business activities, risk management, internal control, financial information and other matters.

Appointment of Accounting Firm

The Company shall appoint an accounting firm in compliance with the Securities Law and the securities regulatory rules of the place where the Company's shares are **[REDACTED]** to conduct accounting statements audit, net assets verification and other related consulting services for a term of one year, which may be renewed.

The appointment and selection of the Company's accounting firm shall be decided by the Shareholders' Meeting. The Board of Directors shall not appoint the accounting firm until it is decided by the Shareholders' Meeting.

The Company shall undertake to provide its accounting firm with true and complete accounting vouchers, accounting books, financial reports and other accounting information, and shall not reject, conceal or misstate any information.

The audit fee payable to an accounting firm shall be decided by the Shareholders' Meeting.

When the Company intends to dismiss or not to reappoint an accounting firm, it shall give thirty days prior notice to the accounting firm. When a Shareholders' Meeting of the Company votes on the dismissal of the accounting firm, the firm shall be allowed to represent its opinions.

Where the accounting firm resigns, it shall state to the Shareholders' Meeting whether the Company has improper circumstances.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Capital Reduction

The merger of the Company may take the form of either merger by absorption or merger by establishment of a new entity. One company absorbing another company is merger by absorption, and the company being absorbed shall be dissolved. Merger of two or more companies through establishment of a new company is merger by establishment of a new entity, and the parties to the merger shall be dissolved.

In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within 10 days after the date of the Company's resolution on merger and shall make an announcement in the newspapers designated by the Company or the National Enterprise Credit Information Publicity System within 30 days after the date of the Company's resolution on merger. Creditors may demand the Company to repay debts or provide corresponding security within 30 days upon receipt of such notice or 45 days from the date of announcement in case of receiving no such notice.

Upon the merger, claims and debts of each of the merged parties shall be assumed by the company which survives the merger or the newly established company resulting from the merger.

When the Company is divided, its assets shall be split accordingly. In the event of a division of the Company, the Company shall prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days after the date of the Company's resolution on division and shall make an announcement in the newspapers designated by the Company or the National Enterprise Credit Information Publicity System within 30 days after the date of the Company's resolution on division.

The Company shall prepare a balance sheet and an inventory of assets when it intends to reduce its registered capital. The Company shall notify the creditors within 10 days upon resolution on reduction of registered capital by the Shareholders' Meeting and make announcement thereof in the newspapers designated by the Company or the National Enterprise Credit Information Publicity System within 30 days. Creditors may demand the Company to repay debts or provide corresponding security within 30 days upon receipt of such notice or 45 days from the date of announcement in case of receiving no such notice.

When reducing its registered capital, the Company shall prepare a balance sheet and an inventory of assets. Company shall notify its creditors within 10 days from the date the Shareholders' Meeting approves the resolution on capital reduction, and make an announcement in a newspaper or via the National Enterprise Credit Information Publicity System within 30 days from the date the Shareholders' Meeting approves the resolution on capital reduction. Creditors shall have the right to demand repayment of debts or provision of corresponding security from the Company within 30 days from the date of receiving the notice, or within 45 days from the date of the announcement if they have not received a notice.

When the Company reduces its registered capital, it shall reduce the amount of capital contribution or shares in proportion to the Shareholders' capital contribution or shareholding, unless otherwise stipulated by the laws or the Articles of Association.

When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the registration authority of the Company in accordance with the laws. When the Company is dissolved, the Company shall cancel its registration in accordance with the laws. When a new company is established, its establishment shall be registered in accordance with the laws.

In case of increase or reduction of registered capital of the Company, the Company shall legally complete the formalities for change registration with the registration authority of the Company.

Dissolution And Liquidation

The Company shall be dissolved for the following reasons:

(i) the term of its operations as is stipulated in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred;

(ii) the Shareholders' Meeting resolves to dissolve the Company;

(iii) dissolution is necessary due to merger or division of the Company;

(iv) the Company's business license is revoked, the Company is ordered to close down or be revoked in accordance with the law;

(v) where the operation and management of the Company falls into serious difficulties and its continued existence would cause material losses to shareholders, the shareholders holding above 10% of the total voting rights of the Company may apply to the people's court to dissolve the Company if there are no other solutions.

If the Company encounters the reasons for dissolution as stipulated in the preceding paragraph, it shall publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System within ten days.

Where the Company falls under the circumstances of items (i) and (ii) above and has not distributed any property to shareholders, it may continue to exist by amending the Articles of Association or by a resolution of the Shareholders' Meeting.

Amendments to the Articles of Association in accordance with the provisions of the preceding paragraph or by resolution of the Shareholders' Meeting shall be approved by more than two-thirds of the voting rights held by the shareholders attending the Shareholders' Meeting.

If the Company is dissolved pursuant to item (i), (ii), (iv) or (v) above, it shall be liquidated. The Directors, being the liquidation obligors of the Company, shall form a liquidation committee for liquidation within 15 days from the date of occurrence of the cause for dissolution. The liquidation committee shall comprise the Directors, unless the Articles of Association provide otherwise or it is resolved at the Shareholders' Meeting to elect another person(s). If a liquidation committee is not established within the deadline for liquidation, creditors may apply to the people's court to designate relevant personnel to form a liquidation committee for liquidation.

The liquidation committee shall notify creditors within 10 days from the date of its establishment, and publish an announcement in the designated newspapers and periodicals or the National Enterprise Credit Information Publicity System within 60 days. Creditors shall declare their claims to the liquidation committee within 30 days from the date of receiving the notice, or within 45 days from the date of announcement in case they have not received the notice.

If the liquidation committee discovers that the assets of the Company are insufficient to repay its debts after sorting out the assets of the Company and preparing a balance sheet and an inventory of assets, it shall apply to the people's court for bankruptcy liquidation in accordance with the law. After the people's court accepts the bankruptcy application, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

In case the Company is declared to be insolvent according to the laws, liquidation shall be processed in accordance with the laws on corporate bankruptcy.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association under any of the following circumstances:

(i) after amendments to the Company Law or other relevant laws, administrative regulations or securities regulatory rules of the place where the shares of the Company are listed, any provision of the Articles of Association are in conflict with the amended laws, administrative regulations or securities regulatory rules of the place where the shares of the Company are **[REDACTED]**;

(ii) changes in the Company's circumstances result in inconsistencies with the matters recorded in the Articles of Association; and

(iii) the Shareholders' Meeting decides to amend the Articles of Association.

Any amendment to the Articles of Association approved by the Shareholders' Meeting that requires approval from the competent authority shall be submitted to such authority. Where the amendment involves matters subject to company registration, the Company shall complete the registration formalities accordingly.

The Board of Directors shall revise the Articles of Association in accordance with the resolution of the Shareholders' Meeting and the approval opinions of the relevant competent authority.

Amendments to the Articles of Association that constitute information required to be disclosed under laws, administrative regulations, or the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, shall be announced in accordance with such provisions.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Establishment of our Company

Our Company was established as a limited liability company in the PRC on November 14, 2007 and was converted into a joint stock company with limited liability on 26 November 2025 under the laws of the PRC. Our registered office is located at 1001, No. 245 Kexue Dadao, Huangpu District, Guangzhou, PRC. As of the Latest Practicable Date, the registered share capital of our Company is RMB20,352,428.

Our Company has established a place of business in Hong Kong at Unit 17, 6/F, Houston Centre, 63 Mody Road, Tsim Sha Tsui, Hong Kong, and has been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on January 13, 2026. Mr. Ho Wai Lok has been appointed as our authorized representative for acceptance of service of process and notices in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

As our Company was established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in "Appendix V — Summary of Articles of Association".

2. Changes in the share capital of our Company

Save as disclosed in "History, Development and Corporate Structure", there has been no alteration in the share capital of the Company within two years immediately preceding the date of this document.

3. Changes in the share capital of our subsidiaries

Details of our subsidiaries are set out in "History, Development and Corporate Structure" and the Accountants' Report in Appendix I to this document.

Details of the changes in the share capital of the Company's subsidiaries within the two years immediately preceding the date of this document are set at below :

(a) On 10 June 2025, Xinji Pharma (Zhuhai) Co, Ltd. was established as a limited liability company in the PRC with a registered capital of RMB30.0 million.

(b) On 24 July 2024, Jiansu Hengji Medical Co., Ltd. was established as a limited liability company in the PRC with a registered capital of RMB60.0 million.

(c) On 25 November 2025, Xinji Pharma (Shaoguan) Co., Ltd. was established as a limited liability Company in the PRC with a registered capital of RMB36.0 million.

(d) On 23 December 2025, a shareholders' resolution was passed for Guangzhou Micnano to increase its registered capital by RMB2.4 million.

(e) On 15 April 2026, Xinji Pharma (Yueyang) Co., Ltd. was established as a limited liability company in the PRC with a registered capital of RMB40.0 million.

Save as disclosed above, as at the Latest Practicable Date, there was no alterations of share capital of our subsidiaries within the two years immediately preceding the date of this document.

4. Resolutions of the Shareholders

(i) Pursuant to a general meeting of the Shareholders of our Company held on 12 December 2025, the Shareholders resolved that, among others:

(a) the sub-division of the Shares with nominal value of RMB1.00 each on the basis of 1:5 effective from the **[REDACTED]** Date, and taking into account the Share Subdivision, the issuance by our Company of the H Shares of nominal value of RMB0.20 each and such H Shares being **[REDACTED]** on the Stock Exchange;

(b) the number of H Shares to be issued shall not be more than **[REDACTED]**% of the total issued share capital of our Company as enlarged by the **[REDACTED]** (without taking into account of any H Shares which may be issued upon the exercise of the **[REDACTED]**), and the grant to the **[REDACTED]** (or their representatives) of the **[REDACTED]** of not more than 15% of the number of H Shares issued under the **[REDACTED]**;

(c) the conditional adoption of the Articles of Association, which shall become effective on the **[REDACTED]** Date, and the authorisation of the Board to amend the Articles of Association in accordance with relevant laws and regulations and upon the request from the Stock Exchange and relevant PRC regulatory authorities; and

(d) authorization of the Board or its authorized individual(s) to handle all matters relating to, among other things, the **[REDACTED]**, the issue and **[REDACTED]** of the H Shares on the Stock Exchange.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of our Group within the two years immediately preceding the date of this document, and are or may be material:

(a) capital contribution agreement dated July 23, 2024 entered into among (1) Dr. Wu, Guangzhou Yuexiu Redhill Venture Capital Fund Partnership (L.P.) (廣州越秀區丹麓創業投資基金合夥企業(有限合夥)) ("**Yuexiu Redhill**"), Guangzhou Shanji Investment Consulting Partnership (Limited Partnership)* (廣州市善濟投資諮詢企業(有限合夥)) ("**Shanji Investment**"), Guangzhou Guangji Investment Biopharmaceutical Investment Enterprise (Limited Partnership)* (廣州廣濟生物醫藥投資合夥企業(有限合夥)) ("**Guangji Investment**"), Guangzhou Minji Investment Consulting Co., Ltd.* (廣州民濟投資諮詢有限公司) ("**Minji Investment**"), Guangzhou Deji Investment Consulting Partnership (Limited Partnership)* (廣州德濟投資諮詢合夥企業(有限合夥)) ("**Deji Investment**"), Guangzhou Baiji Biopharmaceutical Investment Enterprise (Limited Partnership)* (廣州百濟生物醫藥投資合夥企業(有限合夥)) ("**Baiji Investment**"), Mr. Chen Jian (陳劍), Guangzhou Houji Investment Biopharmaceutical Investment Enterprise (Limited Partnership)* (廣州厚濟生物醫藥投資合夥企業(有限合夥)) ("**Houji Investment**"), Yangzhou Yaorongquan Venture Capital Enterprise (Limited Partnership) (揚州藥融圈創業投資合夥企業(有限合夥)) ("**Yangzhou Yaorongquan**"), Mr. Kong Zhenyong (孔鎮勇), Mr. Zhang Jun (張軍), Yujiang Yunsheng Enterprise Management Centre (Limited Partnership)* (余江縣允升企業管理中心(有限合夥)) ("**Yujiang Yunsheng**"), Guangzhou Fengbang Consulting Co., Ltd.* (廣州豐邦諮詢有限公司) ("**Fengbang Consulting**"); and (2) Lianyungang Economic and Technological Development Area Xinchengxin Medical Investment Partnership (Limited Partnership) 連雲港經濟技術開發區新誠新醫藥投資合夥企業(有限合夥) ("**Xincheng New Medical**"), Lianyungang Lianjin Modern Services Investment Fund Partnership (Limited Partnership)* 連雲港市連金現代服務業投資基金合夥企業(有限合夥) ("**Lianjin Modern**"), pursuant to which Xincheng New Medical and Lianjin Modern agreed to subscribe for the registered capital of RMB1,441,717 of the Company at an aggregate consideration of RMB50,000,000, where Xincheng New Medical agreed to subscribe for RMB865,030 of the registered capital at a consideration of RMB30,000,000; and Lianjin Modern agreed to subscribe for RMB576,687 of the registered capital at a consideration of RMB20,000,000;

(b) capital contribution agreement dated December 23, 2024 entered into among (1) Dr. Wu, Yuexiu Redhill, Shanji Investment, Guangji Investment, Minji Investment, Deji Investment, Baiji Investment, Mr. Chen Jian, Mr. Kong Zhenyong, Mr. Zhang Jun, Houji Investment, Yangzhou Yaorongquan, Yujiang Yunsheng, Fengbang Consulting, Xincheng New Medical, Lianjin Meodern; and (2) Zhejiang Venture Capital Group Co., Ltd.* (浙江省創業投資集團有限公司) ("**Zhejiang VC**") and Zhuhai Fund III Venture Capital Partnership (Limited Partnership)* (珠海基金三期創業投資合夥企業(有限合夥)) ("**Zhuhai Fund III**"), pursuant to which Zhejiang VC and Zhuhai Fund III agreed to subscribe for the registered capital of RMB1,730,060 of the Company at an aggregate consideration of RMB60,000,000, where Zhejiang VC agreed to subscribe for RMB865,030 of the registered capital at a consideration of RMB30,000,000; and Lianjin Modern agreed to subscribe for RMB865,030 of the registered capital at a consideration of RMB30,000,000;

(c) capital contribution agreement dated June 26, 2025 entered into among (1) Dr. Wu, Yuexiu Redhill, Shanji Investment, Guangji Investment, Minji Investment, Deji Investment, Baiji Investment, Mr. Chen Jian, Mr. Kong Zhenyong, Mr. Zhang Jun, Houji Investment, Yangzhou Yaorongquan, Yujiang Yunsheng, Fengbang Consulting, Xincheng New Medical, Lianjin Meodern, Zhejiang VC and Zhuhai Fund III; and (ii) Guangzhou Guangyao Industry Investment Venture Capital Fund Partnership (Limited Partnership)* (廣州廣藥產投創業投資基金合夥企業(有限合夥)) ("**Guangyao VC**"), Mr. Chu Xianfu (褚先富) and Mr. Pan Lu (潘璐), pursuant to which Guangyao VC, Mr. Chu and Mr. Pan agreed to subscribe for RMB1,153,374 of the Company at an aggregate consideration of RMB40,000,000, where Guangyao VC agreed to subscribe for RMB865,030 of the registered capital at a consideration of RMB30,000,000; Mr. Chu agreed to subscribe for RMB144,172 of the registered capital at a consideration of RMB5,000,000; and Mr. Pan agreed to subscribe for RMB144,172 of the registered capital at a consideration of RMB5,000,000;

(d) capital contribution agreement dated August 7, 2025 entered into among (1) Dr. Wu, Yuexiu Redhill, Shanji Investment, Guangji Investment, Minji Investment, Deji Investment, Baiji Investment, Mr. Chen Jian, Mr. Kong Zhenyong, Mr. Zhang Jun, Houji Investment, Yangzhou Yaorongquan, Yujiang Yunsheng, Fengbang Consulting, Xincheng New Medical, Lianjin Meodern, Zhejiang VC, Zhuhai Fund II, Guangyao VC, Mr. Chu Xianfu and Mr. Pan Lu; and (ii) Yueyang Haiyer Pharmaceutical Investment Partnership (Limited Partnership)* (岳陽市海耶爾醫藥產業投資合夥企業(有限合夥)) (formerly known as Yueyang Caijin Haiyer Taiyi Industry Investment Partnership (Limited Partnership)* 岳陽市財金海耶爾泰益產業投資合夥企業(有限合夥)) ("**Yueyang LP**"), pursuant to which Yueyang LP agreed to subscribe for RMB1,153,374 of the registered capital of the Company at an aggregate consideration of RMB40,000,000;

(e) capital increase agreement dated November 25, 2025 entered into among (1) Dr. Wu, Yuexiu Redhill, Shanji Investment, Guangji Investment, Minji Investment, Deji Investment, Baiji Investment, Mr. Chen Jian, Mr. Kong Zhenyong, Mr. Zhang Jun, Houji Investment, Yangzhou Yaorongquan, Yujiang Yunsheng, Fengbang Consulting, Xincheng New Medical, Lianjin Meodern, Zhejiang VC, Zhuhai Fund II, Guangyao VC, Mr. Chu Xianfu, Mr. Pan Lu, Yueyang LP; and (2) Shaoguan Shoujiantou Venture Capital Partnership (LP) (韶關市首建投創業投資基金合夥企業(有限合夥)) ("**Shaoguan LP**"), pursuant to which Shaoguan LP agreed to subscribe RMB399,067 of the registered capital of the Company at an aggregate consideration of RMB30,000,000;

(f) shareholders' agreement dated November 25, 2025 entered into among Dr. Wu, Yuexiu Redhill, Shanji Investment, Guangji Investment, Minji Investment, Deji Investment, Baiji Investment, Mr. Chen Jian, Mr. Kong Zhenyong, Mr. Zhang Jun, Houji Investment, Yangzhou Yaorongquan, Yujiang Yunsheng, Fengbang Consulting, Xincheng New Medical, Lianjin Meodern, Zhejiang VC, Zhuhai Fund II, Guangyao VC, Mr. Chu Xianfu, Mr. Pan Lu, Yueyang LP and Shaoguan LP, pursuant to which the shareholders' rights were agreed among the parties;

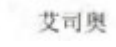
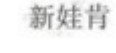
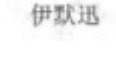
(g) supplemental agreement dated November 25, 2025 to the shareholders' agreement dated November 25, 2025 entered into among Dr. Wu, Yuexiu Redhill, Shanji Investment, Guangji Investment, Minji Investment, Deji Investment, Baiji Investment, Mr. Chen Jian, Mr. Kong Zhenyong, Mr. Zhang Jun, Houji Investment, Yangzhou Yaorongquan, Yujiang Yunsheng, Fengbang Consulting, Xincheng New Medical, Lianjin Meodern, Zhejiang VC, Zhuhai Fund II, Guangyao VC, Mr. Chu Xianfu, Mr. Pan Lu, Yueyang LP and Shaoguan LP, pursuant to which the shareholders' rights and termination of special rights of the shareholders were agreed among the parties; and

(h) the **[REDACTED]**.

2. Intellectual Property Rights of Our Group

(a) Trademarks

As of the Latest Practicable Date, our Group has registered the following trademarks which, in the opinion of our Directors, are material to our business:

No.	Trademark	Registration number	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
1.		82190959	42	Our Company	PRC	June 7, 2025	June 6, 2035
2.		74346958	35	Our Company	PRC	April 7,2024	April 6, 2034
3.		73695591	5	Our Company	PRC	March 7, 2024	March 6, 2034
4.		73537206	5	Our Company	PRC	February 14, 2024	February 13, 2034
5.		73541699	5	Our Company	PRC	February 14, 2024	February 13, 2034

No.	Trademark	Registration number	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
6.		70810668	42	Our Company	PRC	May 7, 2024	May 6, 2034
7.	AQMS	65121672	35	Our Company	PRC	February 14, 2023	February 13, 2033
8.	AQMS	65134682	5	Our Company	PRC	February 14, 2023	February 13, 2033
9.		65427250	40	Our Company	PRC	January 7, 2023	January 6, 2033
10.	NOVAKEN 新济药业	65423700	40	Our Company	PRC	January 7, 2023	January 6, 2033
11.	NOVAKEN 新济药业	65400498	42	Our Company	PRC	January 7, 2023	January 6, 2033
12.	ASTMT	65136059	5	Our Company	PRC	January 14, 2023	January 13, 2033
13.	VMAP	65133739	5	Our Company	PRC	December 28, 2022	December 27, 2032
14.	ASTMT	65133385	10	Our Company	PRC	December 14, 2022	December 13, 2032
15.	VMAP	65129216	3	Our Company	PRC	December 28, 2022	December 27, 2032
16.	VMAP	65120915	10	Our Company	PRC	December 14, 2022	December 13, 2032
17.		65482031	42	Our Company	PRC	December 21, 2022	December 20, 2032
18.		65480516	40	Our Company	PRC	December 21, 2022	December 20, 2032
19.	AQMS	65115989	3	Our Company	PRC	December 21, 2022	December 20, 2032

No.	Trademark	Registration number	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
20.	VMAP	65115233	44	Our Company	PRC	December 14, 2022	December 13, 2032
21.	ASTMT	65113402	44	Our Company	PRC	December 14, 2022	December 13, 2032
22.	AQMS	65113339	44	Our Company	PRC	December 14, 2022	December 13, 2032
23.	SDOR	39110120	5	Our Company	PRC	March 28, 2020	March 27, 2030
24.	Crystagel	38847663	5	Our Company	PRC	February 7, 2020	February 6, 2030
25.	新济药业	36891599	42	Our Company	PRC	January 28, 2020	January 27, 2030
26.	NOVAKEN	35893215	42	Our Company	PRC	September 7, 2019	September 6, 2029
27.		35881971	42	Our Company	PRC	September 7, 2019	September 6, 2029
28.		34396950	5	Our Company	PRC	August 28, 2019	August 27, 2029
29.		34392732	35	Our Company	PRC	August 28, 2019	August 27, 2029
30.		34379043	42	Our Company	PRC	September 7, 2019	September 6, 2029
31.	新济药业 NOVAKEN	33381271	42	Our Company	PRC	July 7, 2019	July 6, 2029
32.	NOVAKEN	27293579	42	Our Company	PRC	November 7, 2018	November 6, 2028

No.	Trademark	Registration number	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
33.	新济	18318560	40	Our Company	PRC	December 21, 2016	December 20, 2026
34.	新济	18318552	42	Our Company	PRC	December 21, 2016	December 20, 2026
35.		88332866	5	Our Company	PRC	April 28, 2026	April 27, 2036
36.	NOVAKEN 新济药业	307023924	5	Our Company	Hong Kong	September 9, 2025	September 8, 2035
37.	NOVAKEN 新济药业	307023924	42	Our Company	Hong Kong	September 9, 2025	September 8, 2035
38.	NOVAKEN 新济药业	307023933	5	Our Company	Hong Kong	September 9, 2025	September 8, 2035
39.	NOVAKEN 新济药业	307023933	42	Our Company	Hong Kong	September 9, 2025	September 8, 2035
40.		307170552	5	Our Company	Hong Kong	January 23, 2026	January 22, 2036
41.		307170552	42	Our Company	Hong Kong	January 23, 2026	January 22, 2036
42.	NOVAKEN	307170543	5	Our Company	Hong Kong	January 23, 2026	January 22, 2036
43.	NOVAKEN	307170543	42	Our Company	Hong Kong	January 23, 2026	January 22, 2036
44.	新济医药	307170525	5	Our Company	Hong Kong	January 23, 2026	January 22, 2036
45.	新济医药	307170525	42	Our Company	Hong Kong	January 23, 2026	January 22, 2036

No.	Trademark	Registration number	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
46.		307170534	5	Our Company	Hong Kong	January 23, 2026	January 22, 2036
47.		307170534	42	Our Company	Hong Kong	January 23, 2026	January 22, 2036

(b) Patents

As of the Latest Practicable Date, our Group had registered the following patents which, in the opinion of our Directors, were material to our business:

No.	Description	Type	Registration Place	Patent Number	Name of Registered Proprietor	Application Date	Authorization Announcement Date
1.	A kind of levodopa nasal spray and its preparation method and application 一種左旋多巴鼻噴霧劑及其製備方法及應用	Invention	PRC	ZL202311494072.1	Our Company	November 9, 2023	November 22, 2024
2.	Rivastigmatine nasal spray and its preparation method 卡巴拉汀鼻噴霧劑及其製備方法 .	Invention	PRC	ZL202211255974.5	Our Company	October 13, 2022	August 11, 2023
3.	Biomineralized liposomes co-loaded with dihydroartemisinin and calcium phosphate, preparation method and application 共載雙氫青蒿素及磷酸鈣的生物礦化脂質體及其製備方法和應用	Invention	PRC	ZL202210715997.3	Our Company	June 22, 2022	July 7, 2023
4.	Rizatriptan nasal spray and preparation method thereof 利扎曲普坦鼻噴霧劑及其製備方法	Invention	PRC	ZL202210541760.8	Our Company	May 17, 2022	February 3, 2023
5.	Polymyxin sulfate B/raffinose dry powder and its inhalation powder aerosol and preparation method 硫酸多粘菌素B/棉子糖乾粉及其吸入粉霧劑和製備方法 .	Invention	PRC	ZL202210061115.6	Our Company	January 19, 2022	September 2, 2022
6.	Moisture-proof and moisture-resistant low-density carrier particles and their preparation methods and applications 防潮抗濕的低密度載體顆粒及其製備方法和應用	Invention	PRC	ZL201611185899.4	Our Company	December 20, 2016	October 13, 2020
7.	Carrier particles with porous structure and their preparation methods and applications 多孔結構的載體顆粒及其製備方法和應用 . .	Invention	PRC	ZL201611124085.X	Our Company	December 8, 2016	September 20, 2019

No.	Description	Type	Registration Place	Patent Number	Name of Registered Proprietor	Application Date	Authorization Announcement Date
8.	Particles with surface nanoscale rough structures and their preparation methods and applications 表面納米級粗糙結構的顆粒及其製備方法和應用	Invention	PRC	ZL201610013832.6	Our Company	January 7, 2016	November 9, 2018
9.	Nitroglycerin coating, nitroglycerin sublingual tablets and their preparation methods 硝酸甘油包覆物、硝酸甘油舌下片及其製備方法 .	Invention	PRC	ZL202210475629.6	Our Company	April 29, 2022	May 5, 2023
10.	A simvastatin pulse-release tablet and its preparation method 一種辛伐他汀脈衝釋放片及其製備方法	Invention	PRC	ZL202011165049.4	Our Company	October 27, 2020	December 13, 2022
11.	Rapidly separating soluble microneedles and their preparation methods 快速分離型可溶性微針及其製備方法	Invention	PRC	ZL201811022455.8	Our Company	September 3, 2018	April 1, 2022
12.	Metformin hydrochloride enteric-coated tablets and their preparation method 鹽酸二甲雙胍腸溶片及其製備方法	Invention	PRC	ZL202010871918.9	Our Company	August 26, 2020	August 17, 2021
13.	Lycedar alkali methane sustained-release micropellet coating granules, sustained-release micropellet tablets and their preparation methods 石杉堿甲緩釋微丸包衣顆粒、緩釋微丸片及其製備方法	Invention	PRC	ZL201710681815.4	Our Company	August 10, 2017	October 16, 2020
14.	Octreotide acetate dry powder inhalation preparation and method of its preparation 醋酸奧曲肽乾粉吸入製劑及其製備方法	Invention	PRC	ZL201611141634.4	Our Company	December 12, 2016	October 13, 2020
15.	Cubic liquid crystal gel injection of local anesthetic and its preparation method 局部麻醉藥的立方液晶原位凝膠注射劑及其製備方法 . . .	Invention	PRC	ZL201611131813.X	Our Company	December 9, 2016	January 21, 2020
16.	Thymic pentapeptide soluble microneedles and their preparation method 胸腺五肽可溶性微針及其製備方法 . .	Invention	PRC	ZL201710393418.7	Our Company	May 27, 2017	January 7, 2020
17.	Thiamolol maleate cubic liquid crystal nanoparticle eye drops and preparation method thereof 馬來酸噻嗎洛爾立方液晶納米粒滴眼液及其製備方法	Invention	PRC	ZL201611227982.3	Our Company	December 27, 2016	September 20, 2019

No.	Description	Type	Registration Place	Patent Number	Name of Registered Proprietor	Application Date	Authorization Announcement Date
18.	Liquid crystal nanoparticle precursor particles, self-assembled liquid crystal nanoparticles and their preparation methods 液晶納米粒前體微粒、自組裝液晶納米粒及其製備方法	Invention	PRC	ZL201610887832.9	Our Company	October 11, 2016	June 18, 2019
19.	Itraconazole inhalation powder aerosol and its preparation method 伊曲康唑吸入粉霧劑及其製備方法	Invention	PRC	ZL201410597457.5	Our Company	October 29, 2014	November 24, 2017
20.	Precursor suspension of soluble liquid crystals and preparation method thereof 溶致液晶的前體混懸液及其製備方法	Invention	PRC	ZL201210585633.4	Our Company	December 28, 2012	November 5, 2014
21.	Netimicin sulfate inhalation powder aerosol and its preparation method 硫酸奈替米星吸入粉霧劑及其製備方法	Invention	PRC	ZL201210457832.7	Our Company	November 14, 2012	November 5, 2014
22.	A semaglutide soluble microneedle composition and a method of preparation thereof 一種司美格魯肽可溶性微針組合物及其製備方法 .	Invention	PRC	ZL202210162729.3	Our Company	February 22, 2022	September 19, 2023
23.	Folic acid tablets and how they are prepared 葉酸片及其製備方法	Invention	PRC	ZL202210681656.9	Our Company	June 15, 2022	September 12, 2023
24.	Whitening and freckle removal compositions, whitening and freckle removal soluble microneedle patches and their preparation methods 美白祛斑組合物、美白祛斑可溶性微針貼片及其製備方法 . . .	Invention	PRC	ZL202010961448.5	Our Company	September 14, 2020	October 4, 2022
25.	A dexmedetomidine hydrochloride soluble microneedle and its preparation method 一種鹽酸右美托咪定可溶性微針及其製備方法	Invention	PRC	ZL202210847168.0	Novaken Research	July 19, 2022	March 18, 2025
26.	A abapatide soluble microneedle patch and its preparation method 一種阿巴帕肽可溶性微針貼片及其製備方法	Invention	PRC	ZL202310406063.6	Novaken Research	April 14, 2023	October 18, 2024
27.	Microneedle transdermal drug delivery device 微針經皮給藥裝置	Utility Model	PRC	ZL202320714053.4	Our Company, Novaken Research	April 3, 2023	April 2, 2024
28.	A dispenser for microneedle introduction 一種配合微針導入用的給藥器	Utility Model	PRC	ZL202323585439.9	Our Company, Novaken Research	December 26, 2023	November 22, 2024

No.	Description	Type	Registration Place	Patent Number	Name of Registered Proprietor	Application Date	Authorization Announcement Date
29.	A microneedle delivery device 一種微針給藥裝置	Utility Model	PRC	ZL202420033537.7	Our Company, Novaken Research	January 5, 2024	November 15, 2024
30.	A microneedle transdermal drug delivery device 一種微針經皮給藥裝置	Utility Model	PRC	ZL202420033523.5	Our Company, Novaken Research	January 5, 2024	September 20, 2024
31.	Microneedling patches for weight loss and how they are prepared 用於減肥的微針貼片及其製備方法	Invention	PRC	ZL201911342239.6	Our Company	December 23, 2019	October 4, 2022
32.	Microneedling patches for improving acne on the skin and how they are prepared 改善皮膚痤瘡的微針貼片及其製備方法	Invention	PRC	ZL201911236031.6	Our Company	December 5, 2019	February 8, 2022
33.	Microneedle patches for improving hypertrophic scars on the skin and how they are prepared 改善皮膚增生性瘢痕的微針貼片及其製備方法 .	Invention	PRC	ZL201911223281.6	Our Company	December 3, 2019	October 29, 2021
34.	Wrinkle microneedle patches with high load macromolecular weight hyaluronic acid and/or its sodium salt particles and their preparation method 高負載大分子透明質酸和/或其鈉鹽顆粒的祛皺微針貼片及其製備方法	Invention	PRC	ZL201911149820.6	Our Company	November 21, 2019	December 16, 2022
35.	Compositions with whitening effects, whitening soluble microneedle patches with high drug loads and their preparation methods 具有美白功效的組合物、高載藥量的美白可溶性微針貼片及其製備方法	Invention	PRC	ZL201911115373.2	Our Company	November 14, 2019	April 29, 2022
36.	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	Invention	PRC	ZL202411676053.5	Our Company	November 21, 2024	November 28, 2025
37.	Gel patch containing onion extract and its preparation method 含洋蔥提取物的凝膠貼膏及其製備方法	Invention	PRC	ZL202311121766.0	Our Company	August 31, 2023	July 15, 2025
38.	Gel patch and its preparation method 凝膠貼膏劑及其制備方法	Invention	PRC	ZL202310448495.3	Our Company	April 24, 2023	October 28, 2025
39.	Rizatripton microneedle patch and its preparation method and application 利扎曲普坦微針貼劑及其製備方法	Invention	PRC	ZL202411901165.6	Our Company	December 20, 2024	November 4, 2025

No.	Description	Type	Registration Place	Patent Number	Name of Registered Proprietor	Application Date	Authorization Announcement Date
40.	A nasal spray acting on the central nervous system and its preparation method and application 一種用作於中樞神經系統的鼻噴霧劑及其製備方法及應用	Invention	PRC	ZL202311494348.6	Our Company	Novemebr 9, 2023	July 11, 2025
41.	Semaglutide dissolving microneedle patch and its preparation method 司美格魯肽可溶性微針貼片及其製備方法	Invention	PRC	ZL202210028787.7	Our Company	January 11, 2022	August 1, 2023

(c) Domain names

As at the Latest Practicable Date, our Group has registered the following domain name which, in the opinion of our Directors, is material to our business:

No.	Domain Name	Registered Owner	Registration Date	Expiry Date
1.	novaken.com	Our Company	August 10, 2007	August 10, 2028

Save as the above, as of the Latest Practicable Date, there were no other intellectual property rights which were material to our business.

C. FURTHER INFORMATION ABOUT DIRECTORS, SENIOR MANAGEMENT AND SUBSTANTIAL SHAREHOLDERS

1. Interests and short positions of Directors and the chief executive of our Company in the Shares, underlying Shares or debentures of our Company and its associated corporations

Save as disclosed below, immediately following the completion of the **[REDACTED]** (having taken into account of the Share Subdivision but assuming no exercise of the **[REDACTED]**), so far as the Directors are aware, none of the Directors or chief executive of the Company will have any interests and/or short position (as applicable) in the Shares, underlying Shares or debentures of the Company or our associated corporation (within the meaning of Part XV of the SFO) which will be (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules to be notified to the Company and the Stock Exchange, once the H Shares are **[REDACTED]** on the Stock Exchange.

Interests and/or short positions in our Company

Name	Capacity/Nature of interest	Shares held immediately after the completion of the [REDACTED]	
		Number of Shares[1]	*Approximate percentage*[2]
Dr. Wu[2][3]	Beneficial owner	**[REDACTED]** H Shares (L)	**[REDACTED]**
	Interest in controlled Corporations	**[REDACTED]** H Shares (L)	**[REDACTED]**
Dr. Pan Xin[2][3]	Interest of spouse	**[REDACTED]** H Shares (L)	**[REDACTED]**

(L) denotes long positions

1. The calculation is based on the assumption that (i) the Share Subdivision is completed, (ii) the **[REDACTED]** is not exercised, (iii) the **[REDACTED]** Unlisted Shares (taking into account the Share Subdivision) will be converted into H Shares, and (iv) the total number of the Shares in issue will be **[REDACTED]** H Shares immediately after completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised).

2. Dr. Wu and Dr. Pan Xin are spouses. Accordingly, Dr. Wu and Dr. Pan Xin are deemed to be interested in the Shares held by each other by virtue of Part XV of the SFO.

3. Dr. Wu is deemed to be interested in (1) the approximately **[REDACTED]**% Shares owned by Shanji Investment (a limited partnership which Dr. Wu is its general partner); (2) the approximately **[REDACTED]**% Shares owned by Guangji Investment (a limited partnership which Dr. Wu is its general partner); (3) the approximately **[REDACTED]**% Shares owned by Deji Investment (a limited partnership which Dr. Wu is its general partner); (4) the approximately **[REDACTED]**% Shares owned by Minji Investment (a company controlled by Dr. Wu); and (5) the approximately **[REDACTED]**% Shares owned by Baiji Investment (a limited partnership which Dr. Wu is its general partner) by virtue of Part XV of the SFO.

Interests and/or short positions in associated corporations

Name of Shareholder	Capacity/Nature of interest	Associated corporations	Shares/equity interest held
			Approximate percentage[2]
Dr. Wu	Beneficial owner[1]	Novaken Pharma (Zhuhai Hengqin) Co., Ltd.	35%

Notes:

1. Novaken Pharma (Zhuhai Hengqin) Co., Ltd. is a limited liability company established in the PRC owned as to 65% by our Company and 35% by Dr. Wu.

2. Interests and/or short positions of substantial Shareholders in the Shares or underlying Shares of our Company and its associated corporations

So far as is known to our Directors, immediately following completion of the **[REDACTED]** (having taken into account of the Share Subdivision but assuming no exercise of the **[REDACTED]**), the following persons (not being a Director or chief executive of our Company) will have an interest or a short position in the Shares or underlying Shares of our Company and its associated corporations which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other members of our Group:

Interests and/or short positions in our Company

Name of Shareholder	Capacity/Nature of interest	Shares held immediately after the completion of the [REDACTED]	
		Number of Shares[1]	*Approximate percentage*[2]
Guangzhou Yuexiu Redhill Venture Capital Fund Partnership (L.P.) ("**Yuexiu Redhill**")	Beneficial owner	**[REDACTED]** H Shares (L)	**[REDACTED]**
Shanji Investment	Beneficial owner	**[REDACTED]** H Shares (L)	**[REDACTED]**

Notes:

(L) denotes long positions

1. The calculation is based on the assumption that (i) the Share Subdivision is completed, (ii) the **[REDACTED]** is not exercised, (iii) the **[REDACTED]** Unlisted Shares (taking into account the Share Subdivision) will be converted into H Shares, and (iv) the total number of the Shares in issue will be **[REDACTED]** H Shares immediately after completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised).

3. Particulars of Directors' Service Contracts and Appointment Letters

Each of the Directors [has entered] into a service contract or a letter of appointment with our Company.

Save as disclosed above, we have not entered into, and do not propose to enter into any service contracts or letters of appointment with any of our Directors in their respective capacities as Directors (excluding agreements expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

The remuneration of Directors is determined by our Company with reference to the duties and level of responsibilities of each Director, the remuneration policy of our Company and the prevailing market conditions.

The appointments of our Directors are subject to the provisions of retirement by rotation of directors under the Articles of Association.

4. Remuneration of Directors

Save as disclosed in "Directors and Senior Management" and Notes 9 and 10 to the Accountants' Report set out in Appendix I for the Track Record Period, none of our Directors received other remunerations or benefits in kind from us.

5. Agency Fees or Commissions Received

Save as disclosed in the paragraph headed "**[REDACTED]** — **[REDACTED]** Arrangements and Expenses — **[REDACTED]** — Commissions and expenses" in this document, within the two years immediately preceding the date of this document, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries.

6. Disclaimers

Save as disclosed this section:

(a) none of our Directors or our chief executive has any interest or short position in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are **[REDACTED]** on the Stock Exchange;

(b) none of our Directors is aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the **[REDACTED]** (without taking into account any H Shares which may be allotted and issued pursuant to the exercise of the **[REDACTED]**), have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group;

(c) save in connection with the **[REDACTED]**, none of the Directors nor any of the experts referred to "Qualifications of Experts" below is (i) materially interested in any contract or arrangement subsisting at the date of this document which is interested legally or beneficially in any shares in any member of the Group; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group; and

(d) none of our Directors or any of the parties listed in "Qualifications of Experts" in this Appendix:

i. has been interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this document, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group; or

ii. materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business.

D. OTHER INFORMATION

1. Pre-[REDACTED] Equity Incentive Scheme

The following is a summary of the principal terms of the employee incentive scheme adopted by our Company in August 2025 (i.e. the Pre-**[REDACTED]** Equity Incentive Scheme). For details of the Pre-**[REDACTED]** Equity Incentive Scheme, please refer to "History, Development and Corporate Structure — Employee Incentive Platform" in this document.

The terms of the Pre-**[REDACTED]** Equity Incentive Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as no stock will be granted under the Pre-**[REDACTED]** Equity Incentive Scheme after the **[REDACTED]**. All awards under the Pre-**[REDACTED]** Equity Incentive Scheme have been fully granted.

(a) Purpose

The Pre-**[REDACTED]** Equity Incentive Scheme aims to, among other things, motivate the company's core employees and enhance their enthusiasm, sense of belonging, responsibility, and mission; attract and retain talent; and encourage diligence and commitment in achieving the company's strategic objectives.

(b) Participants of the Pre-*[REDACTED] *Equity Incentive Scheme

Eligible participants of the Pre-**[REDACTED]** Equity Incentive Scheme (the "**Participant(s)**") are principally core management members and employees of our Group, which shall be determined by the management of our Company from time to time on factors such as the contribution, position and years of service, conduct of the Participants.

(c) Maximum number of incentive Shares

The incentive Shares under the Pre-**[REDACTED]** Equity Incentive Scheme refer to the equity already held by Guangji Investment, corresponding to RMB1,227,069 in the registered capital of the Company and representing approximately 6.03% of the total issued share capital of our Company immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised).

(d) Grant price and grant of incentive Shares

The grant price per Share under the Pre-**[REDACTED]** Equity Incentive Scheme is RMB16.45, based on the valuation of our Company before increase of its registered capital by Guangji Investment. Participants may subscribe for the incentive Shares by signing partnership agreement and supplementary agreement, paying the grant price within a specific period and becoming a limited partner of the Employee Incentive Platform. Participants shall be entitled to the property rights corresponding to the incentive Shares (including but not limited to the rights to receive dividends and proceeds from transfer but excluding governance rights such as voting or making proposals which are exercised by the general partner) proportionate to their indirect shareholding through the Employee Incentive Platform.

(e) Lock-up period

After **[REDACTED]**, participants will be subject to such lock-up periods as may be required under the applicable laws, regulatory rules and exchange rules. Under the PRC Company Law, a Participant who is a director or senior management of the Company is subject to lock-up period (the "**Lock-up Period**") of one year from the date of **[REDACTED]**, and after the Lock-up Period, is subject to an annual transfer limit of up to 25% of shares owned by himself or herself and a transfer restriction of 6 month after resignation.

Participants shall not transfer directly; create pledges, entrustments or trusts over; or transfer income rights or engage in any other form of disguised transfer of, their partnership interest in the Employee Incentive Platform.

(f) Disposal of incentive Shares

After the Lock-up Period expires and all restrictions under the Scheme are lifted, the Participants may dispose of incentive Shares indirectly held by them through the Employee Incentive Platform by notifying the general partner in writing within the first 10 trading days of each quarter. The general partner of the Employee Incentive Platform may have a pre-emption right to buy out the Participants' partnership interest in the Employee Incentive Platform at market-equivalent value. If the general partner decided not to exercise such right, he or she may notify the remaining limited partners of the Employee Incentive Platform of the intention to dispose and the amount to be disposed. If no limited partners purchase the exiting Participants' partnership interest, the general partner may arrange for the Employee Incentive Platform to dispose of incentive Shares on the secondary market through auction, block trade, negotiated transfer, etc. and distribute the net proceeds (after deducting taxes and fees) to the relevant Participants.

(g) Repurchase of incentive Shares

The table below sets out the arrangement in relation to the repurchase of incentive Shares directly or indirectly held by the Participants under certain repurchase events:

Repurchase events (the "Repurchase Events")

(1) Fault-based exit (除名) where the Participant was personally at fault for certain circumstances and was required to be withdrawn from the partnership, including:

a. obtaining eligibility for the Pre-**[REDACTED]** Equity Incentive Scheme through fraudulent means;

b. failure to fulfill capital contribution obligations;

c. resigning without the Company's approval;

d. failure to meet performance standard for 2 consecutive years;

e. serious violation of the policies and regulations of the Company;

f. causing major loss or its affiliates as a result of intentional or gross negligence;

g. conviction of crimes such as corruption, bribery, embezzlement, or subject to restriction on personal liberty affecting job performance;

h. misappropriation of the Company's funds;

i. opening accounts in personal name for the Company's funds;

j. lending the Company's funds or providing guarantees without proper approval;

k. entering into contracts or transactions with the Company without approval;

l. exploiting position for personal gain, engaging in competing business, or misusing the Company's resources;

m. accepting commissions from parties transacting with the Company;

n. unauthorized disclosure of confidential information of the Company and its subsidiaries;

o. violating other duty of loyalty and diligence owed to the Company under relevant laws, regulations and articles of association of the Company.

Repurchase price

The repurchase price shall be equal to the actual amount of capital contribution paid by such Participant for the incentive Shares to be repurchased.

Repurchase events (the "Repurchase Events")	Repurchase price
(2) No-fault exit (當然退夥) where the Participant is no longer suitable or able to continue as a partner in the Employee Incentive Platform due to objective reasons, including: a. resignation as an employee of the Company or its subsidiaries with the Company's approval or through amicable negotiation; b. death; c. loss of work capacity, missing or legally declared missing; d. being legally determined to have no or limited civil capacity; e. the Participant's partnership interests in the Employee Incentive Platform being subject to compulsory enforcement by a People's Court in the PRC.	The repurchase price shall be determined as follows: (1) prior to the completion of the **[REDACTED]** or after the **[REDACTED]** but prior to the expiry of the Lock-up Period, the repurchase price shall be equal to the sum of (i) the actual amount of capital contribution paid by such Participant for the incentive Shares to be repurchased; and (ii) benchmark loan interest during the same period; (2) after the expiry of the Lock-up Period and the release of restrictions on the incentive Shares (if any), the repurchase price shall be equal to the market price of the Shares.
(3) Dissolution, winding up, or liquidation of the Company	The repurchase price shall be the net asset value of the Company for the most recent financial year, proportionate to the equity held by the Participant when exiting.
(4) Acquisition of shares of the Company by a third party prior to the **[REDACTED]** which may results in a change of control	The repurchase price shall be determined as follows: (1) if the purchaser acquires the ultimate beneficial owner or the equity interest of the Employee Incentive Platform, the repurchase price shall be the market price paid by the purchaser (or the proportional consideration); (2) if the Participants wish to sell their shares voluntarily and there is no third party purchaser, the ultimate beneficial owner shall acquire the shares at repurchase price equal to the sum of (i) the actual amount of capital contribution paid by such Participant for the incentive Shares to be repurchased; and (ii) benchmark loan interest during the same period.
(5) Special hardship exit where the Participant withdraws from partnership due to objective practical needs (such as major family changes, serious illness, etc.) and has not triggered fault-based exit or no-fault exit	The repurchase price shall be determined through negotiation between parties involved in the transfer.

Details of the incentive Shares granted under the Pre-[REDACTED] Equity Incentive Scheme

As of the Latest Practicable Date, 1,227,069 incentive Shares had been granted to 47 Participants, where all incentive Shares were indirectly held by the Participants through our employee share incentive platform at consideration of RMB16.45 per Share pursuant to the Pre-**[REDACTED]** Equity Incentive Scheme. As of the Latest Practicable Date, all the incentive Shares under the Pre-**[REDACTED]** Equity Incentive Scheme were granted. The incentive Shares granted under the Pre-**[REDACTED]** Equity Incentive Scheme are subject to vesting period and vesting conditions which are described under the paragraph headed "(e) Lock-up Period".

2. Estate Duty

The Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

3. Litigation

As of the Latest Practicable Date, no member of the Group was involved in any litigation, arbitration, administrative proceedings or claims of material importance, and so far as the Directors are aware, no litigation, arbitration, administrative proceedings or claims of material importance are pending or threatened against any member of the Group.

4. Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsors under Rule 3A.07 of the Listing Rules.

The Sole Sponsor is entitled to the sponsor's fee in the amount of USD385,000 in connection with the **[REDACTED]**.

5. Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred any material preliminary expenses.

6. Promoter

The promoters of the Company are all of the 22 then Shareholders immediately before our conversion into a joint stock limited liability company. Within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to the promoters in connection with the **[REDACTED]** and the related transactions described in this document.

7. Taxation of holders of Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of the H Shares being sold or transferred. For further information in relation to taxation, see "Appendix III — Taxation and Foreign Exchange."

8. Qualification of Experts

The qualifications of the experts who have given opinions or advice and/or whose names are included in this document are as follows:

Name	Qualifications
Guotai Junan Capital Limited	Licensed corporation to conduct Type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	Certified public accountants and registered public interest entity auditor
Sundial Law Firm	PRC Legal Advisor
Tsing Law NY LLP	U.S. Legal Advisor
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

9. Consents of Experts

Each of the experts named in the paragraph headed "8. Qualifications of experts" above has given and has not withdrawn its respective written consent to the issue of this document with the inclusion of its view(s) and/or report(s) and/or letter(s) and/or opinion and/or legal opinion(s) (as the case may be) and references to its name included herein in the form and context in which they are included.

10. Interests of experts in our Company

As of the Latest Practicable Date, none of the experts named in the paragraph headed "8. Qualifications of experts" above had any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

11. Binding Effect

This document shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and the Chinese language version of this document, the English language version shall prevail.

13. Miscellaneous

(a) Save as disclosed in "History, Development and Corporate Structure", "Financial Information — **[REDACTED]** Expenses", "**[REDACTED]**" or "— A. Further Information About Our Group" of this Appendix, within the two years immediately preceding the date of this document:

(i) no share or loan capital of our Company or of any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

(ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of our subsidiaries; and

(iii) no commission has been paid or payable (except to sub-**[REDACTED]**) for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares or debentures in our Company; and

(b) No share, warrant or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(c) None of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;

(d) Our Company has no outstanding convertible debt securities or debentures;

(e) The Company or any of its subsidiary has not issued nor agreed to issue any founder or management or deferred shares;

(f) Our Directors confirm that, save for the expenses in connection with the **[REDACTED]**, there has been no material adverse change in the financial or trading position or prospects of our Group since May 31, 2026 (being the date to which the latest audited consolidated financial statements of our Group were made up) and up to the date of this document;

(g) There are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business;

(h) Save as disclosed in "Summary — Recent Developments and No Material Adverse Change", there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 12 months immediately preceding the date of this document;

(i) There are no arrangements in existence under which future dividends are to be or agreed to be waived;

(j) The Company is a joint stock limited company and is subject to the PRC Company Law; and

(k) There is no restriction affecting the remittance of profits or repatriation of capital into Hong Kong and from outside Hong Kong.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

(i) a copy of each of the material contracts referred to in "Statutory and General Information — B. Further Information about our Business — 1. Summary of Material Contracts" in Appendix VI to this document; and

(ii) the written consents referred to in "Statutory and General Information — D. Other Information — 9. Consents of Experts" in Appendix VI to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the Stock Exchange's website at **www.hkexnews.hk** and the Company's website at **www.novaken.com** during a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountant's Report prepared by Ernst & Young, the text of which is set out in Appendix I to this document;

(c) the audited consolidated financial statements of our Group for the Track Record Period;

(d) the report on the unaudited **[REDACTED]** financial information of our Group prepared by Ernst & Young, the text of which is set out in Appendix IIA to this document;

(e) the material contracts referred to in "Appendix VI — Statutory and General Information — B. Further Information about our Business — 1. Summary of Material Contracts";

(f) the written consents referred to in "Appendix VI — Statutory and General Information — D. Other Information — 9. Consents of Experts";

(g) the service contracts and letters of appointment referred to in "Appendix VI — Statutory and General Information — C. Further Information about Directors, Senior Management and Substantial Shareholders — 3. Particulars of Directors' Service Contracts and Appointment Letters";

(h) the legal opinion issued by Sundial Law Firm, the PRC Legal Advisor, in respect of, among other things, the general corporate matters and property interests of our Group under the PRC laws;

(i) the legal opinion issued by Tsing Law NY LLP, the U.S. Legal Advisor, in respect of, among other things, compliance with applicable U.S. laws and regulations;

the industry report issued by Frost & Sullivan referred to in the section headed "Industry Overview" in this document; and

(j) a copy of the following PRC laws, together with their unofficial English translations:

a. the PRC Company Law;

b. the PRC Securities Law; and

c. the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies.