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

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

(Stock Code: 2575)

CHANGE IN USE OF PROCEEDS FROM THE GLOBAL OFFERING

Reference is made to (i) the prospectus issued by Xuanzhu Biopharmaceutical Co., Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") dated October 6, 2025 (the "**Prospectus**") in relation to the intended use of net proceeds from the Global Offering and the listing of the Company's H shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"); and (ii) the interim report of the Company for the six months ended June 30, 2026 published on September 16, 2026 (the "**2026 Interim Report**"). Unless the context requires otherwise, capitalized terms used in this announcement shall have the same meanings as those defined in the Prospectus and the 2026 Interim Report.

USE OF PROCEEDS DISCLOSED IN THE PROSPECTUS

The actual net proceeds from the Global Offering were approximately HK$679.9 million (after deducting the underwriting commissions and estimated expenses payable by the Company in relation to the Global Offering) (the "**Net Proceeds**"). As disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus and based on the actual Net Proceeds, the original allocation of the Net Proceeds is set out below:

(i) approximately 45.0% (i.e. HK$305.9 million) would be used for the research and development of our core products, namely, KBP-3571, XZP-3287 and XZP-3621;

(ii) approximately 14.0% (i.e. HK$95.2 million) would be used for the research and development of our key products, namely, KM602, KM501, XZP-7797 and XZP-6924;

(iii) approximately 11.0% (i.e. HK$74.8 million) would be used to fund the research and development of other drug candidates, including XZB-0004, XZP-5610, XZP-6019 and XZP-6877;

(iv) approximately 20.0% (i.e. HK$136.0 million) would be allocated to strengthening our commercialization and marketing capabilities, among which approximately 12.0% (i.e. HK$81.6 million) would be used for our oncology franchise, with an initial focus on XZP-3287 and XZP-3621; and

(v) approximately 10.0% (i.e. HK$68.0 million) would be used for working capital and other general corporate purposes.

PROPOSED CHANGE IN USE OF PROCEEDS

As at September 30, 2026, a total of approximately HK$214.1 million (representing approximately 31.5% of the Net Proceeds) of the Net Proceeds had been utilized, while approximately HK$465.8 million (representing approximately 68.5% of the Net Proceeds) remained unutilized.

In view of the reasons detailed in the section headed "REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS" of this announcement, on November 23, 2026, the Board has resolved to reallocate approximately HK$47.6 million (representing 7.0% of the Net Proceeds) of the unutilized Net Proceeds originally allocated to fund planned clinical trials (paragraph (i) above) for XZP-3287 in combination with endocrine therapy as an adjuvant therapy for the treatment of HR+/HER2- early BC to the commercialization and marketing of our oncology franchise (paragraph (iv) above), with an initial focus on XZP-3287 and XZP-3621.

The following table sets forth the original allocations of the Net Proceeds and the revised allocations of the unutilized Net Proceeds after the proposed change in the use of proceeds (the "**Proposed Change**"):

Use of proceeds	Approximate % of Net Proceeds *(%)*	Original allocation of Net Proceeds *(In HKD million)*	Utilized Net Proceeds (as at September 30, 2026) *(In HKD million)*	Unutilized Net Proceeds (as at September 30, 2026) *(In HKD million)*	Revised allocation of the unutilized Net Proceeds following the Proposed Change *(In HKD million)*	Expected timeline of full utilization of the unutilized Net Proceeds
Research and development of core products, namely, An Jiu Wei, Xuan Yue Ning and Xuan Fei Ning	45.0	305.9	54.0	252.0	204.4	By the end of 2028
(i) Research and development of An Jiu Wei (KBP-3571)	14.0	95.2	18.6	76.6	76.6	By the end of 2028

Use of proceeds	Approximate % of Net Proceeds (%)	Original allocation of Net Proceeds (In HKD million)	Utilized Net Proceeds (as at September 30, 2026) (In HKD million)	Unutilized Net Proceeds (as at September 30, 2026) (In HKD million)	Revised allocation of the unutilized Net Proceeds following the Proposed Change (In HKD million)	Expected timeline of full utilization of the unutilized Net Proceeds
(ii) Research and development of Xuan Yue Ning (XZP-3287)	18.5	125.8	23.2	102.6	55.0	By the end of 2028
a. Fund the GMP inspection activities and extension study of XZP-3287 in combination therapy with fulvestrant	3.5	23.8	8.6	15.2	15.2	By the end of 2028
b. Fund the NDA-related activities and extension study of XZP-3287 in combination therapy with letrozole or anastrozole	4.0	27.2	14.4	12.8	12.8	By the end of 2028
c. Fund the GMP inspection activities and extension study of XZP-3287 monotherapy.	4.0	27.2	0.2	27.0	27.0	By the end of 2028
d. Fund planned clinical trials of XZP-3287 in combination with endocrine therapy as an adjuvant therapy for the treatment of HR+/HER2- early BC	7.0	47.6	–	47.6	–	–
(iii) Research and development of Xuan Fei Ning (XZP-3621)	12.5	85.0	12.2	72.8	72.8	By the end of 2028
Research and development of key products, namely, KM602, KM501, XZP-7797 and XZP-6924	14.0	95.2	1.1	94.1	94.1	By the end of 2029
Research and development of other drug candidates, including XZB-0004, XZP-5610, XZP-6019 and XZP-6877	11.0	74.8	0.1	74.7	74.7	By the end of 2029

Use of proceeds	Approximate % of Net Proceeds (%)	Original allocation of Net Proceeds (In HKD million)	Utilized Net Proceeds (as at September 30, 2026) (In HKD million)	Unutilized Net Proceeds (as at September 30, 2026) (In HKD million)	Revised allocation of the unutilized Net Proceeds following the Proposed Change (In HKD million)	Expected timeline of full utilization of the unutilized Net Proceeds
Strengthening commercialization and marketing capabilities	20.0	136.0	91.0	45.0	92.6	By the end of 2027
(i) Digestive disease franchise (focusing on KBP-3571)	8.0	54.4	9.4	45.0	45.0	By the end of 2026
(ii) Oncology franchise (with an initial focus on XZP-3287 and XZP-3621)	12.0	81.6	81.6	–	47.6	By the end of 2027
Working capital and other general corporate purposes	10.0	68.0	68.0	–	–	–
Total	**100.0**	**679.9**	214.1	465.8	465.8	

Note: From September 30, 2026 until the date of this announcement, the Group did not make any further use of the Net Proceeds originally allocated to fund planned clinical trials for XZP-3287 for the adjuvant therapy for the treatment of early BC. Any discrepancies between the figures listed in the above table and the totals are due to rounding.

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

Reassessment of the Planned Clinical Development of XZP-3287 for the Adjuvant Therapy for the Treatment of early BC

Since the Global Offering, the competitive landscape, product pricing and industry developments of the treatment of HR+/HER2- early BC market have undergone rapid changes. Although the indications for the adjuvant therapy for early-stage BC holds market potential, its clinical development cycle is long and requires significant investment. With successive approvals obtained by other competitive drugs in the PRC, additional treatment options for the early BC adjuvant therapy indication have increased the competition in this field. In addition, as more products have been approved for marketing and included in the National Reimbursement Drug List (the "**NRDL**"), the pricing policies for major domestic CDK4/6 products have been successively adjusted, and the overall market price levels and commercialization thresholds have also changed. A diversified competitive landscape has been created in the relevant field, and first-to-market products have established high barriers in terms of clinical data accumulation and market access.

In view of the above changes in the external market and industry environment, the Board considers that it would be necessary to prudently assess the original development plan of such indication and to dynamically optimize the allocation of the relevant proceeds.

The Board further notices that, in addition to the high barriers already established by existing competing products in terms of clinical evidence, physicians' prescribing patterns and medical insurance coverage, the feasibility of continuing the clinical development for such indication requires further assessment. If such indication proceeds as originally planned, XZP-3287 would assume the position of a late entrant, which requires larger sample size, longer follow-up period or more differentiated trial design to establish a competitive advantage. Furthermore, as the primary efficacy endpoints for such registered clinical trials are time-to-event endpoints such as invasive disease-free survival (iDFS), the follow-up period is expected to be measured in years. The originally allocated HK$47.6 million would only provide partial funding for this project, necessitating the Group to supplement the shortfall through internal resources or other funds.

Taking into comprehensive consideration of the investment scale, development cycle and expected economic returns, and given the limited amount of capital available, earmarking the Net Proceeds for a single proposed trial would undermine the Group's flexibility in addressing other more pressing funding requirements.

Supporting the Commercialization of XZP-3287 and XZP-3621

XZP-3287 and XZP-3621 have obtained marketing approvals for multiple indications in 2025 and 2026 and currently remain at an early stage of commercial expansion. As these products gain access to the NRDL and their commercialization progresses, the Group's funding requirements for commercial manufacturing and marketing have increased. As at September 30, 2026, approximately HK$81.6 million of the Net Proceeds originally allocated to strengthening commercialization and marketing capabilities for the oncology franchise had been fully utilized, and the Group has been using its own funds to settle ongoing oncology commercialization expenditure.

XZP-3287 was approved in May 2025 for use in combination with fulvestrant and as monotherapy for the treatment of HR+/HER2- advanced or metastatic BC and was subsequently approved in March 2026 for use in combination with aromatase inhibitors for initial endocrine therapy. The aforementioned two indications were included in the NRDL in December 2025, effective from January 1, 2026. XZP-3621 was approved in August 2025 as monotherapy for the treatment of ALK-positive locally advanced or metastatic non-small cell lung cancer in patients who have not previously received ALK inhibitor therapy. Capital investments required for commercial expansion typically occur prior to sales volume ramp-up and are characterized by its front-loaded and rigid nature. The first 12 to 24 months following product approval and NRDL inclusion represent a critical window period for achieving hospital coverage and cultivating clinical prescribing patterns.

As mentioned above, the Group has been using its own funds to settle ongoing oncology commercialization expenditure, which will constrain the financial flexibility of the Group to a certain extent. In assessing the Proposed Change, the Board has also considered alternatives such as funding such expenses through external financing and maintaining the original allocation. However, after considering the financing cost, the dilution impact on the existing Shareholders and capital efficiency, the Board considers the Proposed Change to be more appropriate.

The Proposed Change will allow the Group to deploy approximately HK$47.6 million of unutilized Net Proceeds towards these more immediate funding requirements, with an initial focus on the commercialization and marketing campaigns of XZP-3287 and XZP-3621 to support the continued commercial expansion of these products, and such proceeds are expected to be fully utilized by the end of 2027. The Board considers that prioritizing these activities will better match the allocation of financial resources with the Group's current business needs, which will be conducive in realizing the commercial value of its marketed oncology products.

Taking into account the above circumstances and conducting an assessment in a prudent manner, the Board believes that reallocating the Net Proceeds from the planned clinical development of XZP-3287 for the adjuvant treatment of early BC to the commercialization of oncology products is in the best interests of the Company and its Shareholders as a whole.

BENEFITS OF THE PROPOSED CHANGE

It (i) redirects the funds from an early adjuvant treatment project that entails a longer development cycle and uncertainties regarding the investment and outcomes to approved, NRDL-included and sales revenue-generating products, which may shorten the capital recovery cycle and improve the expected return on capital; (ii) assists the Group to increase its market share before the competitive landscape solidifies; and (iii) has the cash inflows from the sales of marketed products which can be reinvested into research and development, reducing the Group's reliance on external financing.

OPINION OF THE BOARD

Having considered the above factors, the Board is of the view that reallocating resources in accordance with the Proposed Change is better aligned with the commercialization process and stage of these products, the latest competitive market environment and the Group's long-term development strategy for its core products. The Proposed Change only involves the proceeds originally allocated to the indication for the adjuvant treatment of early BC and it represents a shift in the investment of the Group's core products from the development stage to the commercialization stage, as well as an internal reallocation of resources of the oncology franchise, rather than a reduction of the investments of such core products or a change in the Group's focus on its oncology franchise.

The Board is of the view that the Proposed Change will enable the Group to allocate its financial resources more effectively and in a more targeted manner, considering the commercialization processes and the more immediate funding needs of its marketed oncology products. By deploying the unutilized Net Proceeds towards commercial manufacturing and marketing, the Group expects to support the commercial expansion of XZP-3287 and XZP-3621 and enhance the overall efficiency of the use of the Net Proceeds. The Board considers that the Proposed Change will not result in any material change in the nature of the Group's principal business or impose any material adverse effect on the Group's existing business and operations, which is fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

Save for the Proposed Change, the other uses of the Net Proceeds remain unchanged. XZP-3287 will continue to serve as a core product of the Company. The Group will also continue to actively advance the commercialization and overseas licensing collaborations for the approved indications of XZP-3287. The development plans for the Group's other research and development pipelines remain completely unaffected. The Group will continue to prudently review the plan for the use of the unutilized proceeds in light of the commercialization progress of XZP-3287 and XZP-3621, market conditions, the regulatory environment and actual business needs, and will make further disclosure in a timely manner in accordance with the applicable Listing Rules and other laws and regulations.

SHAREHOLDERS' APPROVAL

Pursuant to the Articles of Association, any change in the use of proceeds must be approved by the Shareholders. Accordingly, the adoption of the Proposed Change is conditional upon approval by the Shareholders at an extraordinary general meeting (the "**EGM**") of the Company to be convened. A circular containing, among other things, further information on the Proposed Change, together with a notice convening the EGM, will be published and despatched to the Shareholders in due course.

Warning Statement under Rule 18A.05 of the Listing Rules: We cannot guarantee that we will ultimately be able to successfully commercialize other products.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, November 23, 2026

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