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Application Proof of

JW (Cayman) Therapeutics Co. Ltd

(the "**Company**")

(Incorporated in the Cayman Islands with limited liability)

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JW (Cayman) Therapeutics Co. Ltd

(Incorporated under the laws of the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] Shares (subject to the [REDACTED])**
Number of Hong Kong [REDACTED]	**:**	**[REDACTED] Shares (subject to adjustment)**
Number of International [REDACTED]	**:**	**[REDACTED] Shares (subject to adjustment and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per [REDACTED] plus [REDACTED] of 1.0%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars, subject to refund)**
Nominal Value	**:**	**US$[0.00001] per Share**
[REDACTED]	**:**	**[REDACTED]**

***Joint Sponsors,* [REDACTED], [REDACTED] *and* [REDACTED]**

Goldman Sachs

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EXPECTED TIMETABLE[(1)]

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

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CONTENTS

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 the information that may be important to you. You should read this document in its entirety before you decide to* [REDACTED] *in the* [REDACTED]. *We are a cell therapy platform company seeking a* [REDACTED] *under Chapter 18A of the Listing Rules on the basis that we are unable to meet the requirements under Listing Rule 8.05 (1), (2), or (3). There are risks associated with any* [REDACTED]. *Some of the particular risks in* [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* [REDACTED] *in the* [REDACTED].**

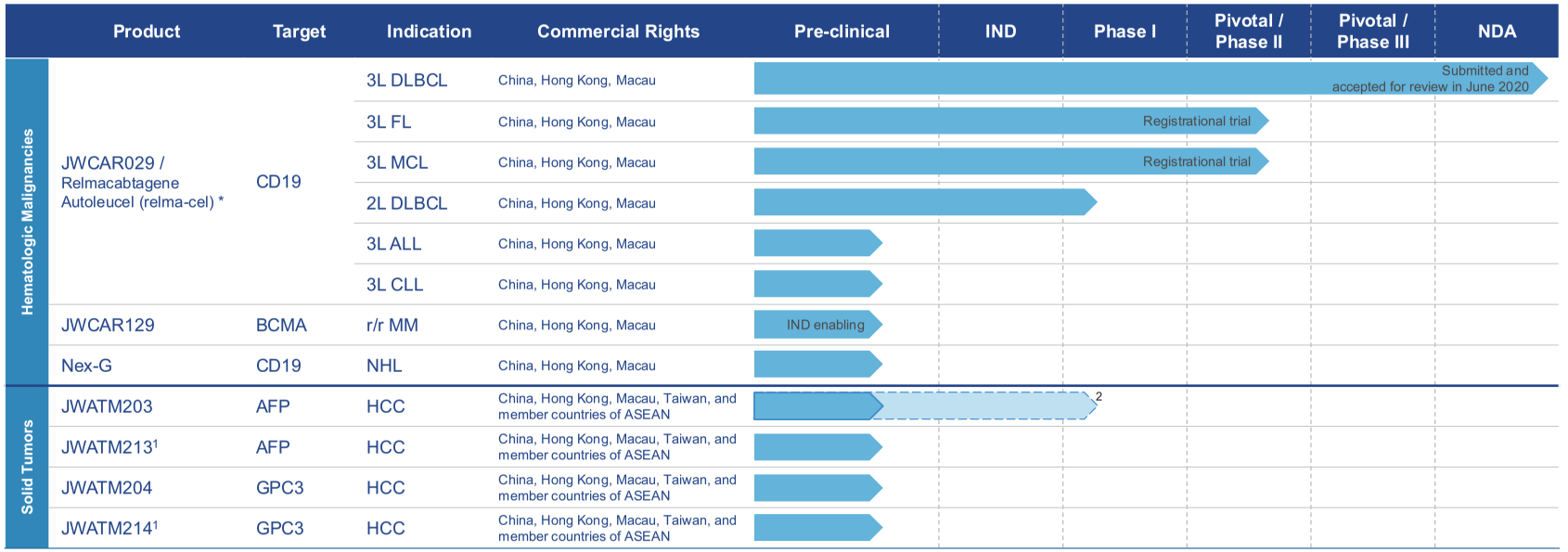
OVERVIEW

We are a global leading clinical stage cell therapy platform company. Our vision is to develop best-in-class and/or first-in-class cell therapies for the China market to transform the treatment of cancer for Chinese patients. Since our founding in 2016 by Juno and WuXi AppTec (through its wholly-owned subsidiary WXAT Shanghai), we have built an integrated platform focused on developing, manufacturing and commercializing breakthrough cell-based immunotherapies for hematological cancers and solid tumors. Relmacabtagene autoleucel ("**relma-cel**"), our lead product candidate, is an anti-CD19 CAR-T therapy for relapsed or refractory ("**r/r**") B-cell lymphoma, and in June 2020 the NMPA accepted for review our NDA relating to relma-cel as a third-line treatment for DLBCL. Relma-cel is expected to be the first CAR-T therapy to be approved as a Category 1 biologics product in China, and has potential to be a best-in-class CAR-T therapy.

We are a pioneer in China for the development of cell-based immunotherapy, a field which represents a paradigm shift and the latest advancement in the treatment of cancer. Cell-based immunotherapies, including CAR-T treatments, are an innovative treatment method that uses human immune cells to fight cancer. Supported by multiple clinical studies, cell-based immunotherapies could lead to long-lasting remissions of B-cell lymphomas and leukemias which are refractory to other treatments. Given the unmet medical needs that can be effectively addressed by CAR-T therapies, according to Frost & Sullivan, the market for CAR-T therapies in China is expected to grow from RMB0.6 billion in 2021 to RMB5.4 billion in 2024, and to RMB24.3 billion in 2030. We believe that we are well positioned to take advantage of this rapidly growing market.

OUR PRODUCT PIPELINE

The following chart summarizes the development status of each of our cell-based immunotherapy product candidates to treat hematological cancers and solid tumors as at the Latest Practicable Date:



Abbreviations: DLBCL = diffuse large B-cell lymphoma; FL = follicular lymphoma; MCL = mantle cell lymphoma; ALL = acute lymphoblastic leukemia; CLL = chronic lymphocytic leukemia; MM = multiple myeloma; NHL = non-Hodgkin lymphoma; HCC = hepatocellular carcinoma; NSCLC = non-small cell lung cancer; r/r = relapsed or refractory; 3L = third-line; 2L = second-line

* Denotes a Core Product Candidate.

[1] Developing using Lyell technology.

[2] JWATM203 is currently in Phase I/II trial in the U.S. conducted by Eureka under an IND.

Our Core Product Candidate

Relmacabtagene autoleucel ("relma-cel") is a potential best-in-class CAR-T therapy that targets the CD19 antigen, which is expressed in a broad range of B-cell hematological cancers including DLBCL, FL, MCL, CLL and ALL. While head-to-head clinical comparisons have not been conducted, available clinical data as of the Latest Practicable Date suggest that relma-cel has the potential to achieve best-in-class safety results, with comparable efficacy results relative to peers in China. We have developed relma-cel using our own optimized processes, which we originally established in collaboration with Juno; and relma-cel is based on a CAR construct that we have in-licensed from Juno for China, Hong Kong and Macau.

Through relma-cel, we are a first mover in the cell therapy industry in China. In June 2018, with our IND for relma-cel, we became the first company to have an IND approved by the NMPA for clinical trials of an anti-CD19 CAR-T therapy in China. In June 2020, our NDA for relma-cel as a third-line treatment for DLBCL was submitted to and accepted for review by the NMPA. If approved by the NMPA for marketing in China on the timeline that we currently anticipate, relma-cel is expected to be the first CAR-T therapy approved as a Category 1 biologics product in China, and has potential to be a best-in-class CAR-T therapy.

Clinical Data Related to Relma-cel

Relma-cel has been administered to more than 80 Chinese patients as of March 18, 2020 across two trials, a Phase I trial (n=32) that enrolled patients with r/r B-cell NHL and a Phase II trial (n=48) that enrolled patients with r/r B-cell DLBCL. Data from these two trials served as the basis for our NDA submission relating to relma-cel as a third line treatment for DLBCL in June 2020 with 59 patients (11 patients from Phase I and 48 patients from Phase II) and were included in the key safety and efficacy analyses for NMPA review.

Efficacy Data — The pre-specified efficacy analysis set from the Phase I and Phase II trials (n=58) met the pre-defined endpoint with a 3 months ORR of 58.6%. The excluded patient had cell product infused as part of the Phase I trial did not meet viability release specifications, but achieved CR at Day 29 that is ongoing for >1 year. The best overall response was 75.9% and 48.3% for ORR and CR, respectively. At time of data cut off March 18, 2020, median DOR median DOCR, median PFS and median OS have not been reached. Although efficacy data were pooled across the two dose levels for statistical analyses, ad hoc analysis of response at each dose level did not demonstrate an improved ORR or CR at the higher dose level (150 million cells).

Safety Data — When relma-cel was administered to r/r DLBCL patients, AEs were generally manageable, and most were of low grade (grades <3) severity. Overall rates of AEs commonly associated with CD19 CAR-T therapy, such as CRS and NT, were observed in less than half of all

treated patients (47.5% and 20.3%, respectively), and severe grades of CRS and NT (defined as grade 3 or higher) were observed in approximately 5% or less of all treated patients (5.1% and 3.4%), respectively. For further details, please see the section headed "Business — Our Product Pipeline — Our Core Product Candidate — relmacabtagene autoleucel ("**relma-cel**") — Clinical Data Related to Relma-cel" in this document.

Other Product Candidates

JWCAR129 is a CAR-T product that targets BCMA, which is expressed in MM and is a promising target for CAR-T therapies. Other anti-BCMA CAR-T therapies have demonstrated high response rates and manageable toxicity profiles in patients with r/r MM who have failed up to ten prior lines of therapy. As with relma-cel, we have developed JWCAR129 using our own optimized processes, which we originally established in collaboration with Juno; and JWCAR129 is based on a CAR construct that we have in-licensed from Juno for China, Hong Kong and Macau. We intend to file an IND in China for use of JWCAR129 in clinical trials as early as the first half of 2021.

Next-generation ("Nex-G") anti-CD19 Product Candidate. We are developing a set of new technologies and platforms to enable the next generation CAR-T product and manufacturing processes with shorter production cycle time, higher quality, better product characterization and improved product efficacy and safety, at a lower cost. We believe that this will establish a foundation for our next-generation anti-CD19 product, as well as other products in our pipeline.

JWATM203, a pre-clinical stage and potentially first-in-class TCRm T-cell therapy targeting AFP for the treatment of HCC. Treatment of HCC represents a huge unmet medical need in China. We believe JWATM203 has the potential to be a promising treatment option for patients with AFP-positive HCC. Our in-licensing partner Eureka has advanced its AFP TCRm T-cell therapy product candidate into a Phase I/II clinical trial in the United States. Through our collaboration with Lyell, we are developing **JWATM213**, another TCRm T-cell therapy targeting AFP for treatment of HCC, which may further enhance T-cell function and improve efficacy.

JWATM204, a novel T-cell therapy product candidate targeting GPC3. We believe JWATM204 has the potential to be a promising treatment option for patients with GPC3-positive HCC. Similar to JWATM203 and JWATM213, we have also used the Lyell technology to develop another GPC3-targeting T-cell therapy product candidate, **JWATM214**.

POTENTIAL PIPELINE PRODUCTS

We expect to continue to enrich our pipeline by bringing in novel next generation cell therapy candidates through opportunities to in-license. The following table sets forth information about our opportunities to in-license as of the Latest Practicable Date:

	Product	Target	Indication	Commercial Rights	Pre-clinical	IND	Clinical	NDA
Hematologic Malignancies	JWACE055*	Undisclosed	Hematologic tumors	China, Hong Kong, Macau				
	Juno Pipeline Product 1^	CD22	ALL, NHL	China, Hong Kong, Macau				
Solid Tumors	JWACE002*	HER2	Solid tumors	China, Hong Kong, Macau				
	Juno Pipeline Product 2^	WT1	AML, NSCLC, Mesothelioma	China, Hong Kong, Macau				
	Juno Pipeline Product 3^	L1CAM	Solid tumors	China, Hong Kong, Macau				
	Juno Pipeline Product 4^	MUC16	Solid tumors	China, Hong Kong, Macau				
	Juno Pipeline Product 5^	ROR1	Solid tumors	China, Hong Kong, Macau				

Abbreviations: ALL = acute lymphoblastic leukemia; NHL = non-Hodgkin lymphoma; AML = acute myeloid leukemia; NSCLC = non-small cell lung cancer; HER2 = human epidermal growth factor receptor 2

^ We have the right of first negotiation on the opportunity to develop and commercialize these Juno pipeline products in China, Hong Kong and Macau. For further details, please see the section headed "Business — Collaboration and License Agreements — License Agreements with Juno" in this document. Besides Juno Pipeline Product 2, all Juno pipeline products are undergoing Phase I clinical trials in the U.S. The Juno Pipeline Product 2 is undergoing Phase I/II clinical trial in the U.S.

* JWACE055 and JWACE002 will become part of our pipeline when we exercise the related option with Acepodia. For further details, please see the section headed "Business — Collaboration and License Agreements — Acepodia Option and License Agreement" in this document. Acepodia's IND for JWACE002 was approved by the U.S. FDA in January 2020.

Juno Engineered T-cell Pipeline Products

We have a right of first negotiation on the opportunity to develop and commercialize Juno engineered T-cell products in China, Hong Kong and Macau. The following sets forth information concerning the Juno pipeline products that are subject to our right of first negotiation as of the Latest Practicable Date.

- *Juno Pipeline Product 1:* The target indications for this product candidate are ALL and NHL, and the target antigen is CD22, which is a protein expressed by some B-cell malignancies, including ALL and some types of NHL.

- *Juno Pipeline Product 2:* The target indication for this product candidate is AML, and the target antigen is WT1, which is an intracellular protein that is overexpressed in a number of cancers, including AML.

- *Juno Pipeline Product 3:* The target indication for this product candidate is pediatric neuroblastoma, and the target antigen is L1CAM, also known as CD171, which is a cell-surface adhesion molecule that is overexpressed in neuroblastoma.

- *Juno Pipeline Product 4:* The target indication for this product candidate is ovarian cancer, and the target antigen is MUC16, which is a protein overexpressed in the majority of ovarian cancers.

- *Juno Pipeline Product 5:* The target indications for this product candidate are non-small cell lung cancer ("**NSCLC**") and triple negative breast cancer, and the target antigen is ROR1, which is a protein overexpressed on a wide variety of cancers including a subset of non-small cell lung cancer, triple-negative breast cancer, pancreatic cancer, and prostate cancer.

Acepodia Pipeline Product

JWACE002 and **JWACE055**. We have a right to acquire an exclusive license to manufacture, develop and use certain Acepodia products targeting HER2 and an undisclosed target in China, Hong Kong and Macau.

OUR STRENGTHS

We believe that the following competitive strengths help differentiate us from our competitors:

- Potential best-in-class anti-CD19 CAR-T product;

- Comprehensive and differentiated cell therapy pipeline covering both hematological cancers and solid tumors;

- Fully integrated cell therapy development platform;

- Leading commercial manufacturing infrastructure and supply chain; and

- Seasoned management and strong shareholders' support.

OUR STRATEGIES

Our goal is to develop best-in-class and/or first-in-class therapies to address significant unmet medical needs globally. We intend to achieve our goal by implementing the following strategies:

- Drive full-scale commercialization of relma-cel and build upon our significant first mover advantage;
- Solidify our leadership in hematological cancers by progressing and expanding clinical development of relma-cel for earlier lines of treatment and additional indications, as well as clinical development of JWCAR129;
- Leverage our integrated cell therapy platform to expand into the emerging solid tumor market;
- Continuously enhance our manufacturing and supply chain through innovation and scale; and
- Grow our business through in-licensing opportunities, partnerships and selective acquisitions, as well as in-house research and development.

COLLABORATION AND LICENSE AGREEMENTS

License Agreement with Juno

License and Strategic Alliance Agreement

In December 2017, we entered into a license and strategic alliance agreement with Juno, pursuant to which, until May 9, 2026, which is the seventh anniversary of the date on which our Series A-2 financing closed, subject to a tail period, we have the right of first negotiation to license or otherwise obtain the rights to Juno's engineered T-cell pipeline product candidates in the field of treatment or amelioration of cancer or auto-immune disorders for further development and commercialization in China, Hong Kong and Macau.

Juno also granted us an exclusive, sublicensable, transferable and fee-bearing license under Juno's interest in or Juno's license rights to certain patent rights and know-how, and a non-exclusive, sublicensable, transferable and fee-bearing license under certain patent rights and know-how covering Juno's platform technology, solely to research, develop, commercialize, and

manufacture or have manufactured relma-cel in China, Hong Kong and Macau. For further details, please see the section headed "Business — Collaboration and License Agreements — License Agreements with Juno — Strategic Alliance with Juno" in this document.

BCMA License Agreement

In April 2019, we entered into a separate license agreement with Juno, whereby Juno granted us an exclusive license under Juno's interest in or Juno's license rights to certain patents and know-how, and a non-exclusive license under certain patent rights and know-how covering Juno's platform technology, solely to research, develop, commercialize, and manufacture or have manufactured JWCAR129, or related diagnostic products, in China, Hong Kong and Macau for the treatment or amelioration of cancer or auto-immune disorders, with respect to JWCAR129. For further details, please see the section headed "Business — Collaboration and License Agreements — License Agreements with Juno — BMCA License Agreement" in this document.

License Agreement with Eureka

In June 2020, we acquired Syracuse Cayman's entire right, title and interest in and to certain Amended and Restated License Agreement by and among Eureka and Eureka Therapeutics (Cayman), Inc. (collectively, "**Eureka Group**"), and Syracuse Cayman, effective as of June 30, 2020 (the "**Eureka License Agreement**"). Pursuant to the terms of the Eureka License Agreement, we acquired an exclusive, license under certain Eureka Group intellectual property to develop, manufacture and commercialize certain Eureka Group's product candidates in China, Hong Kong, Macau, Taiwan and the member countries of ASEAN, and to commercialize Eureka Group's TCR-based effector domain, known as ARTEMIS platform in China, Hong Kong, Macau, Taiwan and the member countries of ASEAN. For further details, please see the section headed "Business — Collaboration and License Agreements — License Agreements with Eureka" in this document.

Acepodia Option and License Agreement

In January 2020, we entered into an option and license agreement with Acepodia, whereby Acepodia granted us an exclusive, first right to exercise option to acquire from Acepodia an exclusive, sublicensable and fee-bearing right and license under certain patents and know-how to manufacture, develop, use, sell, offer for sale, import and otherwise commercialize products targeting HER2 (JWACE002) and an undisclosed target (JWACE055) in the field of treatment, prevention or control of human diseases through targeting and modulation of the HER2 and an undisclosed target in China, Hong Kong and Macau. As of the Latest Practicable Date, we have not exercised the Acepodia Option. For further details, please see the section headed "Business — Collaboration and License Agreements — Acepodia Option and License Agreement" in this document.

OUR ACQUISITION OF SYRACUSE HONG KONG

On June 30, 2020, our Company and our wholly-owned subsidiary, JWS Therapeutics, entered into the Asset Purchase Agreement with Syracuse Cayman pursuant to which Syracuse Cayman agreed to transfer and assign to JWS Therapeutics, and JWS Therapeutics agreed to purchase and assume from Syracuse Cayman, substantially all of the assets and liabilities of Syracuse Cayman, including all of the equity interest of Syracuse Hong Kong and the Eureka License Agreement (as defined below) in a transaction valued at US$105 million.

Syracuse Hong Kong did not generate any revenue for the years ended December 31, 2018 and 2019 and for the six months ended June 30, 2020, and it incurred net losses of RMB7.9 million, RMB28.5 million and RMB48.0 million for the same periods, respectively. The consolidated financial information and the accompanying notes of Syracuse Hong Kong for the years ended December 31, 2018 and 2019 and the six months ended June 30, 2020 are set forth in Appendix III to this document.

RECENT DEVELOPMENTS

Lyell Collaboration Agreement

In August 2020, we entered into a development and commercialization agreement with Lyell Immunopharma, Inc. ("**Lyell**") (the "**Lyell Collaboration Agreement**"), pursuant to which Lyell granted us an exclusive license under certain Lyell technology and Lyell's interest in our joint inventions with Lyell, and an exclusive license under certain Lyell improvements to certain Lyell technology (T-cell anti-exhaustion functionality) to make, have made, use, import, sell and offer to sell two certain products targeting AFP and GPC3 in an ARTEMIS construct (JWATM213 and JWATM214) (together the "**Lyell Products**"), including without limitation to develop, commercialize and manufacture the Lyell Products in the field of treatment of hepatocellular carcinoma in China, Hong Kong, Macau, Taiwan and the member countries of ASEAN. For further details on the Lyell Collaboration Agreement, please see the section headed "Business — Collaboration and License Agreements — Lyell Collaboration Agreement" in this document.

Impact of the COVID-19 Outbreak

Since the end of December 2019, the outbreak of a novel strain of coronavirus named COVID-19 has materially and adversely affected the global economy. The outbreak of COVID-19 cases in the PRC and globally have caused governments around the world to implement unprecedented measures such as city lockdowns, travel restrictions, quarantines and business shutdowns.

The COVID-19 outbreak since the end of 2019 has not caused any early termination of our clinical trials or necessitated removal of any patients enrolled in our clinical trials. We have employed various measures to mitigate any impact the COVID-19 outbreak may have on our ongoing clinical trials in China, including cooperating with clinical trial sites to offer personal protection equipment such as masks to our enrolled patients, engaging frequent communications with our principal investigators to identify and address any issues that may arise. Although we experienced minor delays in the patient enrollment process and data entry for certain of our clinical trials in China at the beginning of the COVID-19 outbreak, since then the situation has improved due to the enhanced containment policies implemented by the PRC government and the gradual control of the COVID-19 outbreak in China. We expect the situation to continue to improve with the sustained implementation of containment policies for the COVID-19 outbreak, and we do not expect it to have any material long-term impact on our clinical trials or our overall clinical development plans.

We believe the COVID-19 outbreak has not significantly impacted our ability to carry out our obligations under existing contracts or disrupted any supply chains that we rely upon. While the extent to which the COVID-19 outbreak will affect our operations cannot be predicted at this stage, we have not experienced and do not expect significant financial damage or impact to our long-term commercial prospect from the COVID-19 outbreak. We cannot guarantee, however, that the COVID-19 outbreak will not further escalate or have a material adverse effect on our results of operations. For details, please see the section headed "Risk Factors — The COVID-19 pandemic could adversely impact our business, including our clinical trials, and we face risks related to potential future health epidemics and outbreaks of contagious diseases" in this document.

RESEARCH AND DEVELOPMENT

Research and development ("**R&D**") is a core part of our overall platform, and our capabilities span across the entire spectrum from discovery to clinical development and in both products and processes. Our proprietary R&D processes have been instrumental in enabling relma-cel to be the first anti-CD19 CAR-T product to be IND-approved by the NMPA for clinical trials in China, in June 2018, before obtaining an acceptance from the NMPA to review our NDA application for relma-cel as a third-line treatment for DLBCL in about two years thereafter. In addition, we focus substantial R&D efforts on improving our processes, and on using those improved processes to develop next-generation product candidates. We believe that such R&D efforts are key to maintaining our competitiveness in the biopharmaceutical industry, and we are dedicated to enhancing our pipeline by leveraging our world-class in-house R&D capabilities.

As of the Latest Practicable Date, our research and development team consisted of 63 employees, which includes our clinical development team of approximately nine employees. Our R&D projects have cross-disciplinary expertise in a variety of fields, including chemistry, biology,

pharmacology, toxicology, pharmacovigilance, and translational and clinical research. We have established a range of in-house R&D capabilities, including metabolism and pharmacokinetic analysis, *in vivo* assessment of product efficacy, PK/PD properties and toxicity.

SUPPLIERS AND RAW MATERIALS

The principal raw materials that we use in our business include human albumin, human serum, activation beads, selection beads, culture media, viral vectors, among others. The principal types of equipment that we use in our business include controlled rate freezers, LN2 tanks, bioreactors, magnetic cell separation devices and automated cell processors. We procure these raw materials and supplies from a variety of suppliers around the world. We select our suppliers by considering their quality, industry reputation, compliance with relevant regulatory agencies according to our purchasing policy, among other factors.

For the years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, our purchases from our five largest suppliers in aggregate accounted for 23%, 20% and 12% of our total purchases, respectively, and purchases from our largest supplier alone accounted for 11%, 9% and 5% of our total purchases, respectively. Purchases include raw materials, third party contracting services for research and development purposes, equipment, construction and renovation, and administrative services. Save for WXAT Shanghai, all of our five largest suppliers during the Track Record Period are Independent Third Parties, and none of our Directors, their respective associates nor any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as at the Latest Practicable Date, has any interest in any of our five largest suppliers during the Track Record Period. For further details, please see the section headed "Business — Suppliers and Raw Materials" in this document.

COMMERCIALIZATION

As CAR-T therapies are a new and comprehensive treatment process that is unlike any other treatment currently approved in the market, we expect that significant efforts will be necessary to educate physicians and patients on the potential benefits of CAR-T therapies, and to demonstrate the proper process in administering and monitoring the treatment.

We plan to build a focused in-house sales and marketing team to market relma-cel across China. Our initial target is to create, at the initial commercialization of relma-cel, a sales team of approximately 60-70 people to cover approximately 50 of the top hospitals in China with the best hematological and transplantation centers, which are equipped with the technology and physicians to administer our CAR-T therapies. A significant number of these hospitals have acted as clinical trial centers for relma-cel, as a result of which many relevant physicians in those hospitals will

already be familiar with relma-cel. As our business grows over the next three years, we anticipate expanding our sales force to approximately 100-120 people in order to support the administration of our CAR-T therapies across the top 100 oncology hospitals in China.

We believe that we have already established a strong rapport with a significant number of physicians and other KOLs across China through the extensive clinical trials that we have conducted, in terms of both gaining recognition of the merits of relma-cel and enhancing physicians' familiarity with the product.

We plan to enhance our existing collaboration with these physicians and other KOLs through the establishment of a specialized Medical Affairs Team, which will oversee the training and support that we provide to physicians. We are also in the process of building our sales and marketing team in anticipation of potential product launches in the coming years.

Our marketing plans are currently focused on r/r DLBCL and will expand to cover other indications as our clinical trials progress. Our marketing activities will include introducing our product candidates to physicians, educating KOLs about the competitive advantages of our product candidates and participating in industry and academic conferences and promoting brand awareness.

OUR SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the **[REDACTED]**, assuming the **[REDACTED]** is not exercised and without taking into account any additional Shares which may be issued under the Share Incentivization Schemes, the Syracuse Holdback Shares and Juno Settlement Shares, each of Juno, Syracuse Cayman and WXAT HK will hold approximately **[REDACTED]**, **[REDACTED]** and **[REDACTED]**, respectively of the issued share capital of the Company and will be regarded as our Substantial Shareholder. For further details, please see the section headed "Substantial Shareholders" in this document.

OUR PRE-[REDACTED] INVESTORS

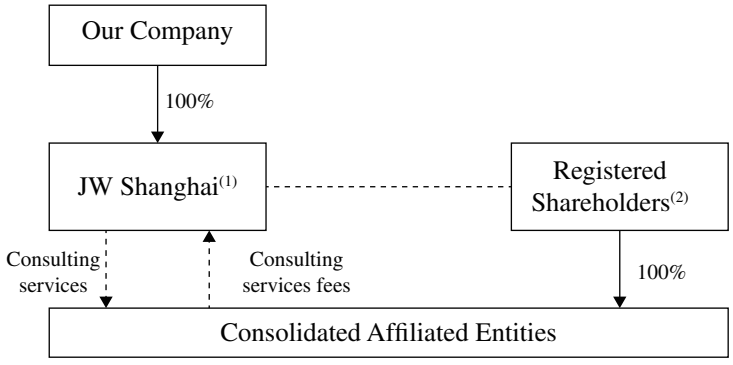
Our Company received several rounds of Pre-**[REDACTED]** Investments, including Series A1, Series A2, Series X and Series B financing and Syracuse Acquisition.

Our Pre-**[REDACTED]** Investors include certain sophisticated **[REDACTED]** such as Temasek, Mirae Asset Securities (HK) Ltd., Mirae Asset — Naver Asia Growth Investment Pte. Ltd., Mirae Asset — Celltrion New Growth Fund, Mirae Asset Capital Co., Ltd., SCC Venture VI Holdco, Ltd., Oriza Seed Fund I L.P. and King Star Med LP. For further details, please see the section headed "History, Development and Corporate Structure — Pre-**[REDACTED]** Investments — (5) Information about the Pre-**[REDACTED]** Investors" in this document.

CONTRACTUAL ARRANGEMENTS

Our Company engages in the clinical trial of CAR-T therapies involving the development and application of gene diagnostic and therapeutic technologies, which falls in the prohibited foreign-invested industries of the Special Administrative Measures on Access of Foreign Investment (Negative List) (Edition 2020) (外商投資准入特別管理措施 (負面清單) (2020年版)), and this type of foreign investment is subject to restrictions under the PRC laws and regulations. In order to comply with the PRC laws and regulations and maintain effective control over the Relevant Businesses, we, through our wholly-owned subsidiary, JW Shanghai, entered into the Contractual Arrangements with Shanghai Ju Ming and the Registered Shareholders pursuant to which JW Shanghai acquired effective control over the financial and operational policies of our Consolidated Affiliated Entities and has become entitled to all the economic benefits derived from their operations.

The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Group stipulated under the Contractual Arrangements:



Notes:

"→" denotes legal and beneficial ownership in the equity interest.

"– →" denotes contractual relationship through the Exclusive Business Cooperation Agreements.

"– –" denotes the control by JW Shanghai over our Consolidated Affiliated Entities through (i) powers of attorney to exercise all shareholders' rights in Shanghai Ju Ming; (ii) exclusive options to acquire all or part of the equity interest and/or assets in our Consolidated Affiliated Entities; and (iii) equity pledges over the equity interest in Shanghai Ju Ming.

(1) As of the Latest Practicable Date, JW Shanghai was wholly-owned by JW Hong Kong which was in turn wholly-owned by our Company.

(2) As of the Latest Practicable Date, Shanghai Ju Ming was held by our Registered Shareholders, as to 50% by Ms. Jing Lv and 50% by Ms. Xing Gao, respectively.

For risks relating to the Contractual Arrangements, please see the section headed "Risk Factors — Risks relation to Contractual Arrangements" in this document.

CONNECTED TRANSACTIONS

Our Group has entered into and will continue to engage in certain transactions with Juno, WXAT HK, Syracuse Cayman, and WXAT Shanghai, an associate of WXAT HK, which will constitute continuing connected transactions upon the **[REDACTED]**. For further details, please see the section headed "Connected Transactions" in this document.

SUMMARY OF KEY FINANCIAL INFORMATION

The summary historical financial information set forth below has been derived from and should be read in conjunction with our consolidated audited financial information, including the accompanying notes set forth in the Accountants' Report included in Appendix I to this document, as well as the information in "Financial Information" included in this document. Our financial information was prepared in accordance with IFRS.

Summary of Our Consolidated Statement of Comprehensive Loss

We have not commercialized any products and therefore did not recognize any revenue from sales of products during the two years ended December 31, 2018 and 2019 and the six months ended June 30, 2020. We receive grants from governments in the form of cash subsidies in support of our R&D programs. RMB0.2 million in 2018, RMB5.5 million in 2019 and RMB0.8 million in the six months ended June 30, 2020 was recognized as other income related to those government grants, respectively. The following table sets forth summary data of our consolidated statements of profit and loss for the periods indicated.

	Year ended December 31,		Six months ended June 30,	
	2018	2019	2019	2020
	(RMB'000)			
			(Unaudited)	
Research and development expenses	(75,989)	(136,107)	(54,256)	(82,266)
General and administrative expenses	(41,259)	(72,892)	(25,556)	(81,007)
Other gains/(losses), net	4,801	(1,165)	(695)	4,115
Other income	215	5,483	402	847
Operating loss	**(112,232)**	**(204,681)**	**(80,105)**	**(158,311)**
Finance (costs)/income — net	(1,825)	469	(729)	(164)
Fair value loss of preferred shares	(46,028)	(128,781)	(3,901)	(484,442)
Fair value loss of warrants	(112,531)	(300,264)	(273,134)	(7,112)
Loss before income tax	**(272,616)**	**(633,257)**	**(357,869)**	**(650,029)**
Income tax expense	—	—	—	—
Loss for the year/period	**(272,616)**	**(633,257)**	**(357,869)**	**(650,029)**
Loss attributable to owners of the Company:	(272,616)	(633,257)	(357,869)	(650,029)

Summary of Our Consolidated Cash Flow Statements

The following table sets forth summary data of our consolidated statements of our cash flows for the periods indicated.

	Year ended December 31,		Six Months ended June 30,	
	2018	2019	2019	2020
	(RMB'000)			
			(Unaudited)	
Net cash used in operating activities	(106,226)	(188,923)	(103,726)	(106,877)
Net cash used in investing activities	(44,148)	(117,554)	(19,482)	(41,694)
Net cash generated from financing activities	249,825	414,049	355,307	750,526
Net increase in cash and cash equivalents	**99,451**	**107,572**	**232,099**	**601,955**
Cash and cash equivalents at the beginning of the year/period	21,202	133,663	133,663	254,866
Exchange gain on cash and cash equivalents	13,010	13,631	7,423	3,376
Cash and cash equivalents at the end of the year/period	**133,663**	**254,866**	**373,185**	**860,197**

Our cash burn rate refers to the average monthly (i) net cash used in operating activities, which includes future research and development expenses and milestone payments, and (ii) capital expenditures. Without taking into account of the **[REDACTED]** from the **[REDACTED]**, and taking into account our past and prospective cash burn rate, we estimate that our cash and cash equivalents as of June 30, 2020 will be able to maintain our financial viability for approximately 21 months.

Summary of Our Consolidated Balance Sheets

The following table sets forth summary data of our consolidated balance sheets as of the dates indicated.

	As at December 31,		As at June 30,
	2018	2019	2020
		(RMB'000)	
Total non-current assets	169,508	407,279	1,153,739
Total current assets	171,314	261,340	870,890
Total assets	**340,822**	**668,619**	**2,024,629**
Total current liabilities	225,290	122,817	200,086
Net current assets/(liabilities)	**(53,976)**	**138,523**	**670,804**
Total non-current liabilities	428,733	1,488,141	2,749,564
Total liabilities	**654,023**	**1,610,958**	**2,949,650**
Total deficit	**(313,201)**	**(942,339)**	**(925,021)**
Share capital	4	4	7
Reserves	38,610	42,729	710,073
Accumulated losses	(351,815)	(985,072)	(1,635,101)
Non-controlling interests	—	—	—
Total deficit	**(313,201)**	**(942,339)**	**(925,021)**

Our total assets increased significantly from RMB340.8 million as of December 31, 2018 to RMB668.6 million as of December 31, 2019, primarily because of the significant increases in our cash and cash equivalents from RMB133.7 million to RMB254.9 million, primarily resulting from our issuance of Series A2 Preferred Shares for cash consideration in USD. Our total assets further increased to RMB2,024.6 million as of June 30, 2020, primarily attributable to (i) an increase in cash and cash equivalents from RMB254.9 million to RMB860.2 million, primarily resulting from our issuance of Series B Preferred Shares for cash consideration in USD and (ii) an increase in the

carrying value of intangible assets from RMB156.9 million as of December 31, 2019 to RMB835.9 million as of June 30, 2020, primarily resulting from the recognition of the Eureka License Agreement that we acquired under the Asset Purchase Agreement in the amount of RMB764.7 million.

Our total liabilities increased significantly from RMB654.0 million as of December 31, 2018 to RMB1,611.0 million as of December 31, 2019, primarily because of the significant increase in preferred shares issued to investors from RMB413.2 million as of December 31, 2018 to RMB1,420.5 million as of December 31, 2019. Our total liabilities further increased to RMB2,949.7 million as of June 30, 2020, also primarily because of the significant increase in preferred shares issued to investors in the amount of RMB2,637.4 million as of June 30, 2020. We expect to reverse our net liabilities position following the completion of the **[REDACTED]**, since our Preferred Shares will convert to Shares and will no longer be recorded as liabilities.

KEY FINANCIAL RATIOS

Our current ratio, which represents current assets divided by current liabilities, was 0.8 and 2.1 as of December 31, 2018 and 2019, respectively; and was 4.4 as of June 30, 2020. For further details, please see the section headed "Financial Information Key Financial Ratios" in this document.

[REDACTED]

[REDACTED]	:	Initially **[REDACTED]** of our enlarged issued share capital
[REDACTED]	:	Up to **[REDACTED]** of our initial **[REDACTED]**
[REDACTED] per **[REDACTED]**	:	HK$**[REDACTED]** to HK$**[REDACTED]** per **[REDACTED]**
[REDACTED]	:	**[REDACTED]**
[REDACTED] structure	:	**[REDACTED]** and **[REDACTED]** Hong Kong **[REDACTED]** (subject to adjustment and the **[REDACTED]**)

	Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]	Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]
Market capitalization of **[REDACTED]**[(1)]	HK$**[REDACTED]**	HK$**[REDACTED]**
Market capitalization of our Shares upon completion of the **[REDACTED]**[(1)]	HK$**[REDACTED]**	HK$**[REDACTED]**
Unaudited **[REDACTED]** adjusted net tangible assets per **[REDACTED]**[(2)]	HK$**[REDACTED]**	HK$**[REDACTED]**

Note:

(1) The calculation of market capitalization is based on **[REDACTED]** shares expected to be in issue immediately upon completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised, no additional shares are issued pursuant to the Share Incentinization schemes and no Syracuse Holdback Shares and Juno Settlement Shares are issued).

(2) For further details regarding the assumptions used and the calculations method, please see the section headed "Appendix II — Unaudited **[REDACTED]** Financial Information" to this document.

DIVIDENDS

We have never declared or paid regular cash dividends on our ordinary Shares. We currently expect to retain all future earnings for use in the operation and expansion of our business and do not anticipate paying cash dividends in the foreseeable future. Any declaration and payment as well as the amount of dividends will be subject to our Memorandum and Articles and the Cayman Companies Law. The declaration and payment of any dividends in the future will be determined by our Board of Directors, in its discretion, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions. In addition, 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 Cayman Islands counsel, under the Companies Law a Cayman Islands company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. **[REDACTED]** should not purchase our Shares with the expectation of receiving cash dividends. For further details, please see the section headed "Financial Information — Dividends" in this document.

FUTURE PLANS AND [REDACTED]

We estimate that we will receive net **[REDACTED]** of approximately HK$**[REDACTED]** million after deducting the **[REDACTED]** fees and expenses payable by us in the **[REDACTED]**, assuming no **[REDACTED]** is exercised and assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, being the mid-point of the indicative **[REDACTED]** range of HK$**[REDACTED]** to HK$**[REDACTED]** per **[REDACTED]** in this document. If the **[REDACTED]** is set at HK$**[REDACTED]** per Share, being the high end of the indicative

[REDACTED] range, the **[REDACTED]** from the **[REDACTED]** will increase by approximately HK$**[REDACTED]** million. If the **[REDACTED]** is set at HK$**[REDACTED]** per Share, being the low end of the indicative **[REDACTED]** range, the net **[REDACTED]** from the **[REDACTED]** will decrease by approximately HK$**[REDACTED]** million.

We intend to use the net **[REDACTED]** of the **[REDACTED]** for the following purposes:

Percentage and Amount of [REDACTED]	Intended Application
Approximately **[REDACTED]**%, or HK$**[REDACTED]** million (equivalent to approximately RMB**[REDACTED]** million)	Research and development activities relating to relma-cel
Approximately **[REDACTED]**%, or HK$**[REDACTED]** million (equivalent to approximately RMB**[REDACTED]** million)	Building a focused in-house sales and marketing team to market relma-cel across China
Approximately **[REDACTED]**%, or HK$**[REDACTED]** million (equivalent to approximately RMB**[REDACTED]** million)	Research and development activities relating to JWCAR129
Approximately **[REDACTED]**%, or HK$**[REDACTED]** million (equivalent to approximately RMB**[REDACTED]** million)	Research and development activities relating to our other pre-clinical product candidates including our JWATM203 Program, our JWATM204 Program and Nex-G
Approximately **[REDACTED]**%, or HK$**[REDACTED]** million (equivalent to approximately RMB**[REDACTED]** million)	Acquisition of the Acepodia license through exercising the Acepodia Option
Approximately **[REDACTED]**%, or HK$**[REDACTED]** million (equivalent to approximately RMB**[REDACTED]** million)	New potential acquisitions and in-licensing opportunities
Approximately **[REDACTED]**%, or HK$**[REDACTED]** million (equivalent to approximately RMB**[REDACTED]** million)	Working capital and general corporate purposes

For further details, please see the section headed "Future Plans and **[REDACTED]**" in this document.

RISK FACTORS

We believe that there are certain risks involved in our operations, many of which are beyond our control. For further details about these risks, please see the section headed "Risk Factors" in this document. Some of the major risks we face include:

- We are a clinical-stage biopharmaceutical company and have a limited operating history, which may make it difficult to evaluate the success of our business to date and to assess our future viability. The risks involved in our business may cause potential **[REDACTED]** to lose substantially all of their **[REDACTED]** in us.

- We have never generated any revenue from sales of cell-therapy products, and our ability to generate revenue from sales of cell-therapy products and become profitable depends significantly on our success in a number of factors.

- Our near-term ability to generate revenue is dependent on the success of our product candidates that are in clinical development, each of which requires additional clinical testing before we can seek regulatory approval and begin commercial sales.

- We have incurred significant losses since our inception, and we expect to continue to incur losses for the foreseeable future and may never achieve or maintain profitability.

- We depend substantially on the success of our product candidates, particularly our Core Product Candidate, relma-cel, all of which are in pre-clinical or clinical development. If we are unable to successfully complete clinical development, obtain regulatory approval and commercialize our product candidates, or experience significant delays in doing so, our business will be materially harmed.

- We operate in a rapidly changing industry and we face substantial competition, which may result in others discovering, developing or commercializing competing products before or more successfully than we do, or developing product candidates or treatments that are safer, more effective, more effectively marketed or cost less than ours, or receive regulatory approval or reach the market earlier. As a result, our product candidates may not achieve the sales we anticipate and could be rendered noncompetitive or obsolete.

- Clinical development of biopharmaceutical products involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results.

- We depend on enrollment of patients in our clinical trials for our product candidates. If we encounter difficulties enrolling patients in our clinical trials, our clinical development activities could be delayed or otherwise adversely affected.

- If clinical trials of our product candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates.

- Our product candidates may cause undesirable side effects or have other properties that could halt their clinical development, prevent their regulatory approval, limit their commercial potential, or result in significant negative consequences.

- We may not be successful in developing, acquiring, enhancing or adapting to new technologies and methodologies.

- We may not be successful in our efforts to build or in-license a pipeline of new product candidates. If we fail to do so, our commercial opportunity will be limited.

[REDACTED] EXPENSES

[REDACTED] expenses to be borne by us are estimated to be approximately **[REDACTED]** (including **[REDACTED]**, assuming an **[REDACTED]** of HK$**[REDACTED]** per Share, being the mid-point of the indicative **[REDACTED]** range of HK$**[REDACTED]** to HK$**[REDACTED]** per Share) and represent approximately **[REDACTED]** of the gross **[REDACTED]** we expect to receive from this **[REDACTED]**, assuming no Shares are issued pursuant to the **[REDACTED]**. No such expenses were recognized and charged to our consolidated statements of profit or loss for the years ended December 31, 2018 and 2019, and **[REDACTED]** was recognized and charged to our consolidated statements of profit or loss for the six months ended June 30, 2020 and **[REDACTED]** was capitalised as prepayments that would be charged against equity upon the **[REDACTED]**. After June 30, 2020, approximately **[REDACTED]** is expected to be charged to our consolidated statements of profit or loss, and approximately **[REDACTED]** is expected to be charged against equity upon the **[REDACTED]**. The **[REDACTED]** expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

NO MATERIAL ADVERSE CHANGE

Save for the subsequent events as described in this document and in note 35 to "Appendix I — Accountants' Report" to this document, 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 June 30, 2020 (being the date on which the latest consolidated financial information of our Group was prepared) and there is no event since June 30, 2020 which would materially affect the information shown in our consolidated financial information included in "Appendix I — Accountants' Report" to this document.

In this document, unless the context otherwise requires, the following terms shall have the meanings set out below.

"Acepodia"	Acepodia Biotechnologies, Ltd. (育世博生物科技股份有限公司), a limited liability company established under the laws of Taiwan on June 19, 2017, which is an Independent Third Party
"Additional Series A Preferred Share Purchase Agreement"	the share purchase agreement entered into between our Company and certain of its subsidiaries, among others, ARCH Venture Fund IX Overage, L.P. and ARCH Venture Fund IX, L.P. dated May 16, 2018
"Aeon Beijing"	Aeon Therapeutics (Beijing) Limited* (頤昂生物科技(北京)有限公司), a limited liability company established under the laws of the PRC on March 8, 2017, and one of the Company's subsidiaries
"Aeon Wuhan"	Wuhan Guanggu Aeon Therapeutics Limited* (武漢光谷頤昂生物科技有限公司), a limited liability company established under the laws of the PRC on August 28, 2018, and one of the Company's subsidiaries
"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
"**[REDACTED]**"	**[REDACTED]**, **[REDACTED]** and **[REDACTED]** or, where the context so requires, any of them
"Articles" or "Articles of Association"	the seventh amended and restated articles of association of the Company adopted on [•], 2020 with effect from the **[REDACTED]**, a summary of which is set out in the section headed "Appendix IV — Summary of the Constitution of the Company and Cayman Companies Law" to this document

DEFINITIONS

"ASEAN"	the Association of Southeast Asian Nations, whose member states for the purpose of this document only means Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam
"Asset Purchase Agreement"	the asset purchase agreement entered into between our Company, JWS Therapeutics and Syracuse Cayman dated June 30, 2020
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	a committee of the Board established by the Board for the purpose of overseeing the accounting and financial reporting processes of our Company and audits of the financial information of our Company
"BCMA License Agreement"	the license agreement entered into between our Company and Juno dated April 11, 2019
"Board" or "Board of Directors" or "our Board"	the board of Directors of the Company
"Bristol Myers Squibb"	Bristol Myers Squibb Company, a company incorporated in Delaware, the United States on August 11, 1933 and whose shares are listed on the New York Stock Exchange (NYSE: BMY), and parent company of Celgene and Juno
"Business Day"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
"CAGR"	compound annual growth rate
"Cayman Companies Law" or "Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961) of the Cayman Islands, as amended or supplemented from time to time
"Cayman Registrar"	the Registrar of Companies of the Cayman Islands
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC

"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant, who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"Celgene"	Celgene Corporation, a company incorporated in Delaware, the United States on April 17, 1986, a wholly-owned subsidiary of Bristol Myers Squibb and parent company of Juno
"CEO"	the chief executive officer of our Group
"China" or "the PRC"	the People's Republic of China and for the purposes of this document only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, Macau and Taiwan
"Circular 7"	Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (國家税務總局關於非居民企業間接轉讓財產企業所得税若干問題的公告), issued by SAT on February 3, 2015
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"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, supplemented or otherwise modified from time to time

"Company", "our Company", or "the Company"	JW (Cayman) Therapeutics Co. Ltd, an exempted company with limited liability incorporated under the laws of the Cayman Islands on September 6, 2017
"Compliance Advisor"	Guotai Junan Capital Limited
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Core Product Candidate"	relma-cel, the designated "core product" as defined under Chapter 18A of the Listing Rules
"Consolidated Affiliated Entities"	the entities we control through the Contractual Arrangements, namely Shanghai Ju Ming and its subsidiaries Shanghai Ming Ju and Suzhou Ming Ju
"Contractual Arrangements"	a series of contractual arrangements entered into among Shanghai Ju Ming, JW Shanghai and the Registered Shareholders for control over the Consolidated Affiliated Entities, details of which are described in the section headed "Contractual Arrangements" in this document
"COVID-19"	an infectious disease caused by the most recently discovered coronavirus (severe acute respiratory syndrome coronavirus 2), first reported in December 2019
"Director(s)"	the director(s) of the Company
"Dr. Li"	Dr. Yiping James Li, our executive Director, chairman of the Board and CEO
"EIT"	enterprise income tax
"EIT Law"	the PRC Enterprise Income Tax Law, promulgated on March 16, 2007 and latest amended on December 29, 2018

"Eureka"	Eureka Therapeutics, Inc., a privately held company incorporated under the laws of California, the United States on February 14, 2006, and re-incorporated under the laws of Delaware, the United States on March 5, 2018, being a minority shareholder of our Substantial Shareholder, Syracuse Cayman
"Eureka Beijing"	Eureka (Beijing) Biotechnology Co., Ltd* (優瑞科(北京)生物技術有限公司), a limited liability company established under the laws of the PRC on April 2, 2007, and one of the Company's subsidiaries
"Eureka License Agreement"	the license agreement entered into between Eureka, Eureka Therapeutics (Cayman), Inc. and Syracuse Cayman dated June 30, 2020
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a global market research and consulting company, which is an independent industry consultant
"Frost & Sullivan Report"	an independent market research report commissioned by us and prepared by Frost & Sullivan for the purpose of this document
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"Group", "our Group", "the Group", "we", "us", or "our"	the Company, its subsidiaries and the Consolidated Affiliated Entities from time to time
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"Hong Kong Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"**[REDACTED]**"	**[REDACTED]**
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**

"IFRS"	International Accounting Standards, International Financial Reporting Standards, amendments and the related interpretations issued by the International Accounting Standards Board
"Independent Third Party(ies)"	any entity or person who is not a connected person of the Company within the meaning ascribed thereto under the Listing Rules
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**

"**[REDACTED]**"	**[REDACTED]**
"Joint Sponsors"	Goldman Sachs (Asia) L.L.C. and UBS Securities Hong Kong Limited
"Juno"	Juno Therapeutics, Inc., a company incorporated in Delaware, the United States on August 5, 2013 under its former name, FC Therapeutics, Inc., a wholly-owned subsidiary of Celgene which is in turn wholly-owned by Bristol Myers Squibb, and is one of our Substantial Shareholders
"Juno Settlement Shares"	the [4,665,530] Shares (as adjusted after Share Subdivision) to be issued to Juno at nil consideration upon exercise of warrant by Juno pursuant to the BCMA License Agreement as part of the upfront payment
"JW Hong Kong"	JW (Hong Kong) Therapeutics Limited, a limited company established under the laws of Hong Kong on October 3, 2017, and one of the Company's subsidiaries
"JW R&D Shanghai"	JW Therapeutics R&D (Shanghai) Co., Ltd (上海藥明巨諾生物醫藥研發有限公司), a limited liability company established under the laws of the PRC on December 5, 2018, and one of the Company's subsidiaries
"JW Shanghai"	JW Therapeutics (Shanghai) Co., Ltd. (上海藥明巨諾生物科技有限公司), a limited liability company established under the laws of the PRC on February 18, 2016, and one of the Company's subsidiaries
"JW Suzhou"	JW Therapeutics (Suzhou) Co., Ltd. (蘇州藥明巨諾生物科技有限公司), a limited liability company established under the laws of the PRC on September 12, 2018, and one of the Company's subsidiaries
"JWS Therapeutics"	JWS Therapeutics Investment Co., Ltd. an exempted company incorporated in the Cayman Islands with limited liability on June 19, 2020, and one of the Company's subsidiaries

"KOL(s)"	key opinion leader(s)
"Latest Practicable Date"	[August 5], 2020, being the latest practicable date or ascertaining certain information in this document before its publication
"**[REDACTED]**"	**[REDACTED]**
"Listing Committee"	the listing committee of the Stock Exchange
"**[REDACTED]**"	**[REDACTED]**
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
"Macau"	the Macau Special Administrative Region of the PRC
"Memorandum" or "Memorandum of Association"	the seventh amended and restated memorandum of association of the Company adopted on [•], 2020 with effect from the **[REDACTED]**, a summary of which is set out in the section headed "Appendix IV — Summary of the Constitution of the Company and Cayman Companies Law" to this document
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"MOHRSS"	Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部)

"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)
"NHC"	National Health Commission of the PRC (中華人民共和國國家衛生健康委員會)
"NMPA"	National Medical Products Administration (國家藥品監督管理局) and its predecessor, China Food and Drug Administration (國家食品藥品監督管理總局)
"NPC"	National People's Congress of the PRC (全國人民代表大會)
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**

"PRC Government" or "State"	the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local government entities) and its organs or, as the context requires, any of them
"PRC Legal Advisor"	Tian Yuan Law Firm
"Pre-**[REDACTED]** Incentivization Scheme"	the Pre-**[REDACTED]** Incentivization Scheme adopted by the Company on September 4, 2019, the principal terms of which are set out in the section headed "Appendix V — Statutory and General Information — D. Share Incentivization Schemes — 1. Pre-**[REDACTED]** Incentivization Schemes" to this document
"Pre-**[REDACTED]** Investment(s)"	the pre-**[REDACTED]** investment(s) in the Company undertaken by the Pre-**[REDACTED]** Investors, details of which are set out in the section headed "History, Development and Corporate Structure" in this document
"Pre-**[REDACTED]** Investors"	the Series A1 Investors, Series A2 Investors, Series X Investors and Series B Investors and Syracuse Cayman
"Preferred Share(s)"	the Series A1 Preferred Shares, Series A2 Preferred Shares, Series X Preferred Shares and Series B Preferred Shares
"**[REDACTED]**"	**[REDACTED]**
"QIBs"	qualified institutional buyers within the meaning of Rule 144A
"Registered Shareholders"	the registered shareholders of Shanghai Ju Ming, being Ms. Jing Lv (吕晶), an employee of our Group and Ms. Xing Gao (高星), our non-executive Director, as at the Latest Practicable Date
"Regulation S"	Regulation S under the U.S. Securities Act

"Remuneration Committee"	a committee of the Board established by the Board to discharge the Board's responsibilities relating to the remuneration of Directors and executive officers of our Company
"Restricted Share Unit Scheme"	the Restricted Share Unit Scheme adopted by the Company on September 4, 2019, the principal terms of which are set out in the section headed "Appendix V — Statutory and General Information — D. Share Incentivization Schemes — 2. Restricted Share Unit Scheme" to this document
"RMB" or "Renminbi"	Renminbi, the lawful currency of China
"RSU(s)"	the restricted share unit(s) granted pursuant to the Restricted Share Unit Scheme
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
"SAT"	State Administration of Taxation of the PRC (中華人民共和國國家税務總局)
"Series A Preferred Share Purchase Agreement"	the share purchase agreement entered into between our Company and certain of its subsidiaries, among others, the then Series A1 Investors and the then Series A2 Investors dated February 13, 2018
"Series A1 Investors"	the holders of Series A1 Preferred Shares
"Series A1 Preferred Shares"	the series A1 preferred shares of the Company
"Series A2 Investors"	the holders of Series A2 Preferred Shares
"Series A2 Preferred Shares"	the series A2 preferred shares of the Company
"Series B Investors"	the holders of Series B Preferred Shares
"Series B Preferred Shares"	the series B preferred shares of the Company

"Series B Preferred Share Purchase Agreement"	the share purchase agreement entered into between our Company and certain of its subsidiaries and among others, the then Series B Investors dated May 13, 2020
"Series X Investor"	the holder of Series X Preferred Shares
"Series X Preferred Shares"	the series X preferred shares of the Company
"Series X Preferred Share Purchase Agreement"	the share purchase agreement entered into between our Company and certain of its subsidiaries and among others, Juno dated November 20, 2019
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Shanghai Ming Ju"	Shanghai Ming Ju Biotechnology Co., Ltd.* (上海明聚生物科技有限公司), a limited liability company established under the laws of the PRC on August 30, 2017 and our Consolidated Affiliated Entity
"Shanghai Ju Ming"	Shanghai Ju Ming Medical Technology Co., Ltd.* (上海炬明醫療技術有限公司), a limited liability company established under the laws of the PRC on July 10, 2017 and our Consolidated Affiliated Entity
"Share(s)"	ordinary share(s) in the capital of the Company with nominal value of US$[0.00001] each
"Share Incentivization Schemes"	our Pre-**[REDACTED]** Incentivization Scheme, Restricted Share Unit Scheme and Post-**[REDACTED]** Incentivization Scheme
"Shareholder(s)"	holder(s) of Shares
"Shareholders' Agreement"	the fourth amended and restated shareholders agreement entered into between the Company and the Pre-**[REDACTED]** dated June 30, 2020

"Share Subdivision"	the further subdivision of issued and unissued authorized shares of our Company with par value of US$0.0001 each into 10 shares of the corresponding class with par value of US$0.00001 each
"**[REDACTED]**"	**[REDACTED]**
"State Council"	the PRC State Council (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under section 15 of the Companies Ordinance
"Substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Suzhou Ming Ju"	Suzhou Ming Ju Biotechnology Co., Ltd.* (蘇州明聚生物科技有限公司), a limited liability company established under the laws of the PRC on August 30, 2018 and our Consolidated Affiliated Entity
"Syracuse Acquisition"	the acquisition and assumption of Syracuse Cayman's assets and liabilities under the Asset Purchase Agreement
"Syracuse Cayman"	Syracuse Biopharma (Cayman) Ltd., a limited liability company established under the laws of Cayman Islands on December 7, 2017 under its former name, Warrior Biopharma (Cayman) Ltd., and one of our Substantial Shareholders
"Syracuse Holdback Shares"	the maximum number of [5,132,467] Shares (as adjusted after Share Subdivision) to be issued to Syracuse Cayman pursuant to the Asset Purchase Agreement to settle US$10.5 million for any future adjustments with deduction, including net working capital adjustment and taxes to be paid under the Asset Purchase Agreement
"Syracuse Hong Kong"	Syracuse Biopharma (Hong Kong) Limited, a limited liability company established in Hong Kong on June 7, 2018, and one of the Company's subsidiaries

"Syracuse Jiangsu"	Syracuse Biopharma (Jiangsu) Co., Ltd.* (賽諾思遠生物科技(江蘇)有限公司), a limited liability company established under the laws of the PRC on September 18, 2018, and one of the Company's subsidiaries
"Takeovers Code"	The Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the two financial years of the Company ended December 31, 2018 and 2019, and the six months ended June 30, 2020
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"United States", "U.S." or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars", "U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States of America
"U.S. FDA" or "FDA"	the U.S. Food & Drug Administration of the U.S. Department of Health and Human Services
"U.S. Securities Act"	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**

"WuXi AppTec" or "WXAT"	WuXi AppTec Co., Ltd. (無錫藥明康德新藥開發股份有限公司), a joint stock company with limited liability incorporated under the laws of PRC in December, 2000 and whose H shares are listed on the Stock Exchange (SEHK: 2359) and A shares are listed on the Shanghai Stock Exchange (SSE: 603259)
"WuXi AppTec Group"	WuXi AppTec and its affiliates
"WXAT HK"	WuXi AppTec (Hong Kong) Holding Limited, a limited liability company incorporated under the laws of Hong Kong on January 6, 2015, and an indirectly wholly-owned subsidiary of WXAT, and is one of our Substantial Shareholders
"WXAT Shanghai"	WuXi AppTec (Shanghai) Co., Ltd. (上海藥明康德新藥開發有限公司), a company incorporated under the laws of PRC on April 2, 2002, and a directly wholly-owned subsidiary of WXAT, and directly owns WXAT HK
"**[REDACTED]**"	**[REDACTED]**
"%"	per cent

Unless otherwise expressly stated or the context otherwise requires, all data in this document is as of the date of this document.

The English names of the PRC entities, PRC laws or regulations, and the PRC governmental authorities referred to in this document are translations from their Chinese names and are for identification purposes. If there is any inconsistency, the Chinese names shall prevail.

Certain amounts and percentage figures included in this document 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.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains terms used in this document as they relate to our business. As such, these terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

"AE" or "adverse event"	any untoward medical occurrences in a patient or clinical investigation subject who has been administered with a drug or other pharmaceutical product during clinical trials and which do not necessarily have a causal relationship with the treatment
"AFP"	alpha-fetoprotein, glycoprotein that is produced in early fetal life by the liver and by a variety of tumors including HCC, hepatoblastoma, and nonseminomatous germ cell tumors of the ovary and testis
"ALL"	acute lymphoblastic leukemia, a type of cancer of the lymphoid line of blood cells characterized by the development of large numbers of immature lymphocytes
"AML"	acute myeloid leukemia, a cancer of the myeloid line of blood cells, characterized by the rapid growth of abnormal cells that build up in the bone marrow and blood and interfere with normal blood cells
"antigen"	the substance that is capable of stimulating an immune response, specifically activating lymphocytes, which are the body's infection-fighting white blood cells
"ATA"	anti-therapeutic antibody
"B-cell" or "B cell"	a type of white blood cell that differs from other types of lymphocytes by expressing B cell receptors on its surface, and responsible for producing antibodies
"BCMA"	B cell maturation antigen, a protein that is highly expressed in a number of hematologic malignancies
"BLA"	biologics license application
"CAR(s)"	chimeric antigen receptor(s)

GLOSSARY OF TECHNICAL TERMS

"CAR-T" or "CAR T"	chimeric antigen receptor T-cell
"Category 1 biologics"	NMPA biologics registration classification of innovative biologics products that have not been marketed domestically or abroad
"CD3"	a protein complex and T-cell co-receptor that is involved in activating both the cytotoxic T-cell and T helper cells
"CD4"	a protein and a member of the immunoglobulin supergene family and a co-receptor in MHC class II-restricted T-cell activation
"CD8"	cell surface protein and a member of the immunoglobulin supergene family that is involved in the mediation of cell–cell interactions within the immune system
"CD19"	a cell surface protein expressed on the surface of almost all B cell leukemias and lymphomas
"CD22"	a protein found on the surface of mature B cells and to a lesser extent on some immature B cells
"CD28"	a protein expressed on T-cell that provides co-stimulatory signals required for T-cell activation and survival
"CDE"	Center for Drug Evaluation of the NMPA
"(c)GMP"	(current) good manufacturing practices
"CLL"	chronic lymphocytic leukemia
"CMC"	chemistry, manufacturing, and controls processes in the development, licensure, manufacturing, and ongoing marketing of pharmaceutical products
"CMO(s)"	contract manufacturing organization(s), a company that serves other companies in the pharmaceutical industry on a contract basis to provide comprehensive services from drug development through drug manufacturing
"CR"	complete response, the disappearance of all signs of cancer in response to treatment

GLOSSARY OF TECHNICAL TERMS

"CRO(s)"	contract research organization(s), a company provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research and development services outsourced on a contract basis
"CRR"	complete response rate
"CRS"	cytokine release syndrome, a form of systemic inflammatory response syndrome that arises as a complication of some diseases or infections, and is also an adverse effect of some monoclonal antibody drugs, as well as adoptive T-cell therapies
"CTA"	clinical trial application
"cytokine"	a broad and loose category of small proteins that are important in cell signaling. Their release has an effect on the behavior of cells around them
"DLBCL"	diffuse large B-cell lymphoma, a common type of non-Hodgkin's lymphoma that starts in lymphocytes
"DLT"	dose-limiting toxicity, a specified quantity of a therapeutic agent, such as a drug or medicine, prescribed to be taken at one time or at stated intervals
"DOCR"	duration of complete response
"DOR"	duration of response
"FL"	follicular lymphoma, a type of B-cell non-Hodgkin lymphoma
"GLP"	good laboratory practices
"GPC3" or "GPC-3"	Glypican-3, an oncofetal antigen expressed in a variety of tumors including certain liver and lung cancers
"HCC"	hepatocellular carcinoma, a type of cancer arising from hepatocytes in predominantly cirrhotic liver
"HCT"	hematopoietic cell transplant
"HER2"	human epidermal growth factor 2

GLOSSARY OF TECHNICAL TERMS

"ICH"	The International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China
"L1CAM"	L1 Cell Adhesion Molecule, also known as CD171, a cell-surface adhesion molecule that plays an important role in the development of a normal nervous system
"MCL"	mantle cell lymphoma, a type of B-cell non-Hodgkin lymphoma
"mesothelin"	cell-surface protein whose expression is mostly restricted to mesothelial cell layers lining the pleura, pericardium and peritoneum
"MHC"	major histocompatibility complex, a group of genes that code for proteins found on the surfaces of cells that help the immune system recognize foreign substances
"MM"	multiple myeloma, a type of cancer that forms in the white blood cells
"MUC16"	a highly glycosylated transmembrane protein with a very large extracellular region that is highly expressed in many solid tumors, including ovarian, pancreatic, gastric and colorectal cancers
"NCCN"	National Comprehensive Cancer Network
"NDA"	new drug application
"NHL"	non-Hodgkin's lymphoma
"NK"	natural killer cell, the human body's first line of defense due to their innate ability to rapidly seek and destroy abnormal cells
"NRDL"	National Reimbursement Drug List
"NSCLC"	non-small cell lung cancer

GLOSSARY OF TECHNICAL TERMS

"NT" or "neurotoxicity"	possible adverse side effect of T-cell therapies that leads to a state of confusion, aphasia, encephalopathy, tremor, muscular weakness, and somnolence
"oncology"	a branch of medicine that deals with tumors, including study of their development, diagnosis, treatment and prevention
"ORR"	objective response rate
"OS"	overall survival
"PCR"	polymerase chain reaction, a technique for amplifying specific regions of DNA by the use of sequence-specific primers and multiple cycles of DNA synthesis, each cycle being followed by a brief heat treatment to separate complementary strands
"PD" or "pharmacodynamics"	pharmacodynamics, the study of how a drug affects an organism, which, together with pharmacokinetics, influences dosing, benefit, and adverse effects of the drug
"PET-CT"	positron emission tomography-computed tomography, a nuclear medicine technique which combines, in a single gantry, a position emission tomography (PET) scanner and an x-ray computed tomography scanner, to acquire sequential images from both devices in the same session, which are combined into a single superposed image
"PFS"	progression-free survival, the length of time during and after the treatment of a disease, such as cancer, that a patient lives without the disease getting worse. In a clinical trial, measuring the progression-free survival is one way to see how well a new treatment works
"PK" or "pharmacokinetics"	pharmacokinetics, the study of the bodily absorption, distribution, metabolism, and excretion of drugs, which, together with pharmacodynamics, influences dosing, benefit, and adverse effects of the drug
"PR"	partial response

GLOSSARY OF TECHNICAL TERMS

"PRDL"	Provincial Reimbursable Drug List
"progressive disease"	cancer that is growing, spreading or getting worse
"qPCR"	quantitative PCR
"QMS"	quality management system
"refractory"	disease that is resistant at the beginning of treatment or becomes resistant during treatment
"relapsed"	the return of a disease or the signs and symptoms of a disease after a period of improvement
"relma-cel"	relmacabtagene autoleucel
"ROR-1"	receptor tyrosine kinase-like orphan receptor 1, a protein expressed in the formation of embryos, but in normal adult cells its surface expression is predominantly found at low levels on adipocytes, or fat cells, and briefly on precursors to B cells, or pre-B cells, during normal B cell maturation
"R/R" or "r/r"	relapsed and refractory
"scFv"	single-chain variable fragment
"sCRS"	severe CRS
"sNT"	severe NT, cerebral edema, confusion, drowsiness, speech impairment, tremors, seizures or other central nervous system side effects, when such side effects are serious enough to lead to intensive care
"stable disease"	cancer that is neither decreasing nor increasing in extent or severity
"T-cell"	a lymphocyte of a type produced or processed by the thymus gland and actively participating in the immune response, which plays a central role in cell-mediated immunity. T-cells can be distinguished from other lymphocytes, such as B cells and NK cells, by the presence of a T-cell receptor on the cell surface

GLOSSARY OF TECHNICAL TERMS

"TCR"	T-cell receptor
"TCR-T"	T-cell receptor engineered T-cell
"TIL"	tumor-infiltrating lymphocyte
"WT1"	Wilms' tumor 1, an intracellular protein that is overexpressed in a number of cancers, including AML and non-small cell lung, breast, pancreatic, ovarian, and colorectal cancers
"4-1BB"	immune checkpoint that is expressed on T-cells and NK cells

FORWARD-LOOKING STATEMENTS

We have included in this document forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This document contains certain forward-looking statements and information relating to our Company, our subsidiaries and our Consolidated Affiliated Entities that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "aim," "anticipate," "believe," "continue," "could," "expect," "going forward," "intend," "is/are likely to," "may," "ought to," "plan," "potential," "project," "seek," "should," "will," "would" and the negative of these words and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management 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 the risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations and business prospects;
- our financial condition and operating results and performance;
- industry trends and competition;
- our product candidates under development or planning;
- our strategies and initiatives, business plans, objectives and goals;
- our ability to attract doctors and patients and further enhance recognition of our product candidates;
- the operations and business prospects of our collaboration partners, service providers and other suppliers;
- general political, economic and societal, including public health and safety, conditions;
- changes to regulatory and operating conditions in the industry and markets in which we operate; and

- the amount and nature of, and potential for, future development of our business.

These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. In addition, these forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors set forth in the section headed "Risk Factors" in this document.

The forward-looking statements made in this document relate only to events or information as of the date on which the statements are made in this document. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this document completely and with the understanding that our actual future results or performance may be materially different from what we expect.

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.

***An* [REDACTED] *in our Shares involves various risks. You should carefully consider all of the information set forth in this document, including the risks and uncertainties described below, before making an* [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. In any such case, the* [REDACTED] *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 at the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in "Forward-looking Statements" in this document.

RISKS RELATING TO OUR LIMITED OPERATING HISTORY, OUR FINANCIAL POSITION AND OUR NEED FOR ADDITIONAL CAPITAL

We are a clinical-stage biopharmaceutical company and have a limited operating history, which may make it difficult to evaluate the success of our business to date and to assess our future viability. The risks involved in our business may cause potential* [REDACTED] *to lose substantially all of their* [REDACTED] *in us.

We are a clinical-stage biopharmaceutical company that started operations in February 2016. As of the Latest Practicable Date, we have no cell-therapy products approved for commercial sale, and we had not generated any revenue from such products. We are focused on developing products that use human cells as therapeutic entities, and although there have been significant advances in cell-based immunotherapy, our T-cell technologies are new and have not been approved by the NMPA. Our limited operating history, particularly in light of the rapidly evolving cancer immunotherapy field, may make it difficult to evaluate our current business and predict our future performance. Our short history as an operating company makes any assessment of our future success or viability subject to significant uncertainty. We will encounter risks and difficulties frequently experienced by early-stage companies in rapidly evolving fields. If we do not address these risks successfully, our business will suffer, and accordingly these risks may cause potential **[REDACTED]** to lose substantially all of their **[REDACTED]** in our business.

We have never generated any revenue from sales of cell-therapy products, and our ability to generate revenue from sales of cell-therapy products and become profitable depends significantly on our success in a number of factors.

We have no cell-therapy products approved for commercial sale, have not generated any revenue from cell-therapy product sales, and do not anticipate generating any revenue from cell-therapy product sales until sometime after we have received regulatory approval for the commercial sale of relma-cel, our Core Product Candidate. Our ability to generate revenue and achieve profitability depends significantly on our success in many factors, including:

- completing research regarding, and nonclinical and clinical development of, our product candidates;
- obtaining regulatory approvals and marketing authorizations for product candidates for which we complete clinical studies;
- developing a sustainable and scalable manufacturing process for our product candidates, including establishing and maintaining commercially viable supply relationships with third parties and establishing our own manufacturing capabilities and infrastructure;
- launching and commercializing product candidates for which we obtain regulatory approvals and marketing authorizations;
- obtaining market acceptance of our product candidates as viable treatment options to be paid as an out-of-pocket expense, and availability of adequate coverage, reimbursement, pricing by third-party payors and integrated delivery networks;
- addressing any competing technological and market developments;
- identifying, assessing, acquiring and/or developing new product candidates, intellectual property and technologies;
- negotiating favorable terms in any collaboration, licensing, or other arrangements into which we may enter;
- maintaining, protecting, expanding and enforcing our portfolio of intellectual property rights, including patents, trademarks, trade secrets, and know-how; and
- attracting, hiring, and retaining qualified personnel.

Even if one or more of the product candidates that we develop is approved for commercial sale, we anticipate incurring significant costs associated with commercializing any approved product candidate. Our expenses could increase beyond expectations if we are required by the NMPA or other regulatory authorities to change our manufacturing processes or assays, or to perform clinical, nonclinical, or other types of studies in addition to those we currently anticipate. If we are successful in obtaining regulatory approvals to market one or more of our product candidates, our revenue will be dependent, in part, upon the size of the market for the relevant product in China or the relevant jurisdictions, the accepted price for the product to be paid with out-of-pocket expenses and the ability to get reimbursement for any amount. If the number of patients with our addressable disease is not as significant as we estimate, the indication approved by regulatory authorities is narrower than we expect, or the reasonably accepted population for treatment is narrowed by competition, physician choice or treatment guidelines, we may not generate significant revenue from sales of such products, even if approved. If we are not able to generate revenue from the sale of any approved products, we may never become profitable.

Our near-term ability to generate revenue is dependent on the success of our product candidates that are in clinical development, each of which requires additional clinical testing before we can seek regulatory approval and begin commercial sales.

As of the Latest Practicable Date, we do not have any products that have gained regulatory approval for marketing. Our near-term ability to generate product revenue is highly dependent on our ability to obtain regulatory approval of and successfully commercialize our Core Product Candidate, relma-cel, as well as other product candidates in our pipeline. Each of our product candidates has been tested in a relatively small number of patients and will require additional clinical and nonclinical development, regulatory review and approval, substantial investment, access to sufficient commercial manufacturing capacity, and significant marketing efforts before we can generate any revenue from product sales. We cannot commercialize product candidates in China without obtaining regulatory approval from the NMPA. Before obtaining marketing approval from the NMPA or other regulatory authorities for the sale of our product candidates, we must conduct extensive clinical studies to demonstrate the safety, purity, and potency of the product candidates in humans. We cannot be certain that any of our product candidates will be successful in clinical studies and, even if they are successful in clinical studies, they may not receive regulatory approval.

In addition, because our product candidates are based on similar technology, if any of our product candidates encounter safety or efficacy problems, developmental delays, regulatory issues, reagent supply issues, or other problems, our development plans for the affected product candidate and some or all of our other product candidates could be significantly harmed, which would have a material adverse effect on our business. Because relma-cel is our Core Product Candidate and the backbone of our current development strategy, a setback for relma-cel would likely have a

relatively large impact on our cash flows and business. Further, competitors who are developing products with similar technology may experience problems with their products that could identify problems that would potentially harm our business.

We have incurred significant losses since our inception, and we expect to continue to incur losses for the foreseeable future and may never achieve or maintain profitability.

Investment in cell therapy and innovative biopharmaceuticals is highly speculative. It entails substantial upfront capital expenditures and significant risk that a product candidate will fail to gain regulatory approval or become commercially viable. We are not profitable and have incurred losses and net operating cash outflows in each period since our inception. For the years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, we reported losses of RMB272.6 million, RMB633.3 million and RMB650.0 million, respectively. As of December 31, 2018 and 2019 and June 30, 2020, we had an accumulated deficit attributable to owners of the Company of RMB313.2 million, RMB942.3 million and RMB925.0 million, respectively. Substantially all of our operating losses have resulted from costs incurred in connection with our research and development programs and from administrative expenses associated with our operations. We expect to continue to incur losses for the foreseeable future, and we expect these losses to increase as we continue to incur significant research and development and other expenses related to our ongoing operations, seek regulatory approvals for our product candidates, scale-up manufacturing capabilities and hire additional personnel to support the development and commercialization of our product candidates and to enhance our operational, financial and information management systems.

A critical aspect of our strategy is to invest significantly in our technology platform to improve the efficacy and safety of our product candidates. Even if we succeed in commercializing one or more of these product candidates, we will continue to incur losses for the foreseeable future relating to our substantial research and development expenditures to develop our technologies. We may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect our business. The size of our future net losses will depend, in part, on the rate of future growth of our expenses and our ability to generate revenue. Our prior losses and expected future losses have had and will continue to have an adverse effect on our shareholders' equity and working capital. Further, the net losses we incur may fluctuate significantly from year to year, such that a period to period comparison of our results of operations may not be a good indication of our future performance.

To become and remain profitable, we must succeed in developing and eventually commercializing products that generate significant revenue. This will require us to be successful in a range of challenging activities, including completing preclinical studies and clinical trials of our product candidates, obtaining regulatory approval, manufacturing, marketing and selling any

products for which we may obtain regulatory approval, as well as discovering and developing additional product candidates. We may never succeed in these activities and, even if we do, may never generate revenue that is significant enough to achieve profitability. In addition, we will incur costs associated with operating as a public company and in support of our growth from a development-stage to a commercial-stage biopharmaceutical company.

Because of the numerous risks and uncertainties associated with the development, delivery and commercialization of complex cell therapies, we are unable to accurately predict the timing or amount of expenses or when, or if, we will be able to achieve profitability.

Even if we achieve profitability, we may not be able to sustain or increase profitability on an ongoing basis. Our failure to become and remain profitable would depress the value of our Shares and could impair our ability to raise capital, expand our business, maintain our research and development efforts or continue our operations. A decline in the value of our Shares could also cause you to lose all or part of your investment.

We had net operating cash outflow during the Track Record Period.

We had net cash used in operating activities of RMB106.2 million, RMB188.9 million and RMB106.9 million for the years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, respectively. While we believe we have sufficient working capital to fund our current operations for the next few years, we expect that we will continue to experience net cash outflows from our operating activities for the foreseeable future. If we are unable to maintain adequate working capital, we may default on our payment obligations and may not be able to meet our operating cash and capital expenditure requirements, which may have a material adverse effect on our business, financial condition, results of operations, and prospects.

We may need to obtain substantial additional financing to fund our operations and meet our operating cash and capital expenditure requirements, and if we are unable to obtain such financing when needed on acceptable terms, or at all, we may be forced to delay, reduce or eliminate some or all of our research programs, development activities and commercialization efforts relating to our product candidates.

We believe our current cash and cash equivalents and the estimated net **[REDACTED]** from the **[REDACTED]** will be sufficient to meet our anticipated cash needs for the next 12 months. However, our product candidates will require the completion of clinical development, regulatory review, significant marketing efforts and substantial investment before they can provide us with product sales revenue. Our operations have consumed substantial amounts of cash since inception. Our operating activities used RMB106.2 million, RMB188.9 million and RMB106.9 million of net cash during the years ended December 31, 2018 and 2019 and the six months ended June 30, 2020,

respectively. We expect to continue to spend substantial amounts on product discovery, meeting the payment obligations of our in-license agreements with Juno, advancing the clinical development of our product candidates, and launching and commercializing any product candidates for which we receive regulatory approval. Our existing capital resources may not be sufficient to enable us to complete all development or commercially launch all of our current product candidates for the currently anticipated indications and to invest in additional clinical development programs. Accordingly, we will likely require further funding through public or private offerings, debt financing, collaboration, and licensing arrangements or other sources. Our future funding requirements will depend on many factors, including:

- the progress, timing, scope, results and costs of our clinical trials, including the ability to timely enroll patients in our planned and potential future clinical trials;
- the progress of third-party clinical trials relating to products with respect to which we have rights of first refusal, options or other rights to acquire;
- the outcome, timing and cost of regulatory approvals of our product candidates;
- the cost and timing of development and completion of commercial-scale manufacturing activities;
- the number and characteristics of product candidates that we may develop;
- the cost of filing, prosecuting, defending and enforcing any patent claims or other intellectual property rights;
- selling and marketing costs associated with any future product candidates that may be approved, including the cost and timing of expanding our marketing and sales capabilities;
- the terms and timing of any potential future collaborations, licensing or other arrangements that we may establish;
- general cash requirements for maintaining our R&D platform and process development; and
- our headcount growth and associated costs.

Adequate additional funding may not be available to us on acceptable terms, or at all. If we are unable to raise capital when needed or on attractive terms, we would be forced to delay, reduce or eliminate our research and development programs or future commercialization efforts. Any inability to obtain additional funding when we need it could result in a material and adverse effect on our business.

Raising additional capital may cause dilution to our shareholders, restrict our operations or require us to relinquish rights to our technologies or product candidates.

We may seek additional funding through a combination of equity offerings, debt financings, collaborations and licensing arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a holder of our Shares. The incurrence of additional indebtedness or the issuance of certain equity securities could result in increased fixed payment obligations and could also result in certain additional restrictive covenants, such as limitations on our ability to incur additional debt or issue additional equity, limitations on our ability to acquire or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. In addition, issuance of additional equity securities, or the possibility of such issuance, may cause the market price of our Shares to decline. In the event that we enter into collaborations or licensing arrangements in order to raise capital, we may be required to accept unfavorable terms, including relinquishing or licensing to a third party on unfavorable terms our rights to technologies or product candidates that we otherwise would seek to develop or commercialize ourselves or potentially reserve for future potential arrangements when we might be able to achieve more favorable terms.

We incurred net liabilities during the Track Record Period, and may continue to have net liabilities going forward, which can expose us to liquidity risk.

We had net liabilities (or total deficit) of RMB925.0 million as of June 30, 2020, primarily due to research and development and upfront payments for our product pipeline. The increase in our total deficit from RMB313.2 million as of December 31, 2018 to RMB925.0 million as of June 30, 2020 was primarily attributable to research and development and general and administrative expenses and capital expenditures and fair value losses of warrants and preferred shares.

A net current liabilities or net liabilities (total deficit) position can expose us to the risk of shortfalls in liquidity. This in turn would require us to seek adequate financing from sources such as external debt, which may not be available on terms favorable or commercially reasonable to us or at all. Any difficulty or failure to meet our liquidity needs as and when needed can have a material adverse effect on our prospects.

A large balance of indebtedness, whether from banks or related parties, may require that we devote our financial resources to servicing such debt rather than funding our operating activities and investments in research and development, which constrains our capital flexibility and may in turn adversely affect our product development timetable. It may also be a challenge for us to service our interest and principal repayments in a timely manner or at all, which could trigger cross-defaults with other debt, as applicable, as well as limit our ability to obtain further debt financing. Given our historical reliance on external financing, such developments could have a material adverse effect on our business, financial condition and results of operations. We also cannot guarantee that we will not incur net liabilities in the future. If we are to record net liabilities in the future, our liquidity, as well as our ability to raise funds, obtain bank loans, pay debts when they become due and declare and pay dividends may be adversely affected.

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

We adopted the Share Incentivization Schemes for the benefit of our employees to incentivize and reward the eligible persons who have contributed to the success of our Group. For further details, please see the section headed "Appendix V — Statutory and General Information — D. Share Incentivization Schemes" to this document. In the year ended December 31, 2019 and the six months ended June 30, 2020, we incurred RMB15.4 million and RMB57.5 million, respectively, in share-based payment expenses. To further incentivize our employees to contribute to us, we may grant additional share-based compensation in the future. Issuance of additional Shares with respect to such share-based payment may dilute the shareholding percentage of our existing Shareholders. Expenses incurred with respect to such share-based payment may also increase our operating expenses and therefore have a material and adverse effect on our financial performance.

Our results of operations, financial condition and prospects may be adversely affected by fair value changes and credit risk associated with our financial assets and intangible assets at fair value through profit or loss.

The financial instruments issued to investors during the Track Record Period included preferred shares and warrants for the purchase of preferred shares. The financial instruments issued to investors were not traded in an active market, and the respective fair values are determined by using valuation techniques. The discounted cash flow method was used to determine the total equity value of our Company and the equity allocation model was adopted to determine the fair value of the financial instruments. Key valuation assumptions used to determine the fair value of the preferred shares and the warrants for the purchase of Preferred Shares included discount rate, risk-free interest rate and volatility. For further details on the Preferred Shares, please see the section headed "Financial Information — Discussion of Certain Selected Items from the

Consolidated Statements of Comprehensive Loss — Fair Value Loss of Preferred Shares" and Note 28 to "Appendix I — Accountants' Report" to this document; and for further details on the warrants for the purchased of Preferred Shares, please see the section headed "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Comprehensive Loss — Fair Value Loss of Warrants" and Note 29 to "Appendix I — Accountants' Report" to this document.

Any change in the assumptions may lead to different valuation results and, in turn, changes in the fair value of these financial instruments issued to investors. Further, our preferred shares will be automatically converted to Shares upon the closing of the **[REDACTED]**. To the extent we need to revalue the Preferred Shares prior to the closing of the **[REDACTED]**, any change in fair value of these preferred shares and related valuation uncertainty could materially affect our financial position and performance. As at December 31, 2018, December 31, 2019 and June 30, 2020 we recorded preferred shares issued to investors as our non-current liabilities of RMB413.2 million, RMB1,420.5 million and RMB2,637.4 million, respectively. As at December 31, 2018, December 31, 2019 and June 30, 2020 we recorded warrants for the purchase of Preferred Shares as our current liabilities of RMB133.7 million, RMB19.3 million and RMB26.8 million, respectively. We also recorded fair value loss of Preferred Shares issued to investors of RMB46.0 million, RMB128.8 million and RMB484.4 million in 2018, 2019 and the six months ended June 30, respectively; and we recorded fair value loss of warrants issued to investors of RMB112.5 million, RMB300.3 million and RMB7.1 million in 2018, 2019 and the six months ended June 30, respectively.

The Preferred Shares are designated as financial liabilities at fair value through profit or loss on our consolidated balance sheets; they were initially recognized at fair value, and the increases in the fair value of such financial instruments were recognized as fair value loss on our consolidated statements of comprehensive loss. The fair value of the warrants for cash-settled transaction is re-measured at each reporting date and at the date of settlement. Any changes in fair value of warrants are recognized in profit or loss. Upon exercise of the warrants, the share-based payments are settled with Preferred Shares and accounted for as financial liabilities measured at fair value.

The fair value loss of Preferred Shares is a non-cash item that will not recur in financial years after the closing of the **[REDACTED]**, but we expect that we will recognize significant additional losses on the fair value changes of the Preferred Shares and warrants for the purchase of Preferred Shares from June 30, 2020 to the **[REDACTED]** because of the significant increase in the fair value of such financial instruments during such period. After the automatic conversion of all preferred shares into Shares upon the closing of the **[REDACTED]**, we do not expect to

recognize any further gains or losses on fair value changes from these Preferred Shares in the future. However, as of the Latest Practicable Date, a warrant has not been exercised, and may material affect our financial condition and results of operations after the closing of the **[REDACTED]**.

RISKS RELATING TO OUR BUSINESS

Risks Relating to Discovery, Pre-Clinical Development and Clinical Development of Our Product Candidates

We depend substantially on the success of our product candidates, particularly our Core Product Candidate, relma-cel, all of which are in pre-clinical or clinical development. If we are unable to successfully complete clinical development, obtain regulatory approval and commercialize our product candidates, or experience significant delays in doing so, our business will be materially harmed.

Our business will depend on the successful development, regulatory approval and commercialization of our product candidates for the treatment of patients with cancer or autoimmune diseases, all of which are still in pre-clinical or clinical development, and other product candidates we may develop. We have invested a significant portion of our efforts and financial resources in the development of our existing product candidates. The success of our product candidates will depend on several factors, including:

- successful enrollment of patients in, and completion of, clinical trials, as well as completion of pre-clinical studies;
- ensuring the integrity and security of our clinical and trial data, including personal health information of patients in keeping with global standards of Good Clinical Practice, International Committee on Harmonization and the regulations and laws of the PRC;
- favorable safety and efficacy data from our clinical trials and other studies;
- receipt of regulatory approval, or receipt of regulatory agreement on development plans or manufacturing standards to conduct trials for approval;
- establishing commercial manufacturing capabilities, either by building facilities ourselves or making arrangements with third-party manufacturers;

- the ability to continue clinical studies without regulatory hold orders on our INDs based on severe or fatal adverse events with T-cell therapy in our trials or in trials of other sponsors considered relevant to our products;

- the performance by contract research organizations, or CROs, or other third parties we may retain to conduct clinical trials, of their duties to us in a manner that complies with our protocols and applicable laws and that protects the integrity of the resulting data;

- obtaining, maintaining and enforcing patent, trademark, trade secret, know-how and other intellectual property protection and regulatory exclusivity for our product candidates and our development process;

- ensuring we do not infringe, misappropriate or otherwise violate the patent, trademark, trade secret or other intellectual property rights of third parties;

- successfully establishing our marketing network and launching our product candidates for commercial sales, if and when approved;

- obtaining favorable governmental and private medical reimbursement for our product candidates, if and when approved;

- appropriately pricing our product candidates and timely collecting payments;

- competition with other products; and

- continued acceptable safety profile of our product candidates following regulatory approval

If we do not achieve one or more of these factors in a timely manner or at all, we could experience significant delays in our ability or be unable to obtain approval for and/or to successfully commercialize our product candidates, which would materially harm our business, and we may not be able to generate sufficient revenues and cash flows to continue our operations. These factors present uncertainty and material risks to our commercial success and may cause potential investors to lose a substantial amount or substantially all of their investment in our business.

We operate in a rapidly changing industry and we face substantial competition, which may result in others discovering, developing or commercializing competing products before or more successfully than we do, or developing product candidates or treatments that are safer, more effective, more effectively marketed or cost less than ours, or receive regulatory approval or reach the market earlier. As a result, our product candidates may not achieve the sales we anticipate and could be rendered noncompetitive or obsolete.

The development and commercialization of new biopharmaceutical products is highly competitive and subject to rapid and significant technological advancements. We face competition from major multi-national pharmaceutical companies, biotechnology companies and specialty pharmaceutical companies with respect to our current and future product candidates that we may develop and commercialize in the future. There are a number of large pharmaceutical and biotechnology companies that currently market and sell products or are pursuing the development of product candidates for the treatment of cancer, including hematological cancers and solid tumors. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large, established companies. Potential competitors also include academic institutions, government agencies and other public and private research organizations. Due to their promising clinical therapeutic effect in clinical exploratory trials, engineered T-cell therapies, redirected T-cell therapies in general and antibody-drug conjugates are being pursued by multiple biotechnology and pharmaceutical companies. Our competitors may succeed in developing, acquiring or licensing technologies and products that are more effective, more effectively marketed and sold or less costly than any product candidates that we may develop, which could render our product candidates noncompetitive and obsolete. For further details concerning potential competitors, please see the section headed "Business — Competition" in this document.

Our competitors with development-stage programs may obtain or have already obtained marketing approval from the NMPA or other comparable regulatory authorities for their product candidates more rapidly than we do, and they could establish a strong market position before we are able to enter the market, which may make it more difficult for us to gain market acceptance and adversely affect our ability to generate revenues.

Some of our competitors, either alone or with their strategic collaborators, may have substantially greater financial, technical and human resources than we do. Accordingly, our competitors may be more successful than we are in obtaining approval for treatments and achieving widespread market acceptance, which may render our treatments obsolete or noncompetitive. Mergers and acquisitions in the biotechnology and pharmaceutical industries may result in even more resources being concentrated among a smaller number of our competitors.

These competitors also compete with us in recruiting and retaining qualified scientific and management personnel and establishing clinical study sites and patient registration for clinical studies, as well as in acquiring technologies complementary to, or necessary for, our programs.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are safer or more effective, have fewer or less severe side effects, are more convenient or are less expensive or better reimbursed than any products that we may commercialize.

Our proprietary CAR-T preparation technologies and the manufacturing platform for our CAR-T product candidates represent emerging approaches to cancer treatment that face significant challenges and hurdles.

We have concentrated our primary research and development efforts on our CAR-T therapies using our expertise in oncology and cell programming, and our future success is highly dependent on the successful development and manufacture of our CAR-T product candidates. We do not currently have any approved or commercialized products. As with other targeted therapies, off-tumor or off-target activity could delay development or require us to reengineer or abandon a particular product candidate. Because CAR-T therapies represent a relatively new field of cellular immunotherapy and cancer treatment generally, developing and commercializing our product candidates subjects us to a number of risks and challenges, including:

- obtaining regulatory approval for our product candidates, as the NMPA and other regulatory authorities have limited experience with CAR-T therapies for cancer;
- developing and deploying consistent and reliable processes for engineering a patient's T-cells ex vivo and infusing the engineered T-cells back into the patient;
- conditioning patients with chemotherapy in conjunction with delivering each of our products, which may increase the risk of adverse side effects of our product candidates;
- sourcing clinical and, if approved, commercial supplies of the materials used to manufacture our product candidates;
- developing programming modules with the desired properties, while avoiding adverse reactions;
- creating viral vectors capable of delivering multiple programming modules;
- developing a reliable and consistent vector and cell manufacturing process;

- establishing manufacturing capacity suitable for the manufacture of our product candidates in line with expanding enrollment in our clinical studies and our projected commercial requirements;

- achieving cost efficiencies in the scale-up of our manufacturing capacity;

- developing protocols for the safe administration of our product candidates;

- educating medical personnel regarding our CAR-T technologies and the potential side effect profile of each of our product candidates, such as potential adverse side effects related to CRS, neurotoxicity, T-cell aplasia, fatigue, neutropenia, and anemia;

- establishing end-to-end integrated capabilities and solutions in collaboration with specialty treatment centers in order to manage the operations and complex logistics commonly associated with the administration of T-cell therapies in an effective and efficient manner;

- establishing sales and marketing capabilities to successfully launch and commercialize our product candidates if and when we obtain any required regulatory approvals, and risks associated with gaining market acceptance of a novel therapy if we receive approval;

- the ability and willingness of patients to pay for our personalized therapies in connection with commercialization of any approved product candidates through out-of-pocket expenses; and

- the availability of coverage and adequate reimbursement from third-party payors for our novel and personalized therapies in connection with commercialization of any approved product candidates.

We may not be able to successfully develop our CAR-T product candidates, our technology or our other product candidates in a manner that will yield products that are safe, effective, scalable or profitable.

Additionally, because our technology involves the genetic modification of patient cells ex vivo, we are subject to additional regulatory challenges and risks, including:

- regulatory requirements governing gene and cell therapy products have changed frequently and may continue to change in the future. According to F&S, to date, only three CAR-T therapy products that involve the genetic modification of patient cells have been approved in the United States and the European Union, and none have been approved in China;

- genetically modified products in the event of improper insertion of a gene sequence into a patient's chromosome could lead to lymphoma, leukemia or other cancers, or other aberrantly functioning cells; and

- although our viral vectors are not able to replicate, there is a risk with the use of retroviral or lentiviral vectors that they could lead to new or reactivated pathogenic strains of virus or other infectious diseases, or can lead to transformation of the CAR-T or cause new malignancies.

Moreover, public perception and awareness of cell therapy safety issues may adversely influence the willingness of subjects to participate in clinical trials of our product candidates, or if approved, of physicians to prescribe our products. Physicians, hospitals and third-party payors often are slow to adopt new products, technologies and treatment practices that require additional upfront costs and training. Treatment centers may not be willing or able to devote the personnel and establish other infrastructure required for the administration of CAR-T therapies. Physicians may not be willing to undergo training to adopt this novel and personalized therapy, may decide the therapy is too complex to adopt without appropriate training and may choose not to administer the therapy. Based on these and other factors, hospitals and payors may decide that the benefits of this new therapy do not or will not outweigh its costs.

Clinical development of biopharmaceutical products involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results.

Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical trial process. The results of pre-clinical studies and early clinical trials of our product candidates may not be predictive of the results of later-stage clinical trials, and initial or interim results of a trial may not be predictive of the final results. Product candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through pre-clinical studies and initial clinical trials. In some instances, there can be significant variability in safety and/or efficacy results between different trials of the same product candidate due to numerous factors, including changes in trial procedures set forth in protocols, differences in the size and type of the patient populations, including genetic differences, other trial protocol elements and the rate of dropout among clinical

trial participants. In the case of any trials we conduct, results may differ from earlier trials due to the larger number of clinical trial sites and additional countries and languages involved in such trials. A number of companies in the biopharmaceutical industry have suffered significant setbacks in advanced clinical trials due to lack of efficacy or adverse safety profiles, notwithstanding positive results in earlier trials. Our future clinical trial results may not be favorable, regardless of earlier results. If so, we would have expended a significant amount of capital to progress the relevant product candidates to that stage, and would not realize any revenue on such product candidate if it then ultimately failed to receive regulatory approval due to poor clinical trial results. Such an uncompensated expenditure could materially adversely affect our business, financial condition, results of operations and prospects. Even if our future clinical trial results show favorable efficacy and impressive durability of anti-tumor responses, not all patients may benefit. For certain therapies, not all patients will respond, some responders may also relapse after a period of response.

We depend on enrollment of patients in our clinical trials for our product candidates. If we encounter difficulties enrolling patients in our clinical trials, our clinical development activities could be delayed or otherwise adversely affected.

Identifying and qualifying patients to participate in clinical trials of our product candidates is critical to our success. We may experience difficulties in patient enrollment in our clinical trials for a variety of reasons. The timely completion of clinical trials in accordance with the protocols depends, among other things, on our ability to enroll a sufficient number of patients who remain in the study until its conclusion. The enrollment of patients depends on many factors, including:

- the patient eligibility criteria defined in the protocol and the size and nature of the patient population who meet such criteria;
- the number of patients with the disease or condition being studied;
- the patients understanding the risks and benefits of the product candidate in the trial;
- clinicians' and patients' perceptions as to the potential advantages of the product candidate being studied in relation to other available therapies, including any new drugs or other treatments that may be approved for the indications we are investigating or drugs that may be used off-label for these indications;
- the proximity of patients to study sites;
- the design of the clinical trial;

- our ability to recruit clinical trial investigators with the appropriate competencies and experience;

- competing clinical trials for similar therapies or other new therapeutics not involving T-cell-based immunotherapy;

- our ability to obtain and maintain patient consents; and

- the risk that patients enrolled in clinical trials will drop out before completion of their treatment.

In addition, since the number of qualified clinical investigators is limited, we expect to conduct some of our clinical trials at the same clinical trial sites that some of our competitors use, which could further reduce the number of patients who are available for our clinical trials in these clinical trial sites. Moreover, because our product candidates represent a departure from more commonly used methods for cancer treatment, potential patients and their doctors may be inclined to use conventional therapies, such as chemotherapy and antibody therapy, rather than participate in our clinical trials. Furthermore, our clinical trials will also likely compete with other clinical trials for product candidates that are in the same therapeutic areas as our product candidates, and this competition will reduce the number and types of patients available to us, because some patients who might have opted to enroll in our trials may instead opt to enroll in a trial being conducted by one of our competitors.

Delays in patient enrollment may result in increased costs or may affect the timing or outcome of the planned clinical trials, which could prevent completion of these clinical trials and adversely affect our ability to advance the development of our product candidates. In addition, many of the factors that may lead to a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

If clinical trials of our product candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates.

We may not commercialize, market, promote or sell any product candidate in China without obtaining marketing approval from the NMPA and other regulatory authorities, and we may never receive such approvals. We cannot predict accurately when or if any of our product candidates will prove effective or safe in humans and will receive regulatory approval. Before obtaining marketing approval from regulatory authorities for the commercial sale of any of our product candidates, we must demonstrate through lengthy, complex and expensive preclinical studies and clinical trials

that our product candidates are both safe and effective for use in each proposed indication. Clinical trials are expensive, difficult to design and implement, can take many years to complete and are uncertain as to outcome. A failure of one or more clinical trials can occur at any stage of clinical development.

We may experience numerous unforeseen events prior to, during or as a result of clinical trials that could delay or prevent our ability to receive marketing approval or commercialize any of our product candidates, including:

- the NMPA or other regulatory authorities may disagree as to the number, design or implementation of our clinical trials, or may not interpret the results from clinical trials as we do;
- regulators or institutional review boards may not authorize us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;
- we may not reach agreement on acceptable terms with prospective clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different clinical trial sites;
- clinical trials of our product candidates may produce negative or inconclusive results;
- we may decide, or regulators may require us, to conduct additional clinical trials or abandon product development programs;
- the number of patients required for clinical trials of our product candidates may be larger than we anticipate, enrollment in these clinical trials may be slower than we anticipate, participants may drop out of these clinical trials at a higher rate than we anticipate or we may fail to recruit eligible patients to participate in a trial;
- our third-party contractors may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;
- regulators may issue a clinical hold, or regulators or institutional review boards may require that we or our investigators suspend or terminate clinical research for various reasons, including noncompliance with regulatory requirements or a finding that the participants are being exposed to unacceptable health risks;
- the cost of clinical trials of our product candidates may be greater than we anticipate;

- the NMPA or other regulatory authorities may fail to approve our manufacturing processes or facilities;

- the supply or quality of our product candidates or other materials necessary to conduct clinical trials of our product candidates may be insufficient or inadequate;

- our product candidates may have undesirable side effects or other unexpected characteristics, particularly given their novel, first-in-human application, such as potential adverse side effects related to CRS, neurotoxicity, T-cell aplasia, fatigue, neutropenia, and anemia, causing us or our investigators, regulators or institutional review boards to suspend or terminate the clinical trials; and

- the approval policies or regulations of the NMPA or other regulatory authorities may significantly change in a manner rendering our clinical data insufficient for approval.

To the extent that the results of the trials are not satisfactory for the NMPA or other regulatory authorities to approve our NDAs or other comparable applications, the commercialization of our product candidates may be significantly delayed, or we may be required to expend significant additional resources, which may not be available to us, to conduct additional trials in support of potential approval of our product candidates. If we are required to conduct additional clinical trials or other testing of our product candidates beyond those that we currently contemplate, if we are unable to successfully complete clinical trials of our product candidates or other testing, if the results of these trials are not positive or if they raise safety concerns, we may (i) be delayed in obtaining regulatory approval for our product candidates; (ii) not obtain regulatory approval at all; (iii) obtain approval for indications that are not as broad as intended; (iv) have the product removed from the market after obtaining regulatory approval; (v) be subject to additional post-marketing testing requirements; (vi) be subject to restrictions on how the product is distributed or used; or (vii) be unable to obtain reimbursement for use of the product.

Delays in testing or approvals may result in increases in our development costs. We do not know whether any clinical trials will begin as planned, will need to be restructured or will be completed on schedule, or at all. Significant clinical trial delays could also shorten any periods during which we have the exclusive right to commercialize our product candidates in China or allow our competitors to bring their products to market before we do and impair our ability to commercialize our product candidates and may have an adverse effect on our business and results of operations.

Our product candidates may cause undesirable side effects or have other properties that could halt their clinical development, prevent their regulatory approval, limit their commercial potential, or result in significant negative consequences.

In clinical trials conducted by other companies involving CAR-T, the most prominent acute toxicities included symptoms thought to be associated with CRS, such as fever, low blood pressure, nausea, difficulty breathing, and oxygen deficiency. Some patients also experienced toxicity of the central nervous system, or neurotoxicity, such as confusion, tremor, cranial nerve dysfunction, seizures and speech impairment. Adverse events with the worst grades and attributed to CAR-T were severe and life threatening in some patients. Some of these events have been fatal. The life threatening events were related to kidney dysfunction, severe infections and neurotoxicity. Severe and life threatening toxicities occurred mostly in the first two weeks after cell infusion and generally resolved within three weeks. In addition, like other clinical trials involving CAR-T, fatal adverse events have occurred in our clinical trials.

To date we have focused on developing last-line treatments for various cancers, meaning that our clinical trials include cancer patients who are very sick and whose health is deteriorating, and we expect that additional clinical trials of our other product candidates will include similar patients with deteriorating health. It is possible that some of these patients may experience similar adverse side effects as were observed in clinical trials conducted by other companies and academic institutions involving CAR-T, and that patients may die during our clinical trials for various reasons, including as a result of receiving our product candidates, because the patient's disease is too advanced, or because the patient experiences medical problems that may not be related to our product candidate. Even if the deaths are not related to our product candidate, the deaths could affect perceptions regarding the safety of our product candidate.

Patient deaths and severe side effects caused by our product candidates, or by products or product candidates of other companies that are thought to have similarities with our product candidates, could result in the delay, suspension, clinical hold or termination of clinical trials by us, ethics committee, the NMPA or other regulatory authorities for a number of reasons. If we elect or are required to delay, suspend or terminate any clinical trial of any product candidates that we develop, the commercial prospects of such product candidates will be harmed and our ability to generate product revenue from any of these product candidates would be delayed or eliminated. Serious adverse events observed in clinical trials could hinder or prevent market acceptance of the product candidate at issue. Any of these occurrences may harm our business, prospects, financial condition and results of operations significantly.

Additionally, if one or more of our product candidates receives marketing approval, and we or others later identify undesirable side effects caused by such products, including during any long-term follow-up observation period recommended or required for patients who receive treatment using our products, a number of potentially significant negative consequences could result, including:

- regulatory authorities may withdraw approvals of such product and we may be required to suspend marketing or remove relevant products from the marketplace;
- regulatory authorities may require additional warnings on the label;
- we may be subject to regulatory investigations and government enforcement actions;
- we may experience a severe decrease in the demand for, and sales of, the relevant products;
- we could be sued and held liable for harm caused to patients; and
- our reputation may suffer.

Any of the foregoing could prevent us from achieving or maintaining market acceptance of the particular product candidate, if approved, and could significantly harm our business, results of operations and prospects.

The process for treating cancer patients using T-cell therapy is subject to human error and systemic risks.

The "vein-to-vein" cycle for treating cancer patients using T-cell therapy typically takes approximately four to six weeks and involves a large number of steps and human participants. First, the patient's lymphocytes are isolated by apheresis at the clinical site and shipped to the manufacturing site. Under current good manufacturing practices, or cGMP, conditions at the manufacturing site, the patient's lymphocytes are thawed and washed, and then enriched for CD3-positive T-cells using specialized reagents. After overnight culture and T-cell activation, the T-cells are transduced using lentiviral vector transduction technology to introduce the CAR genetic construct into the enriched T-cell population. At the completion of T-cell transduction, the T-cells are expanded for several days, harvested, formulated into the final product and then cryopreserved for delivery to patients. In China, samples of the final product are subjected to several release tests which must fulfill specified criteria for the product to be released for infusion. These include sterility, identity, purity, potency and other tests. We are subject to stringent regulatory and quality standards in the course of a T-cell therapy treatment process. We cannot assure you that our quality

control and assurance efforts will be successful or that the risk of human or systemic errors in these processes can be eliminated, or that these efforts will eliminate the risk of our human errors or systematic risk given the complex nature of the processes and the use of significant numbers of people at different levels of training in the processes listed above.

Prior treatments can alter certain cancers and negatively impact the probability of successful manufacture of, treatment of patients with, or achieving clinical benefit from our CAR-T

Patients with hematological cancers typically receive highly toxic chemotherapy as their initial treatments, which can impact the viability of the T-cells collected from the patient and may contribute to highly variable responses to CAR-T therapies. Patients could also have received prior therapies that target the same target antigen on the cancer cells as our intended programmed CAR-T product candidate, which can reduce the expression of the target antigen on those cancer cells. As a result, our CAR-T product candidates may not recognize the cancer cell and may fail to achieve clinical activity. Our Core Product Candidate, relma-cel, and other product candidates could face this challenge. If any of our product candidates do not achieve a sufficient level of clinical activity, we may discontinue the development of that product candidate, which could have an adverse effect on the value of our Shares.

We may not be successful in developing, acquiring, enhancing or adapting to new technologies and methodologies.

We must keep pace with new technologies and methodologies to maintain our competitive position. For the years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, our research and development expenses were RMB76.0 million, RMB136.1 million and RMB82.3 million, respectively. We must continue to invest significant amounts of human and capital resources to develop or acquire technologies that will allow us to enhance the scope and quality of our clinical trials. We also intend to continue to enhance our technical capabilities in product discovery, development and manufacturing, which are capital and time-intensive. We cannot assure you that we will be able to develop, enhance or adapt to new technologies and methodologies, successfully identify new technological opportunities, develop and bring new or enhanced products to market, obtain sufficient or any patent or other intellectual property protection for such new or enhanced products, or obtain the necessary regulatory approvals in a timely and cost-effective manner, or, if such products are introduced, that those products will achieve market acceptance. Any failure to do so may make our techniques obsolete, which could harm our business and prospects.

We may not be successful in our efforts to build or in-license a pipeline of new product candidates. If we fail to do so, our commercial opportunity will be limited.

A key element of our strategy is to leverage our proprietary cell therapy platform and expertise in oncology and cell programming to expand into solid tumors, other cellular targets and other CAR therapies. Our initial focus is on the development of a pipeline of product candidates for the treatment of hematological cancers and the progression of these product candidates through clinical development. We also intend to grow our business through in-licensing opportunities, partnerships and selective acquisitions, as well as in-house research and development. However, we may not be able to develop or acquire product candidates that are safe and effective, or which compare favorably with other commercially available alternatives. Even if we are successful in continuing to build our pipeline and developing next-generation product candidates or expanding into solid tumor indications, the potential product candidates that we identify may not be suitable for clinical development, including as a result of lack of safety, lack of tolerability, lack of anti-tumor activity, or other characteristics that indicate that they are unlikely to be products that will receive marketing approval, achieve market acceptance or obtain reimbursements from third-party payors. We cannot provide you any assurance that we will be able to successfully advance any of these additional product candidates through the development process. Our research programs may initially show promise in identifying potential product candidates, yet fail to yield product candidates for clinical development or commercialization for many reasons, including the following:

- our platform may not be successful in identifying additional product candidates;
- we may not be able or willing to assemble sufficient resources to acquire or discover additional product candidates;
- our product candidates may not succeed in preclinical or clinical testing;
- a product candidate may on further study be shown to have harmful side effects or other characteristics that indicate it is unlikely to be effective or otherwise does not meet applicable regulatory criteria;
- competitors may develop alternatives that render our product candidates obsolete or less attractive;
- product candidates we develop may nevertheless be covered by third parties' patents or other exclusive rights;

- the market for a product candidate may change during our development program so that the continued development of that product candidate is no longer reasonable;

- a product candidate may not be capable of being produced in commercial quantities at an acceptable cost, or at all; and

- a product candidate may not be accepted as safe and effective by patients, the medical community or third-party payors, if applicable.

If any of these events occur, we may be forced to abandon our development efforts for a program or programs, or we may not be able to identify, discover, develop or commercialize additional product candidates, which would have a material adverse effect on our business and could potentially cause us to cease operations.

Even if we receive NMPA or other regulatory approval to market our product candidates, we cannot assure you that any such product candidates will be successfully commercialized, widely accepted in the marketplace or more effective than other commercially available alternatives. Further, because of our limited financial and managerial resources, we are required to focus our research programs on certain product candidates and on specific diseases.

If we do not successfully develop and commercialize product candidates or collaborate with others to do so, we will not be able to obtain product revenue in future periods, which could significantly harm our financial position and adversely affect the trading price of our Shares.

We may expend our limited resources to pursue a particular product candidate or indication and fail to capitalize on product candidates or indications that may be more profitable or have a greater likelihood of success.

Because we have limited financial and management resources, we focus on research programs and product candidates that we identify for specific indications. As a result, we may forego or delay pursuit of opportunities with other product candidates or for other indications that later prove to have greater commercial potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. Our spending on current and future research and development programs and product candidates for specific indications may not yield any commercially viable products. If we do not accurately evaluate the commercial potential or target market for a particular product candidate, we may relinquish valuable rights to that product candidate through collaboration, licensing or other royalty arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights to such product candidate.

Our preclinical programs may experience delays or may never advance to clinical trials, which would adversely affect our ability to obtain regulatory approvals or commercialize these product candidates on a timely basis or at all, which would have an adverse effect on our business.

Some of our product candidates are still in the preclinical development stage, and the risk of failure of preclinical programs is high. Before we can commence clinical trials for a product candidate, we must complete extensive preclinical testing and studies to obtain regulatory clearance to initiate human clinical trials, including based on IND applications and clinical trial applications, or CTAs, in China. We cannot be certain of the timely completion or outcome of our preclinical testing and studies and cannot predict if the NMPA or other regulatory authorities will accept our proposed clinical programs or if the outcome of our preclinical testing and studies will ultimately support the further development of our programs. As a result, we cannot be sure that we will be able to submit IND applications or similar applications for our preclinical programs on the timelines we expect, if at all, and we cannot be sure that submission of IND applications or similar applications will result in the NMPA or other regulatory authorities allowing clinical trials to begin.

Risks Relating to Extensive Government Regulation

All material aspects of the research, development, manufacturing and commercialization of biopharmaceutical products are heavily regulated. Any failure to comply with existing regulations and industry standards, or any adverse actions by the NMPA or other comparable regulatory authorities against us, could negatively impact our reputation and our business, financial condition, results of operations and prospects.

The PRC strictly regulates the biopharmaceutical industry, employing regulatory strategies that include regulation of product development and approval, manufacturing, and marketing, sales and distribution of products.

The process of obtaining regulatory approvals and compliance with appropriate laws and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable requirements at any time during the product development or approval process, or after approval, may subject an applicant to administrative or judicial sanctions. These sanctions could include the regulator's refusal to approve pending applications, withdrawal of an approval, license revocation, a clinical hold, or total or partial suspension of production or distribution. Failure to comply with these regulations could have a material adverse effect on our business.

In China, the NMPA and other regulatory authorities impose high standards on the efficacy and safety of biopharmaceutical products, as well as strict rules, regulations and industry standards on how we develop such products. For example, we may need to obtain clearance from NMPA or

other regulatory authorities as part of an IND application to seek authorization to begin clinical trials, or file results of clinical trials as part of an NDA to seek marketing approval. These regulatory authorities may conduct scheduled or unscheduled periodic inspections of our facilities to monitor our regulatory compliance. Although we have passed all relevant inspections and obtained clearance in relation to discovery and development from the NMPA and other regulatory authorities in all material respects during the Track Record Period, we cannot assure you that we will be able to do so going forward. Any failure to comply with existing regulations and industry standards could result in fines or other punitive actions against us, and the disqualification of data for submission to regulatory authorities, each of which could have a material adverse impact on our reputation, business, financial condition, results of operations and prospects. In addition, any action against us for violation of the relevant regulations or industry standards, even if we successfully defend against it, could cause us to incur significant legal expenses, divert our management's attention from the operation of our business, and adversely affect our reputation and financial results.

The regulatory approval processes of the NMPA and other comparable regulatory authorities are lengthy, time-consuming and inherently unpredictable. If we are ultimately unable to obtain, or experience delays in obtaining, regulatory approval for our product candidates, our business will be substantially harmed.

The time required to obtain approval by the NMPA and other comparable regulatory authorities is unpredictable, particularly with respect to novel products such as cell-based cancer therapies, and it depends on numerous factors, including the substantial discretion of the regulatory authorities.

Our product candidates could fail to receive regulatory approval for many reasons, including:

- failure to begin or complete clinical trials due to disagreements with regulatory authorities;
- failure to demonstrate that a product candidate is safe, pure and potent for its proposed indication;
- failure of clinical trial results to meet the level of statistical significance required for approval;
- failure to demonstrate that the clinical and other benefits of a product candidate outweigh its safety risks;
- data integrity issues related to our clinical trials;

- insufficiency of data from clinical trials of our product candidates to support the filing of the NDA or other submission or to obtain regulatory approval;

- disagreement with our interpretation of data from pre-clinical studies or clinical trials;

- our failure to conduct a clinical trial in accordance with regulatory requirements or our clinical trial protocols;

- clinical sites, investigators or other participants in our clinical trials deviating from a trial protocol, failing to conduct the trial in accordance with regulatory requirements, or dropping out of a trial; and

- deficiencies identified by the regulatory authorities in relation to CMC, manufacturing processes or facilities.

The NMPA or a comparable regulatory authority may require more information, including additional pre-clinical or clinical data, to support approval, which may delay or prevent approval and our commercialization plans, or we may decide to abandon the development program.

Changes in regulatory requirements and guidance may also occur, and we may need to amend clinical trial protocols submitted to applicable regulatory authorities to reflect these changes. Resubmission may impact the costs, timing or successful completion of a clinical trial. In addition, changes in government regulations or in practices relating to the biopharmaceutical industry, such as a relaxation in regulatory requirements, or the introduction of simplified approval procedures, which would lower the entry barrier for potential competitors, or an increase in regulatory requirements, which may increase the difficulty for us to satisfy such requirements, and may have a material adverse impact on our business, financial condition, results of operations, and prospects.

If we experience delays in the completion of, or the termination of, a clinical trial of any of our product candidates, the commercial prospects of that product candidate will be harmed, and our ability to generate product sales revenues from that product candidate will be delayed. In addition, any delays in completing our clinical trials will increase our costs, slow down our product candidate development and approval process, and jeopardize our ability to commence product sales and generate related revenues for that candidate. Any of these occurrences may harm our business, financial condition and prospects significantly. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

Our and/or others' failure to obtain or renew certain approvals, licenses, permits and certificates required for our business may materially and adversely affect our business, financial condition and results of operations.

Pursuant to the relevant laws, regulations and relevant regulatory practice by governmental agencies, we and/or other parties related to our operations, such as landlords or managers of premises on or local science parks in which we operate, are required to obtain and maintain various approvals, licenses, permits and certificates from relevant authorities to operate our business. Some of these approvals, permits, licenses and certificates are subject to periodic renewal and/or reassessment by the relevant authorities, and the standards of such renewal and/or reassessment may change from time to time. Any failure to obtain or renew any approvals, licenses, permits and certificates necessary for our operations may result in enforcement actions thereunder, including orders issued by the relevant regulatory authorities causing operations to cease, and may include corrective measures requiring capital expenditure or remedial actions, which in the future could materially and adversely affect our business, financial condition and results of operations. There is also no assurance that the relevant authorities would not take any enforcement action against us. In the event that such enforcement action is taken, our business operations could be materially and adversely disrupted.

Furthermore, if the interpretation or implementation of existing laws and regulations changes, or new regulations come into effect requiring us and/or other such related parties to obtain any additional approvals, permits, licenses or certificates that were previously not required to operate our existing businesses, we cannot assure you that we and/or other such related parties will successfully obtain such approvals, permits, licenses or certificates. Our or these parties' failure to obtain the additional approvals, permits, licenses or certificates may restrict the conduct of our business, decrease our revenues and/or increase our costs, which could materially reduce our profitability and prospects.

Changes in government regulations or in practices relating to the pharmaceutical and biopharmaceutical industries, including healthcare reform in China, and compliance with new regulations may result in additional costs.

The healthcare industry in China is heavily regulated. Changes in government regulations or in practices relating to the healthcare industry, such as a relaxation in regulatory requirements, or the introduction of simplified approval procedures which lower entry barriers for potential competitors, or an increase in regulatory requirements that may increase the difficulty for us to satisfy such requirements, may have a material adverse impact on our business, financial condition, results of operations and prospects. For example, a Draft Somatic Cell Therapy Clinical Research and the Transformation Application Management Measures (Trial) (體細胞治療臨床研究

和轉化應用管理辦法(試行)) was released by NHC in March 2019, which stipulated, among others, that after filing with NHC, hospitals may use cell therapy treatment and charge patients. If adopted, the entry barriers for potential competitors will be significantly lower.

In addition, recently enacted and future legislation may increase the difficulty and cost for us to obtain regulatory approval and commercialize our product candidates and affect the prices we may fix. In China, a number of legislative and regulatory changes and proposed changes regarding healthcare could prevent or delay regulatory approval of our product candidates, restrict or regulate post-approval activities and affect our ability to profitably sell our products and any product candidates for which we obtain regulatory approval. In recent years, there have been and will likely continue to be efforts to enact administrative or legislative changes to healthcare laws and policies, including measures which may result in more rigorous coverage criteria and downward pressure on the price that we fix for any approved product. Any reduction in reimbursement from government programs may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability, or commercialize our products. Recently, the Chinese government announced that they would further promote the reform of the drug purchase system and expand the centralized drug purchase program, which may result in a material adverse effect on drug prices.

Even if we obtain marketing approvals for our product candidates, the terms of approvals and ongoing regulation of our products may limit how we manufacture and market our products, and compliance with such requirements may involve substantial resources, which could materially impair our ability to generate revenue.

Even if marketing approval of a product candidate is granted, an approved product and its manufacturer and marketer are subject to ongoing review and extensive regulatory requirements for manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, advertising, promotion, sampling, and recordkeeping, or to conduct costly post-marketing studies or clinical trials and surveillance to monitor the safety or efficacy of the product. We must also comply with requirements concerning advertising and promotion for any of our product candidates for which we obtain marketing approval. Promotional communications with respect to prescription drugs are subject to a variety of legal and regulatory restrictions and must be consistent with the information in the product's approved labeling. Thus, we will not be able to promote any products we develop for indications or uses for which they are not approved. In addition, manufacturers of approved products and those manufacturers' facilities are required to comply with extensive regulatory requirements of the NMPA and other regulatory authorities, including ensuring that quality control and manufacturing procedures conform to cGMP and other comparable regulations and standards, which include requirements relating to quality control and quality assurance as well

as the corresponding maintenance of records and documentation and reporting requirements. We or our suppliers could be subject to periodic unannounced inspections by the NMPA or other regulatory authorities to monitor and ensure compliance with cGMP.

Accordingly, assuming we receive marketing approval for one or more of our product candidates, we and our suppliers will continue to expend time, money and effort in all areas of regulatory compliance, including manufacturing, production, product surveillance and quality control. If we are not able to comply with post-approval regulatory requirements, we could have the marketing approvals for our products withdrawn by regulatory authorities and our ability to market any future products could be limited, which could adversely affect our ability to achieve or sustain profitability. Accordingly, the cost of compliance with post-approval regulations may have a negative effect on our operating results and financial condition.

Even if we are able to commercialize any approved product candidates, the products may become subject to unfavorable pricing regulations, or to unfavorable changes in national or third-party reimbursement practices, which could harm our business.

The regulations that govern regulatory approvals, pricing and reimbursement for new therapeutic products vary widely from country to country. Pricing for one or more of our products could become subject to governmental control even after initial approval to market the relevant product is granted, which could delay our commercial launch of the product and negatively impact our revenues.

Our ability to commercialize any approved product candidates successfully also will depend in part on the extent to which reimbursement for these products and related treatments will be available from government health administration authorities, private health insurers and other organizations.

A primary trend in the global healthcare industry is cost containment. Government authorities and third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications.

In China, the Ministry of Human Resources and Social Security of China or provincial or local human resources and social security authorities, together with other government authorities, review the inclusion or removal of drugs from China's National Drug Catalog for Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance, or the National Reimbursement Drug List, the NRDL, or provincial or local medical insurance catalogues for the Provincial Reimbursable Drug List, the PRDL, regularly, and the tier under which a drug will be classified, both of which affect the amounts reimbursable to program participants for their purchases of those drugs. There can be no assurance that any of our future approved product candidates will be

included in the NRDL or the PRDL. Products included in the NRDL or the PRDL are typically generic and essential drugs. Innovative drugs similar to our product candidates have historically been more limited on their inclusion in the NRDL or the PRDL due to the affordability of the government's Basic Medical Insurance.

If we were to successfully launch commercial sales of our products but fail in our efforts to have our products included in the NRDL or the PRDL, our revenue from commercial sales would be highly dependent on patient self-payment, which can make our products less competitive. Additionally, even if the Ministry of Human Resources and Social Security of the PRC or any of its local counterparts were to accept our application for the inclusion of products in the NRDL or the PRDL, our potential revenue from the sales of these products could still decrease as a result of the significantly lowered prices we may be required to charge for our products to be included in the NRDL or the PRDL.

Increasingly, third-party payors are requiring that companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. We cannot be sure that reimbursement will be available for any approved product candidate that we commercialize and, if reimbursement is available, what the level of reimbursement will be. Reimbursement may impact the demand for, or the price of, any approved product candidate that we commercialize. Obtaining or maintaining reimbursement for approved product candidates may be particularly difficult because of the higher prices often associated with drugs administered under the supervision of a physician. If reimbursement is not available or is available only to limited levels, we may not be able to successfully commercialize any product candidate that we in-license or successfully develop.

There may be significant delays in obtaining reimbursement for approved product candidates, and coverage may be more limited than the purposes for which the product candidates are approved by the NMPA or other regulatory authorities. Moreover, eligibility for reimbursement does not imply that any drug will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale and distribution. Interim payments for new drugs, if applicable, may also not be sufficient to cover our costs and may not be made permanent. Payment rates may vary according to the use of the drug and the clinical setting in which it is used, may be based on payments allowed for lower-cost drugs that are already reimbursed, and may be incorporated into existing payments for other services. Net prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or private payors and by any future weakening of laws that presently restrict imports of drugs from countries where they may be sold at lower prices than in China. Our inability to promptly obtain coverage and profitable payment rates from both government-funded and private payors for any future approved product candidates and any new drugs that we develop could have a material adverse effect on our business, our operating results, and our overall financial condition.

We intend to seek approval to market our product candidates in China. In China, the pricing of certain drugs is subject to governmental control, which can take considerable time even after obtaining regulatory approval. Market acceptance and sales of any of our future approved product candidates will depend significantly on the availability of adequate coverage and reimbursement from third-party payors for our products, and may be affected by existing and future health care reform measures.

If safety, efficacy or other issues arise with any drug or medical product that is used to manage side effects of our product candidates, we may be unable to develop or market such product candidate or may experience significant regulatory delays.

In clinical trials of our product candidates, anti-cytokine therapies, corticosteroids, anti-epileptic medications, antibiotics, anti-viral agents, anti-fungal agents, vasopressors, ventilators or ventilator equipment, mannitol, barbiturates, plasma, pack RBC units, platelet packs, dialysis machines or their associated equipment or electrolyte exchange solutions, electrolyte binding agents or supplement solutions are administered to manage side effects when they appear or are indicated by our AE management algorithms. If the NMPA or another comparable regulatory authority revokes or denies its approval of any such drug or medical product, we will be forced to terminate or redesign the clinical trials, experience significant regulatory delays or stop our commercialization efforts. In addition, we may fail our commercialization effort because products that facilitate the use of our product candidates can incur separate safety, efficacy or availability issues, such as the medical products listed above and other common items such as syringes, needles, IV tubing and IV access devices or placement and availability of hospital beds and space.

Risks Relating to Manufacturing of Our Product Candidates

Our product candidates are cell therapies. The manufacture of our product candidates is complex, and we may encounter difficulties in production, particularly with respect to development or scaling-out of our manufacturing capabilities. If we encounter such difficulties, our ability to provide supply of our product candidates for clinical trials or our products for patients, if approved, could be delayed or stopped, or we may be unable to maintain a commercially viable cost structure.

Our product candidates are cell therapies, and the process of manufacturing such products is complex, highly-regulated and subject to multiple risks. The manufacture of our product candidates involves complex processes, including harvesting T-cells from patients, genetically modifying the T-cells ex vivo, multiplying the T-cells to obtain the desired dose, and ultimately infusing the T-cells back into a patient's body. As a result of the complexities, the cost to manufacture biologics in general, and our genetically modified cell product candidates in particular, is generally higher than traditional small molecule chemical compounds, and the manufacturing process is less

reliable and is more difficult to reproduce. Our manufacturing process will be susceptible to product loss or failure, or product variation that may adversely impact patient outcomes, due to logistical issues associated with the collection of white blood cells, or starting material, from the patient, shipping such material to the manufacturing site, shipping the final product back to the patient, and infusing the patient with the product, manufacturing issues or different product characteristics resulting from the differences in patient starting materials, variations between reagent lots, interruptions in the manufacturing process, contamination, equipment or reagent failure, improper installation or operation of equipment, vendor or operator error, inconsistency in cell growth, and variability in product characteristics. Even minor deviations from normal manufacturing processes could result in reduced production yields, product defects, and other supply disruptions. If for any reason we lose a patient's starting material or later-developed product at any point in the process, the manufacturing process for that patient will need to be restarted and the resulting delay may adversely affect that patient's outcome. If microbial, viral, or other contaminations are discovered in our product candidates or in the manufacturing facilities in which our product candidates are made, such manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination. Because our product candidates are manufactured for each particular patient, we will be required to maintain a chain of identity with respect to materials as they move from the patient to the manufacturing facility, through the manufacturing process, and back to the patient. Maintaining such a chain of identity is difficult and complex, and failure to do so could result in adverse patient outcomes, loss of product, or regulatory action including withdrawal of our products from the market, if licensed.

Although we are working to develop commercially viable manufacturing processes, including for relma-cel, doing so is a difficult and uncertain task, and there are risks associated with scaling to the level required for advanced clinical trials or commercialization, including, among others, cost overruns, potential problems with process scale-out, process reproducibility, stability issues, lot consistency, timely availability of reagents or raw materials, and the timing of bringing facilities online or otherwise expanding capacity. We will also need to build out and implement electronic systems to support scale and reduce human error, which may be difficult to do in a timely manner. As a result of these challenges, we may experience delays in our clinical development and/or commercialization plans. We may ultimately be unable to reduce the cost of goods for our product candidates to levels that will allow for an attractive return on investment if and when those product candidates are commercialized.

We may also make changes to our manufacturing process at various points during development, and even after commercialization, for various reasons, such as controlling costs, achieving scale, decreasing processing time, increasing manufacturing success rate, or other reasons. Changes to our manufacturing process carry the risk that they will not achieve their intended objectives, and any of these changes could cause our product candidates to perform differently and affect the results of our ongoing clinical trials, future clinical trials, or the

performance of the product once commercialized. In some circumstances, changes in the manufacturing process may require us to perform ex vivo comparability studies and to collect additional data from patients prior to undertaking more advanced clinical trials. For instance, changes in our process during the course of clinical development may require us to show the comparability of the product used in earlier clinical phases or at earlier portions of a trial to the product used in later clinical phases or later portions of the trial. We may also make further changes to our manufacturing process before or after commercialization, and such changes may require us to show the comparability of the resulting product to the product used in the clinical trials using earlier processes. We may be required to collect additional clinical data from any modified process prior to obtaining marketing approval for the product candidate produced with such modified process. If clinical data are not ultimately comparable to those seen in the earlier trials or earlier in the same trial in terms of safety or efficacy, we may be required to make further changes to our process and/or undertake additional clinical testing, either of which could significantly delay the clinical development or commercialization of the associated product candidate.

We may never be successful in manufacturing product candidates or reagents in sufficient quantities or with sufficient quality for clinical or commercial use. We may establish multiple manufacturing facilities as we expand our commercial footprint to multiple geographies, which may lead to regulatory delays or prove costly.

The establishment of a cell-therapy manufacturing facility is a complex endeavor requiring knowledgeable individuals. Expanding our internal manufacturing infrastructure will rely upon finding personnel with an appropriate background and training to staff and operate the facility. Should we be unable to find these individuals, we may need to rely on external contractors or train additional personnel to fill the needed roles. There are a small number of individuals with experience in cell therapy and the competition for these individuals is high.

Even if we are successful in developing our manufacturing capabilities sufficient for clinical and commercial supply, our manufacturing capabilities could be affected by cost-overruns, unexpected delays, equipment failures, labor shortages, operator error, natural disasters, availability of qualified personnel, difficulties with logistics and shipping, problems regarding yields or stability of product, contamination or other quality control issues, power failures, and numerous other factors that could prevent us from realizing the intended benefits of our manufacturing strategy and have a material adverse effect on our business.

Furthermore, if contaminants are discovered in our supply of our product candidates or in our manufacturing facilities, or any future potential CMOs, such manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination. We cannot assure you that any stability failures or other issues relating to the manufacture of our product

candidates will not occur in the future. Additionally, we and any future CMOs may experience manufacturing difficulties due to resource constraints or as a result of labor disputes or unstable political environments. If we or any such CMOs were to encounter any of these difficulties, our ability to provide our product candidate to patients in clinical trials, or to provide product for treatment of patients once approved, would be jeopardized.

In addition, the manufacturing process for any products that we may develop is subject to NMPA or other regulatory authority approval, and we will need to meet, and any future CMOs will need to meet, all applicable NMPA and other regulatory authority requirements on an ongoing basis. If we or such CMOs are unable to reliably produce products to specifications acceptable to the NMPA or other regulatory authorities, we may not obtain or maintain the approvals we need to commercialize such products. Even if we obtain regulatory approval for any of our product candidates, there is no assurance that either we or such CMOs will be able to manufacture the approved product to specifications acceptable to the NMPA or other regulatory authorities, to produce it in sufficient quantities to meet the requirements for the potential launch of the product, or to meet potential future demand. Any of these challenges could delay completion of clinical trials, require bridging clinical trials or the repetition of one or more clinical trials, increase clinical trial costs, delay approval of our product candidate, impair commercialization efforts, increase our cost of goods, and have an adverse effect on our business, financial condition, results of operations and growth prospects.

Cell-based therapies rely on the availability of reagents, specialized equipment, and other specialty materials, which may not be available to us on acceptable terms or at all. For some of these reagents, equipment, and materials, we rely or may rely on sole source vendors or a limited number of vendors, which could impair our ability to manufacture and supply our products.

Manufacturing our product candidates requires many reagents, which are substances used in our manufacturing processes to bring about chemical or biological reactions, and other specialty materials and equipment, some of which are manufactured or supplied by small companies with limited resources and experience to support commercial biologics production. We currently depend on a limited number of vendors for certain materials and equipment used in the manufacture of our product candidates. Some of these suppliers may not have the capacity to support commercial products manufactured under cGMP by biopharmaceutical firms or may otherwise be ill-equipped to support our needs. Reagents and other key materials from these suppliers may have inconsistent attributes and introduce variability into our manufactured product candidates, which may contribute to variable patient outcomes and possible adverse events. We also do not have supply contracts with many of these suppliers and may not be able to obtain supply contracts with them on acceptable terms or at all. Accordingly, we may experience delays in receiving key materials and equipment to support clinical or commercial manufacturing.

For some of these reagents, equipment, and materials, we rely and may in the future rely on sole source vendors or a limited number of vendors. An inability to continue to source product from any of these suppliers, which could be due to regulatory actions or requirements affecting the supplier, adverse financial or other strategic developments experienced by a supplier, labor disputes or shortages, unexpected demands, or quality issues, could adversely affect our ability to satisfy demand for our product candidates, which could adversely and materially affect our product sales and operating results or our ability to conduct clinical trials, either of which could significantly harm our business.

As we continue to develop and scale our manufacturing process, we expect that we will need to obtain rights to and supplies of certain materials and equipment to be used as part of that process. We may not be able to obtain rights to such materials on commercially reasonable terms, or at all, and if we are unable to alter our process in a commercially viable manner to avoid the use of such materials or find a suitable substitute, it would have a material adverse effect on our business. Even if we are able to alter our process so as to use other materials or equipment, such a change may lead to a delay in our clinical development and/or commercialization plans. If such a change occurs for product candidate that is already in clinical testing, the change may require us to perform both ex vivo comparability studies and to collect additional data from patients prior to undertaking more advanced clinical trials.

Failure to obtain and maintain regulatory approvals for our manufacturing facilities and any disruption or suspension of manufacturing activities may affect our business and results of operations.

We generally plan to manufacture our products at our own facilities in the future. Our leased and owned manufacturing facilities will be required to obtain and maintain regulatory approvals, including being subject to ongoing, periodic inspection by the NMPA or other comparable regulatory authorities to ensure compliance with GMP regulations. We cannot guarantee that we will be able to adequately follow and document our adherence to such GMP regulations or other regulatory requirements as required by the NMPA. To obtain NMPA approval for our products in China, we would need to undergo strict pre-approval inspections of our manufacturing facilities. Remediating deficiencies can be laborious, time consuming and costly. Moreover, the NMPA will generally re-inspect the facility to determine whether the deficiency was remediated to its satisfaction, and may note further deficiencies during re-inspection. Failure to obtain and maintain such regulatory approvals may seriously delay the clinical trials and commercialization of our product candidates.

We may also encounter problems with achieving adequate or clinical-grade products that meet NMPA or other comparable regulatory agency standards or specifications, maintaining consistent and acceptable production costs, experiencing shortages of qualified personnel, raw materials or

key contractors, or experiencing unexpected damage to our facilities or the equipment in them. In these cases, we may be required to delay or suspend our manufacturing activities. We may be unable to secure temporary, alternative manufacturers for our products with the terms, quality and costs acceptable to us, or at all. Such an event could delay our clinical trials and/or the availability of our products for commercial sale. Moreover, we may spend significant time and costs to remedy these deficiencies before we can continue production at our manufacturing facilities. We may also be subject to sanctions for failure to comply with applicable regulations, including fines, injunctions, penalties, suspension of clinical trials, failure of regulatory authorities to grant marketing approval of our product candidates, delay, suspension or withdrawal of approvals, supply disruptions, seizures or recalls of our product candidates, operating restrictions and criminal prosecutions, any of which may have an adverse effect on our business.

Risks Relating to Commercialization of Our Product Candidates

If we are not able to obtain, or experience delays in obtaining, required regulatory approvals, we will not be able to commercialize our product candidates, and our ability to generate revenue will be materially impaired.

Our NDA seeking approval of relma-cel as a third-line treatment for DLBCL was submitted and accepted for review by the NMPA in June 2020. To obtain regulatory approvals for the commercial sale of any product candidate for a target indication, we must demonstrate in pre-clinical studies and well-controlled clinical trials, and to the satisfaction of the NMPA, that the product candidate is safe and effective for use for that target indication and that the manufacturing facilities, processes and controls are adequate. In addition to pre-clinical and clinical data, the NDA must include significant information regarding the chemistry, manufacturing and controls for the product candidate. Obtaining approval of an NDA is a lengthy, expensive and uncertain process, and approval may not be obtained. If we submit an NDA to the NMPA, the NMPA decides whether to accept or reject the submission for filing. We cannot be certain that any submissions will be accepted for filing and review by the NMPA.

We have limited experience in filing for regulatory approval for our product candidates, and we have not yet demonstrated the ability to receive regulatory approval for our product candidates. As a result, our ability to successfully obtain regulatory approval for our product candidates may involve more inherent risk, take longer, and cost more than it would if we were a company with experience in obtaining regulatory approvals.

The process to develop, obtain regulatory approval for and commercialize product candidates is long, complex and costly, and approval is never guaranteed. Following any approval for commercial sale of our product candidates, certain changes to the product, such as changes in manufacturing processes and additional labeling claims, may be subject to additional review and

approval by the NMPA and comparable regulatory authorities. Also, regulatory approval for any of our product candidates may be withdrawn. If we are unable to obtain regulatory approval for our product candidates in one or more jurisdictions, or any approval contains significant limitations, our target market will be reduced and our ability to realize the full market potential of our product candidates will be harmed. Furthermore, we may not be able to obtain sufficient funding or generate sufficient revenue and cash flows to continue the development of any other product candidate in the future.

The market opportunities for our product candidates may be limited to those patients who are ineligible for or have failed prior treatments and may be small, and our projections regarding the size of the addressable market may be incorrect.

The field of cancer treatment has advanced rapidly in recent decades, progressing from surgery and radiotherapy, to chemotherapy and, more recently, to targeted drugs and immune-oncology therapies. Medication treatment with chemotherapy, targeted drugs and immune-oncology therapies can be characterized as first-line, second-line or third-line based on the timing of the treatment. First-line treatment or therapy simply refers to the initial, or first treatment recommended for the cancer. First-line treatment is the one that, for most people, is expected to provide the best results with the fewest number of side effects. In contrast, second-line treatments are used when the first-line treatment failed to improve a cancer, or if the first-line worked initially before and then the cancer progressed. Third-line treatment may be adopted if previous treatments failed. We expect to initially seek approval of our product candidates as a third line therapy for patients who have failed other approved treatments.

Subsequently, for those products that prove to be sufficiently beneficial, if any, we would expect to seek approval as a second line therapy and potentially as a first line therapy, but there is no guarantee that our product candidates, even if approved, would be approved for second line or first line therapy. In addition, we may have to conduct additional clinical trials prior to gaining approval for second line or first line therapy.

Our projections of both the number of people who have the cancers we are targeting, as well as the subset of people with these cancers in a position to receive third line therapy and who have the potential to benefit from treatment with our product candidates, are based on our beliefs and estimates. These estimates have been derived from a variety of sources, such as scientific literature, surveys of clinics, patient foundations, or market research (including the research conducted by Frost & Sullivan), and they may prove to be incorrect. Regulatory authorities also may establish narrower definitions around when a patient is ineligible for other treatments than we have used in our projections, and that would reduce the size of the patient population eligible for our product candidates. Further, new studies may change the estimated incidence or prevalence of these cancers. The number of patients may turn out to be lower than expected. Additionally, the

potentially addressable patient population for our product candidates may be limited or may not be amenable to treatment with our product candidates. For instance, with relma-cel we expect to initially target a small patient population that suffers from certain subtypes of NHL. Even if we obtain significant market share for our product candidates, because the potential target populations are small, we may never achieve profitability without obtaining regulatory approval for additional indications, including use as a first or second line therapy.

Our market opportunities may also be limited by competitor treatments that may enter the market. See the risk factor above "Risks Relating to Our Business — Risks Relating to Discovery, Pre-Clinical Development and Clinical Development of Our Product Candidates — We operate in a rapidly changing industry and we face substantial competition, which may result in others discovering, developing or commercializing competing products before or more successfully than we do, or developing product candidates or treatments that are safer, more effective, more effectively marketed or cost less than ours, or receive regulatory approval or reach the market earlier. As a result, our product candidates may not achieve the sales we anticipate and could be rendered noncompetitive or obsolete."

Even if any of our product candidates achieve marketing approval, it may fail to achieve the degree of market acceptance and access by physicians, patients, third-party payors and others in the medical community necessary for commercial success.

Even if we obtain approvals from the NMPA or other comparable regulatory agencies and are able to initiate commercialization of our clinical-stage product candidates or any other product candidates we develop, the product candidate may not achieve market acceptance among physicians, patients, hospitals, including pharmacy directors, and third-party payors and, ultimately, may not be commercially successful. The degree of market acceptance of our product candidates, if approved for commercial sale, will depend on a number of factors, including:

- the clinical indications for which our product candidates are approved;
- physicians, hospitals, cancer treatment centers, and patients considering our product candidates as a safe and effective treatment;
- the effectiveness of the training for physicians, hospitals and cancer treatment centers;
- hospitals and cancer treatment centers establishing and expanding the infrastructure required for the administration of redirected CAR-T therapies;
- the potential and perceived advantages of our product candidates over alternative treatments;

- the prevalence and severity of any side effects;
- product labeling or product insert requirements of the NMPA or other comparable regulatory authorities;
- limitations or warnings contained in the labeling approved by the NMPA or other comparable regulatory authorities;
- the timing of market introduction of our product candidates as well as competitive products;
- the affordability of our product candidates and the cost of treatment in relation to alternative treatments;
- the amount of upfront costs or training required for physicians to administer our product candidates;
- the availability of coverage, adequate reimbursement, and pricing by third-party payors and government authorities;
- the willingness of patients to pay out-of-pocket in the absence of comprehensive coverage and reimbursement by third-party payors and government authorities;
- relative convenience and ease of administration, including as compared to alternative treatments and competitive therapies; and
- the effectiveness of our sales and marketing efforts and distribution support.

Our efforts to educate physicians, patients, third-party payors and others in the medical community on the benefits of our products, if approved, may require significant resources and may be ineffective or incomplete and may never be successful. Such efforts may require more resources than are typically required due to the complexity and uniqueness of our product candidates. Because we expect sales of our product candidates, if approved, to generate substantially all of our product revenue for the foreseeable future, the failure of our product candidates to find market acceptance would harm our business and could require us to seek additional financing.

In addition, although we are not utilizing embryonic stem cells or replication competent vectors, adverse publicity due to the ethical and social controversies surrounding the therapeutic use of such technologies, and reported side effects from any clinical trials using these technologies or the failure of such trials to demonstrate that these therapies are safe and effective, may limit

market acceptance of our product candidates. Furthermore, while the genetic modifications we use in our products and the raw materials we use in making our products have not been associated with any transformational event in human trials, the potential that our product(s) could produce or develop autonomous or unregulated growth is possible. If our product candidates are approved but fail to achieve market acceptance among physicians, patients, hospitals, cancer treatment centers or others in the medical community, we will not be able to generate significant revenue.

Even if our products achieve market acceptance, we may not be able to maintain that market acceptance over time if new products or technologies are introduced that are more favorably received than our products, are more cost effective or render our products obsolete.

We currently have a limited marketing and sales organization and have no experience as a company in launching and marketing products. If we are unable to establish marketing and sales capabilities to market and sell our product candidates, we may not be able to generate product revenue or commercialize future product candidates. We may not be able to effectively build and manage our sales network.

Although we have begun to assemble a marketing and sales organization, the team is still limited and we have no commercial product distribution capabilities and have no experience as a company in marketing products. We intend to develop an in-house marketing organization and sales force, which will require significant capital expenditures, management resources, and time. We will have to compete with other pharmaceutical and biotechnology companies to recruit, hire, train, and retain marketing and sales personnel.

If we are unable to or decide not to establish internal sales, marketing and commercial distribution capabilities for any or all products we develop, we will likely pursue further collaborative arrangements regarding the sales and marketing of our 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. Any revenue we receive will depend upon the efforts of such third parties, which may not be successful. We may have little or no control over the marketing and sales efforts of such third parties, and our revenue from product sales may be lower than if we had commercialized our product candidates ourselves. We also face competition in our search for third parties to assist us with the sales and marketing efforts of our product candidates.

There can be no assurance that we will be able to develop in-house sales and commercial distribution capabilities or establish or maintain relationships with third-party collaborators to successfully commercialize any product in China, and as a result, we may not be able to generate product revenue.

We may not be successful in achieving cost of goods at commercial scale that provide for an attractive margin.

We believe that our current, robust manufacturing processes are fit for commercial scale and we anticipate they will enable commercial supply at an economical cost. However, we have not yet established manufacturing capacity at sufficient commercial scale and may underestimate the cost and time required to do so, or overestimate cost reductions from economies of scale that can be realized with our manufacturing processes. We may ultimately be unable to manage the cost of goods for our product candidates to levels that will allow for a margin in line with our expectations and return on investment if and when those product candidates are commercialized.

Guidelines, recommendations and studies published by various organizations could disfavor our product candidates.

Government agencies, professional societies, practice management groups, private health and science foundations and organizations focused on various diseases may publish guidelines, recommendations or studies that affect our or our competitors' product candidates. Any such guidelines, recommendations or studies that reflect negatively on our product candidates, either directly or relative to our competitive product candidates, could result in current or potential decreased use, sales of, and revenues from one or more of our product candidates. Furthermore, our success depends in part on our and our partners' ability to educate healthcare providers and patients about our product candidates, and these education efforts could be rendered ineffective by, among other things, third-parties' guidelines, recommendations or studies.

The increasing use of social media platforms presents new risks and challenges.

Social media are increasingly being used to communicate about the diseases that our products are designed to treat. Social media practices in the biopharmaceutical industry continue to evolve and regulations relating to such use are not always clear. This evolution creates uncertainty and risk of noncompliance with regulations applicable to our business. For example, patients may use social media channels to comment on the effectiveness of a product or to report an alleged AE. When such disclosures occur, there is a risk that we fail to monitor and comply with applicable AE reporting obligations or we may not be able to defend our own or the public's legitimate interests in the face of the political and market pressures generated by social media due to restrictions on what we may say about our product candidates. There is also a risk of inappropriate disclosure of sensitive information or negative or inaccurate posts or comments about us on any social networking website. If any of these events occur or we otherwise fail to comply with applicable regulations, we may incur liability, face overly restrictive regulatory actions or incur other harm to our business.

Risks Relating to Our Intellectual Property Rights

We depend on intellectual property licensed from third parties, and termination of any of these licenses or disruption to our business relationship with our licensors could result in monetary damages or the loss of significant rights, which would harm our business.

We are dependent on patents, know-how, and proprietary technology, both our own and licensed from others. We are currently party to and may in the future enter into license agreements with third parties providing us with rights to various third-party intellectual property, including rights in patents and patent applications. In particular, we have in-licensed significant intellectual property rights from Juno, Eureka, Lyell, and we have an option to in-license certain rights from Acepodia. For further details regarding our license agreements, please see the section headed "Business — Collaboration and License Agreements" in this document. Any termination of these licenses could result in the loss of significant rights and could adversely affect our ability to commercialize our product candidates. These license agreements may impose diligence, development or commercialization timelines and milestone payment, royalty, insurance and other obligations on us. If we fail to comply with our obligations under any of our current or future license agreements, our counterparties may have the right to terminate these agreements, in which event we might not be able to develop, manufacture or market any product or product candidate that is covered by the licenses provided for under these agreements or we may face claims for monetary damages or other penalties under these agreements. Such an occurrence could diminish the value of these products and our business.

Termination of these agreements or reduction or elimination of our rights under these agreements may result in our having to negotiate new or reinstated agreements with less favorable terms, or cause us to lose our rights under these agreements, including our rights to important intellectual property or technology. Furthermore, under certain of our in-licensing agreements, including certain of our agreements with Juno and with Lyell, as a sublicensee of certain rights to intellectual property, including such rights from U.S. academic institutions and research centers, we may be obligated to comply with applicable requirements, limitations or obligations of our sublicensors to other third parties. We are also dependent on our licensor to maintain the license. For further details regarding our license agreements and certain rights to intellectual property that we have sublicensed from third parties, please see the section headed "Business — Collaboration and License Agreements" in this document. In addition, as the sublicensee under certain of our in-licensing agreements, we are reliant on our sublicensors' continued compliance with the terms of the license agreements under which our sublicenses have been granted. Any termination of such license agreements may result in the termination of our sublicense rights, which could cause us to not be able to develop, manufacture, market, sell or otherwise commercialize the products and product candidates that are covered by such sublicenses. In addition, such an event may cause us to experience significant delays in development and commercialization of our product candidates

or incur liability for damages. If any such license is terminated, we may be required to cease our development and commercialization of certain of our product candidates, and if our competitors or other third parties obtain such license, they would be able to seek regulatory approval of, and to market such products and technologies. Some of our licensed patents are co-owned by our licensor and a third party, or licensors of our sublicensor. Our exclusive license or sublicense under such co-owned patents are exclusive only under the interest of our licensor as a co-owner, or to the extent of the exclusive nature of the license granted to our sublicensor. Additionally, we may be required to out-license part of our improvements in an agreed manner in our licensed territory to a third party with which our licensor has such obligations.

We may need to obtain additional licenses to advance our research or allow commercialization of product candidates we may develop. Our current license from Juno with respect to diagnostic products is for diagnosis of cancer or autoimmune disorders in connection with the related licensed product. If, in the future, we develop diagnostic products for additional uses, we may need to obtain additional licenses. For further details, please see the section headed "Business — Collaboration and License Agreements — License Agreements with Juno" in this document. In connection with obtaining such licenses, we may agree to amend our existing licenses in a manner that may be more favorable to the licensors. It is possible that we may be unable to obtain any additional licenses at a reasonable cost or on reasonable terms, if at all. In that event, we may be required to expend significant time and resources to redesign our product candidates or the methods for manufacturing them, or to develop or license replacement technology, all of which may not be feasible on a technical or commercial basis. If we are unable to do so, we may be unable to develop or commercialize the affected product candidates, which could harm our business, financial condition, results of operations, and prospects significantly.

Disputes may also arise between us and our licensors regarding intellectual property subject to a license agreement, including those relating to:

- the scope of rights granted under the license agreement and other interpretation-related issues;

- our or our licensors' obligation to obtain, maintain and defend intellectual property and to enforce intellectual property rights against third parties;

- whether and the extent to which our technology, product candidates and processes infringe, misappropriate or otherwise violate the intellectual property of the licensor that is not subject to the license agreement;

- our right to sublicense patents and other rights to third parties under collaborative development relationships;

- whether we are complying with our diligence obligations with respect to the use of the licensed technology in relation to our development and commercialization of our product candidates;

- the amount and timing of payments owed under license agreements;

- the priority of invention of patented technology patents; and

- the allocation of ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensors and by us and our partners.

In addition, the agreements under which we license intellectual property or technology from third parties are, and such future license agreements are likely to be complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology, or increase what we believe to be our financial or other obligations under the relevant agreement, either of which could have a material adverse effect on our business, financial condition, results of operations, and prospects. Moreover, if disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current licensing arrangements on commercially acceptable terms, we may be unable to successfully develop and commercialize the affected product candidates. Any of the foregoing could have a material adverse effect on our business, financial conditions, results of operations, and prospects.

We depend, in part, on our licensors to file, prosecute, maintain, defend, and enforce patents and patent applications that are material to our business.

Patents relating to our product candidates are controlled by certain of our licensors. Each of our licensors generally has rights to file, prosecute, maintain, and defend the patents we have licensed from such licensor. We generally have the first right to enforce our patent rights, although our ability to settle such claims often requires the consent of the licensor. If our licensors or any future licensees having rights to file, prosecute, maintain, and defend our patent rights fail to conduct these activities for patents or patent applications covering any of our product candidates, our ability to develop and commercialize those product candidates may be adversely affected and we may not be able to prevent competitors from making, using, or selling competing products. For example, Hong Kong patent applications have not been filed for some of our licensed patents for JWCAR129, JWACE002, and JWACE055. While our licensors may be able to file Hong Kong patent application based on future Chinese patent applications, we may still be adversely affected for not filing in Hong Kong earlier. In addition, Chinese patent applications, Taiwan patent applications or Hong Kong patent applications have not been filed for some of our licensed patents

from Eureka, as a result, we may be adversely affected for having less available licensed patents from which we can develop future products. We cannot be certain that such activities by our licensors have been or will be conducted in compliance with applicable laws and regulations or will result in valid and enforceable patents or other intellectual property rights. Pursuant to the terms of the license agreements with some of our licensors, the licensors may have the right to control enforcement of our licensed patents or defense of any claims asserting the invalidity of these patents and, even if we are permitted to pursue such enforcement or defense, we cannot ensure the cooperation of our licensors. We cannot be certain that our licensors will allocate sufficient resources or prioritize their or our enforcement of such patents or defense of such claims to protect our interests in the licensed patents. Even if we are not a party to these legal actions, an adverse outcome could harm our business because it might prevent us from continuing to license intellectual property that we may need to operate our business. In addition, even when we have the right to control patent prosecution of licensed patents and patent applications, enforcement of licensed patents, or defense of claims asserting the invalidity of those patents, we may still be adversely affected or prejudiced by actions or inactions of our licensors and their counsel that took place prior to or after our assuming control.

If we or our licensors are unable to obtain and maintain adequate patent and other intellectual property protection for our product candidates and other intellectual property, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us, and our ability to successfully develop and commercialize any of our product candidates or technologies may be adversely affected.

Our success depends in large part on our or our licensors' ability to protect our proprietary technologies and product candidates from competition by obtaining, maintaining, defending and enforcing our intellectual property rights, including patent rights. We seek to protect the product candidates and technology that we consider commercially important by filing patent applications, relying on trade secrets or pharmaceutical regulatory protection or employing a combination of these methods. For further details on our in-licensed patent portfolio, please see the sections headed "Business — Collaboration and License Agreements" and "Business — Intellectual Property" in this document. If we are unable to obtain and maintain patent and other intellectual property protection with respect to our product candidates and technologies, our business, financial condition, results of operations and prospects could be materially harmed.

The scope of patent protection in various jurisdictions is also uncertain. Changes in either the patent laws or their interpretation in China or other countries may diminish our or our licensors' ability to protect our inventions, obtain, maintain, defend, and enforce our intellectual property rights, and, more generally, could affect the value of our intellectual property or narrow the scope of our patent rights. We cannot predict whether the patent applications we are currently pursuing

and may pursue in the future will issue as patents in any particular jurisdiction or whether the claims of any future issued patents will provide sufficient protection from competitors or other third parties.

The patent prosecution process is expensive, time-consuming and complex, and we may not be able to file, prosecute, maintain, defend, enforce or license all necessary or desirable patents and patent applications at a reasonable cost or in a timely manner in all desirable territories. As a result, we may not be able to prevent competitors or other third parties from developing and commercializing competitive products in all such fields and jurisdictions. Patents may be invalidated and patent applications may not be granted for a number of reasons, including known or unknown prior art, deficiencies in the patent application, or the lack of novelty of the underlying invention or technology.

The requirements for patentability differ in certain jurisdictions, particularly developing countries. For example, China has a heightened requirement for patentability and, specifically, requires a detailed description of medical uses of a claimed drug. Many jurisdictions have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, many jurisdictions limit the enforceability of patents against government agencies or government contractors. In these jurisdictions, the patent owner may have limited remedies, which could materially diminish the value of such patents. If we or any of our licensors are forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position may be materially impaired and our business, financial condition, results of operations, and prospects may be adversely affected.

It is also possible that we will fail to identify patentable aspects of our research and development output in time to obtain patent protection. Although we enter into non-disclosure and confidentiality agreements with parties who have access to confidential or patentable aspects of our research and development output, such as our employees, corporate collaborators, outside scientific collaborators, contract manufacturers, consultants, advisors and other third parties, any of these parties may breach such agreements and disclose such output before a patent application is filed, thereby jeopardizing our ability to obtain patent protection. In addition, publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in China and other jurisdictions are typically not published until 18 months after filing, or in some cases, not at all. Therefore, we cannot be certain that we or our licensors were the first to make the inventions claimed in our patents or pending patent applications, or that we or our licensors were the first to file for patent protection of such inventions. Furthermore, China adopted the "first-to-file" system under which whoever first files a patent application will be awarded the patent if all other patentability requirements are met. Under the first-to-file system, if a third party can establish that we or our licensors were not the first to file for patent protection of

such inventions, our owned and licensed patent applications may not issue as patents and even if issued, may be challenged or invalidated or ruled unenforceable, and third parties may be granted a patent relating to a technology which we invented.

In addition, under the PRC patent law, any organization or individual that applies for a patent in a foreign country for an invention or utility model accomplished in China is required to report to the National Intellectual Property Administration, or NIPA, for confidentiality examination. Otherwise, if an application is later filed in China, the patent right will not be granted. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, result of operations and prospects.

The coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. Even if patent applications we own or license currently or in the future issue as patents, they may not issue in a form or with a scope of claims that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us, or otherwise provide us with any competitive advantage. Any patents that we hold or license may be challenged, narrowed, circumvented, or invalidated by third parties. In addition, the patent position of biopharmaceutical and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions, and has been the subject of much litigation in recent years. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain.

The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and our patent rights may be challenged in the courts or patent offices in China and other jurisdictions. We may be subject to a third-party pre-issuance submission of prior art to the patent office in a jurisdiction, or challenging the validity of one or more claims of our owned or licensed patents. Such submissions may also be made prior to a patent's issuance, precluding the granting of a patent based on one of our owned or licensed pending patent applications. We may become involved in opposition, derivation, invalidation, revocation, re-examination, post-grant review, *inter partes* review, or interference proceedings or similar proceedings in foreign jurisdictions challenging our patent rights or the patent rights of others. In addition, a third party may claim that our owned or licensed patent rights are invalid or unenforceable in a litigation. The outcome following legal assertions of invalidity and unenforceability is unpredictable. An adverse determination in any such submission, proceeding or litigation could reduce the scope of, rule unenforceable or invalidate, certain of our or our licensors' patent rights, which could allow third parties to commercialize our technology or product candidates, and compete directly with us without payment to us, or result in our inability to manufacture or commercialize product candidates without infringing, misappropriating or otherwise violating third-party patent rights. Moreover, we may have to participate in interference proceedings declared by the patent office of a jurisdiction to determine priority of invention or in post-grant challenge proceedings, such as oppositions in a foreign patent office, that challenge the priority of our invention or other features

of patentability of our or our licensors' patents and patent applications. Such challenges and proceedings may result in loss of patent rights or freedom to operate, loss of exclusivity or patent claims being narrowed, invalidated or held unenforceable, any of which could limit our ability to stop others from using or commercializing similar or identical technology and products, or could limit the duration of the patent protection of our technology and product candidates. Such proceedings also may result in substantial costs and require significant time from our scientists and management, even if the eventual outcome is favorable to us. Consequently, we do not know whether any of our technology or product candidates will be protectable or remain protected by valid and enforceable patents. Our competitors or other third parties may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner.

Furthermore, although various adjustments and extensions may be available, the term of a patent and the protection it affords is limited. Even if we or our licensors successfully obtain patent protection for an approved product candidate, it may face competition from generic or biosimilar medications once the patent has expired. Manufacturers of generic or biosimilar drugs may challenge the scope, validity or enforceability of our patents in court or before a patent office, and we may not be successful in enforcing or defending those intellectual property rights and, as a result, may not be able to develop or market the relevant product exclusively, which would have a material adverse effect on any potential sales of that product. Our in-licensed patents for our product candidates are expected to expire on various dates as described in "Business — Intellectual Property." Upon the expiration of these patents, we or our licensors will not be able to assert such patent rights against potential competitors and our business and results of operations may be adversely affected.

Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such product candidates might expire before or shortly after such product candidates are commercialized. As a result, our or our licensors' patents and patent applications may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours. Moreover, some of our or our licensors' patents and patent applications are and may in the future be co-owned by third parties. If we or our licensors are unable to obtain an exclusive license to any such third-party co-owners' interest in such patents or patent applications, such co-owners may be able to license their rights to other third parties, including our competitors, and our competitors could market competing products and technologies. In addition, we or our licensors may need the cooperation of any such co-owners of our licensors' patents in order to enforce such patents against third parties, and such cooperation may not be provided to us. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects. Additionally, patent rights we own currently or in the future or may license in the future may be subject to a reservation of rights by one or more third parties.

Our intellectual property rights (including rights in-licensed from third parties) may be subject to further priority disputes or inventorship disputes and similar proceedings. If we or our licensors are unsuccessful in any of these proceedings, we or they may be required to obtain licenses from third parties, which may not be available on commercially reasonable terms or at all, or we may be required to cease the development, manufacture and commercialization of one or more of the product candidates we may develop, which could have a material adverse impact on our business.

We and our licensors may be subject to claims that former employees, collaborators or other third parties have an interest in our owned or licensed patents or other intellectual property. For example, we may have inventorship disputes arise from conflicting obligations of employees, consultants or others who are involved in developing our product candidates or technologies. For further details, please see the section headed "Business — License and Collaboration Agreements" in this document. If we are unsuccessful in any interference proceedings or other priority or validity disputes (including any patent oppositions) to which we are subject, we may lose valuable intellectual property rights through the loss of one or more patents or our patent claims may be narrowed, invalidated, or held unenforceable. In addition, if we are unsuccessful in any inventorship disputes to which we are subject, we may lose valuable intellectual property rights, such as exclusive ownership of or right to use intellectual property that is important to our product candidates. If we are unsuccessful in any interference proceeding or other priority or inventorship dispute, we may be required to obtain and maintain licenses from third parties, including parties involved in any such interference proceedings or other priority or inventorship disputes. Such licenses may not be available on commercially reasonable terms or at all, or may be non-exclusive. If we are unable to obtain and maintain such licenses, we may need to cease the development, manufacture and commercialization of one or more of our product candidates. The loss of exclusivity or the narrowing of our patent claims could limit our ability to stop others from using or commercializing similar or identical products. Any of the foregoing could result in a material adverse effect on our business, financial condition, results of operations or prospects. Even if we are successful in an interference proceeding or other similar priority or inventorship disputes, it could result in substantial costs and be a distraction to our management and other employees.

We may be involved in lawsuits to protect or enforce our intellectual property or the intellectual property of our licensors, which could lead our patent rights or other intellectual property to be found invalid or unenforceable, be expensive, time-consuming, and unsuccessful.

Competitors or other third parties may challenge the validity and enforceability of our patents or those of our licensing partners or infringe, misappropriate or otherwise violate our or our licensors' other intellectual property rights. To counter infringement, misappropriation or any other unauthorized use, litigation may be necessary to enforce or defend our or our licensors intellectual property rights, to protect our trade secrets or to determine the validity and scope of our own intellectual property rights or the proprietary rights of others. Litigation and other proceedings in connection with any of the foregoing claims can be expensive and time-consuming, and, even if

resolved in our favor, may cause us to incur significant expenses and could distract management and our scientific and technical personnel from their normal responsibilities. We or our licensors may not prevail in any lawsuits that we initiate, and the damages or other remedies award, if any, may not be commercially meaningful. In addition, in an infringement proceeding or a declaratory judgment action, a court may decide that one or more of our or our licensors' patents are not valid or unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology in question. Any claims that we assert against perceived infringers and other violators could also provoke these parties to assert counterclaims against us alleging that we infringe, misappropriate, or otherwise violate their intellectual property rights.

Moreover, we or our licensors may not be able to detect infringement against our or our licensors' patents. Even if we or our licensors detect infringement by a third party of any of our or our licensed patents, we or our licensors may choose not to pursue litigation against or settlement with such third party. If we or our licensors later sue such third party for patent infringement, the third party may have certain legal defenses available to it, which otherwise would not be available except for the delay between when the infringement was first detected and when the suit was brought. Such legal defenses may make it impossible for us or our licensors to enforce our or our licensed patents against such third party.

Third parties may also raise similar claims before administrative bodies in China or abroad, even outside the context of litigation. Such mechanisms include re-examination, invalidation, *inter partes* review, post-grant review, and equivalent proceedings in foreign jurisdictions, such as opposition or derivation proceedings. Such proceedings could result in revocation or amendment to our or our licensors' patents in such a way that they no longer cover and protect our product candidates. The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity of our patents, for example, we cannot be certain that there is no invalidating prior art of which we, our licensors, our patent counsel, and the patent examiner were unaware during prosecution. If a defendant or another party were to prevail on a legal assertion of invalidity or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our product candidates, leave our technology or product candidates without patent protection, and allow third parties to commercialize our or our licensors' technology or product candidates and compete directly with us, without payment to us. We could be required to obtain license rights from the prevailing party in order to be able to manufacture or commercialize our product candidates without infringing third party patent rights. Even if a defendant or another party does not prevail on a legal assertion of invalidity or unenforceability, our or our licensors' patent claims may be construed in a manner that would limit our or our licensors' ability to enforce such claims against the defendant or another party and others. Moreover, if the breadth or strength of protection provided by our or our licensors' patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize our product candidates.

Many of our current and potential competitors have the ability to dedicate substantially greater resources to enforce or defend their intellectual property rights then we can. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon, misappropriating, or otherwise violating our intellectual property rights. An adverse result in any litigation or defense proceeding could put one or more of our patents at risk of being invalidated, held unenforceable, or interpreted narrowly and could put our patent applications at risk of not issuing. Defense of these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of employee resources from our business.

Ownership disputes may be brought by third parties relating to our patents or patent applications or those of our licensors. An unfavorable outcome could result in a loss of our current patent rights and could require us to cease using the related technology or to attempt to license rights to it from the prevailing party. Our business could be harmed if the prevailing party does not offer us a license on commercially reasonable terms.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our Shares.

If we or our licensors are sued for infringing, misappropriating or otherwise violating intellectual property rights of third parties or engaging in unfair competition, such litigation could be costly and time-consuming and could hinder or prevent us from developing or commercializing our product candidates.

Our commercial success depends in part on our and our licensors' avoiding infringement, misappropriation and other violations of the patents and other intellectual property rights of third parties. We are aware of numerous issued patents and pending patent applications belonging to third parties that exist in fields in which we are developing our product candidates. There may also be third-party patents or patent applications of which we are currently unaware, and given the dynamic area in which we operate, additional patents are likely to issue that relate to aspects of our business. There is a substantial amount of litigation and other claims and proceedings involving patent and other intellectual property rights in the biopharmaceutical and pharmaceutical industries generally. As the biopharmaceutical and pharmaceutical industries expand and more patents are issued, the risk increases that our product candidates may give rise to claims of infringement of the patent rights of others.

Third parties may assert that we or our licensors are using technology in violation of their patent or other intellectual and proprietary rights. We may also be subject to allegations by third parties of unfair competition, defamation or violation of their other rights. Defense of these claims, regardless of their merit, could involve substantial litigation expense and divert our technical

personnel, management personnel or both from their normal responsibilities. Even in the absence of litigation, we may seek to obtain licenses from third parties to avoid the risks of litigation, and if a license is available, it could impose costly royalty and other fees and expenses on us.

Even if we or our licensors believe third-party intellectual property claims are without merit, there is no assurance that a court would find in our favor on questions of infringement, validity, enforceability or priority, and it could materially and adversely affect our ability to develop and commercialize any of our product candidates and any other product candidates covered by the asserted third-party patents. The burden of successfully challenging a third-party claim may be high and require us to present clear and convincing evidence as to the invalidity of any such claim, there is no assurance that a court of competent jurisdiction would invalidate any such third-party claim.

If third parties bring successful claims against us or our licensors for infringement, misappropriation or other violations of their intellectual property rights, we may be subject to injunctive or other equitable relief, which could prevent us from developing and commercializing one or more of our product candidates. Defense of these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of employee resources from our business. In the event of a successful claim against us of infringement, misappropriation or other violation of intellectual property, or a settlement by us of any such claims, we or our licensors may have to pay substantial damages which we may not be able to be indemnified against by our licensing partners. In the event of an adverse result in any such litigation, or even in the absence of litigation, we may need to obtain licenses from third parties to advance our research or allow commercialization of our product candidates. Any such license might not be available on reasonable terms or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors and other third parties access to the same technologies licensed to us, and it could require us to make substantial licensing and royalty payments. In the event that we are unable to obtain such a license, we would be unable to further develop and commercialize one or more of our product candidates, which could harm our business significantly. We or our licensors may also elect to enter into license agreements in order to settle patent and other intellectual property infringement claims or to resolve disputes prior to litigation, and any such license agreements may require us to pay royalties and other fees that could significantly harm our business.

Even if litigation or other proceedings are resolved in our favor, there could be public announcements of the results of hearings, motions, or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the market price of our Shares. Such litigations or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and patent applications are due to be paid to NIPA, and other patent agencies in other jurisdictions in several stages over the lifetime of a patent. NIPA and various other patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. Although an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which non-compliance can result in abandonment, loss of priority or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. In any such event, our competitors or other third parties might be able to enter the market, which would have a material adverse effect on our competitive position, business, financial condition, result of operations and prospects.

Changes in patent law could extend the expected expiry date of third party patents.

In China, intellectual property laws are constantly evolving, with efforts being made to improve intellectual property protection in China. For example, a Draft Amendment to the PRC Patent Law (專利法修正案草案) was released in July 2020 and proposed to introduce patent extensions to patents of new drugs that launched in the PRC. If adopted, patents owned by third parties may be extended, which may in turn affect our ability to commercialize our products without facing infringement risks. The adoption of this draft amendment may enable the patent owner to submit applications for a patent term extension. The length of any such extension is uncertain. If we are required to delay commercialization for an extended period of time, technological advances may develop and new products may be launched, which may in turn render our products non-competitive. We cannot guarantee that any other changes to PRC intellectual property laws would not have a negative impact on our intellectual property protection.

We rely substantially on our trade secrets and other confidential information, including unpatented know-how, and if we are unable to successfully protect such trade secrets, information and know-how, our business and competitive position would be harmed. We may be subject to claims that our employees, consultants or advisors have wrongfully used or disclosed alleged trade secrets of their former employers or claims asserting ownership of what we regard as our own intellectual property.

In addition to our in-licensed patents and pending patent applications, we rely on trade secrets and confidential information, including unpatented know-how, technology and other proprietary information, to maintain our competitive position and to protect our product

candidates. We seek to protect our trade secrets and confidential information, in part, by entering into non-disclosure and confidentiality agreements with parties that have access to them trade secrets or confidential information, such as our employees, corporate collaborators, outside scientific collaborators, sponsored researchers, contract manufacturers, consultants, advisors and other third parties that have access to them. However, we may not be able to prevent the unauthorized disclosure or use of our trade secrets and confidential information by the parties to these agreements. Monitoring unauthorized uses and disclosures is difficult and we do not know whether the steps we have taken to protect our proprietary technologies will be effective. Any of the parties with whom we enter into confidentiality agreements may breach or violate the terms of any such agreements and may disclose our proprietary information, and we may not be able to obtain adequate remedies for such breach or violation. As a result, we could lose our trade secrets and third parties could use our trade secrets to compete with our product candidates and technology. Additionally we cannot guarantee that we have entered into such agreements with each party that may have or has had access to our trade secrets or proprietary technology and processes. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive and time-consuming, and the outcome is unpredictable. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us and our competitive position would be harmed.

Furthermore, many of our employees, consultants and advisors, including our senior management, may currently be, or were previously employed at other biopharmaceutical or pharmaceutical companies, including our competitors or potential competitors. Some of these employees, consultants and advisors, including each member of our senior management, executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. Although we try to ensure that our employees, consultants and advisors do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these employees have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's current or former employer. We are not aware of any threatened or pending claims related to these matters or concerning the agreements with our senior management, but there is no assurance that we will not be subject to such claims or involved in litigations to defend against such claims in the future. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or be required to obtain licenses to such intellectual property rights, which may not be available on commercially reasonable terms or at all. An inability to incorporate such intellectual property rights would harm our business and may prevent us from successfully commercializing our product candidates. In addition, we may lose personnel as a result of such claims and any such litigation or the threat thereof may adversely affect our ability to hire employees or contract with independent contractors. A loss of key personnel or their work product could hamper or prevent our ability to commercialize our product candidates and technology, which would have a material adverse effect on our business, results of operations, financial condition and prospects. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to our employees and management.

In addition, while we typically require our employees, consultants and contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who in fact, conceives or develops intellectual property that we regard as our own. Furthermore, even when we obtain agreements assigning intellectual property to us, the assignment of intellectual property rights may not be self-executing, or the assignment agreements may be breached, each of which may result in claims by or against us related to the ownership of such intellectual property to determine the ownership of what we regard as our intellectual property. Furthermore, individuals executing agreements with us may have pre-existing or competing obligations to a third party, such as an academic institution, and thus an agreement with us may be ineffective in perfecting ownership of inventions developed by that individual. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending against any of the foregoing claims, litigation could result in substantial costs and be a distraction to our management and scientific personnel.

Furthermore, we may in the future be subject to claims by former employees, consultants or other third parties asserting an ownership right in our owned or licensed patents or patent applications. An adverse determination in any such submission or proceeding may result in loss of exclusivity or freedom to operate or in patent claims being narrowed, invalidated or held unenforceable, in whole or in part, which could limit our ability to stop others from using or commercializing similar product candidates or technology, without payment to us, or could limit the duration of the patent protection covering our product candidates and technology. Such challenges may also result in our inability to develop, manufacture or commercialize our product candidates without infringing third-party patent rights. In addition, if the breadth or strength of protection provided by our owned or licensed patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future product candidates. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

We may not be successful in obtaining or maintaining necessary rights for our development pipeline through acquisitions and in-licenses.

Our programs may involve product candidates that may require the use of proprietary rights held by third parties, and we may need to acquire and maintain licenses or other rights to use these proprietary rights. However, we may be unable to acquire or in-license any compositions, methods of use or other intellectual property rights from third parties that we identify. The licensing and acquisition of third-party intellectual property rights is a competitive area, and a number of more established companies are also pursuing strategies to license or acquire third-party intellectual property rights that we may consider attractive or necessary. These established companies may have a competitive advantage over us due to their size, cash resources and greater clinical development and commercialization capabilities. In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. We also may be unable to license or acquire third-party intellectual property rights on terms that would allow us to make an appropriate

return on our investment or at all. If we are unable to successfully obtain rights to required third-party intellectual property rights, we may have to abandon development of the relevant program or product candidate, which could have a material adverse effect on our business, financial condition, results of operations and prospects for growth.

If we determine that our intellectual property rights (including rights in-licensed from third parties) or other intangible assets are impaired, our results of operations and financial condition may be adversely affected.

We have intangible assets in the form of licenses, software and research and development. As of December 31, 2018, 2019 and the six months ended June 30, 2020, the carrying value of our intangible assets was approximately RMB80.0 million, RMB156.9 million and RMB835.9 million, respectively. At the end of each reporting period, the Group reviews the carrying amounts of our intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired. The value of intangible assets is based on a number of assumptions made by our management. There are inherent uncertainties in the estimates, judgments and assumptions used in assessing the carrying value of intangible assets. Certain factors, including economic, legal, regulatory, competitive, reputational, contractual, and other factors, might have a negative impact on the carrying value of our intangible assets. If any of our assumptions does not materialize, or if the performance of our business is not consistent with such assumptions, we may be required to have a significant write-off of our intangible assets and record a significant impairment loss. Any significant impairment of intangible assets could have a material adverse effect on our business, financial condition and results of operations. For further details regarding our impairment policy in relation to intangible assets, please see Note 2.6, Note 2.7 and Note 4 in "Appendix I — the Accountants' Report" to this document.

Intellectual property rights do not necessarily address all potential threats.

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect our business or permit us to maintain our competitive advantage. For example:

- others may be able to make products that are similar to any product candidates we may develop or utilize similar technology that are not covered by the claims of the patents that we own or license now or in the future;

- we or any of our current or future licensors and collaborators might not have been the first to make the inventions covered by the issued patent or pending patent application that we own or may license in the future;

- we or any of our current or future licensors and collaborators might not have been the first to file patent applications covering certain of our or their inventions;

- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing, misappropriating or otherwise violating our intellectual property rights;

- it is possible that our pending owned or licensed patent applications will not lead to issued patents;

- patents that we hold rights to or that may be issued from our pending patent applications may not provide us with a competitive advantage, or may be held invalid or unenforceable, including as a result of legal challenges by our competitors or third parties;

- our competitors or other third parties might conduct research and development activities in jurisdictions where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;

- we may obtain patents for certain inventions many years before we obtain marketing approval for products containing such compounds, and because patents have a limited life, which may begin to run prior to the commercial sale of the related product, the commercial value of our patents may be limited;

- we may not develop additional proprietary technologies that are patentable;

- the patents of others may harm our business; and

- we may choose not to file a patent for certain trade secrets or know-how, and a third party may subsequently file a patent covering such intellectual property.

Should any of these events occur, they could have a material adverse effect on our business, financial condition, results of operations and prospects.

Even if we are able to obtain patent protection for our product candidates, the life of such protection, if any, is limited, and third parties could be able to circumvent our patents by developing similar or alternative products and technologies in a non-infringing manner, or develop and commercialize products and technologies similar or identical to ours and compete directly against us after the expiration of our patent rights, if any, and our ability to successfully commercialize any product or technology would be materially adversely affected.

The life of a patent and the protection it affords is limited. For example, in China, if all maintenance fees are timely paid, the natural expiration of a patent is generally 20 years from its filing date. Even if we successfully obtain patent protection for an approved product candidate, it may face competition from generic or biosimilar medications. Manufacturers of generic or biosimilar drugs may challenge the scope, validity or enforceability of our patents in court or before a patent office, and we may not be successful in enforcing or defending those intellectual property rights and, as a result, may not be able to develop or market the relevant product exclusively, which would materially adversely affect any potential sales of that product.

Patent terms may not be adequate to protect our competitive position on our product candidates in the absence of patent linkage, patent term extensions and other exclusivities. Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such product candidates might expire before or shortly after such product candidates are commercialized. As a result, our or our licensors' patents and patent applications may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours. Even if we believe that we are eligible for certain patent term extensions, there can be no assurance that the applicable authorities will agree with our assessment of whether such extensions are available, and such authorities may refuse to grant extensions to our patents, or may grant more limited extensions than we request. The pending patent applications, if issued, for our product candidates are expected to expire on various dates as described in "Business — Intellectual Property." Upon the expiration of our or our licensors' patents that may issue from our pending patent applications, we will not be able to assert such patent rights against potential competitors, which would materially adversely affect our business, financial condition, results of operations and prospects.

In China, there is no currently effective law or regulation providing patent term extension protection. Through a Draft Amendment to the PRC Patent Law (專利法修正案草案) released in July 2020 proposed to introduce patent extensions to patents of new drugs that launched in the PRC, the current regime could allow a lower-cost generic drug to emerge onto the market much more quickly. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

If our trademarks and trade names are not adequately protected, then we may not be able to build name recognition in our markets of interest and our business may be adversely affected.

We own a number of trademarks in China and Hong Kong. Our registered or unregistered trademarks and trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition among potential partners or customers in our markets of interest. At times, competitors may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. If we are unsuccessful in obtaining trademark protection for our primary brands, we may be required to change our brand names, which could materially adversely affect our business. Moreover, as our products mature, our reliance on our trademarks to differentiate us from our competitors will increase, and as a result, if we are unable to prevent third parties from adopting, registering or using trademarks and trade dress that infringe, dilute or otherwise violate our trademark rights, or engaging in conduct that constitutes unfair competition, defamation or other violation of our rights, our business could be materially adversely affected. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. Our efforts to enforce or protect our proprietary rights related to trademarks, trade secrets, domain names, copyrights or other intellectual property may be ineffective and could result in substantial costs and diversion of resources. Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition, results of operations, and prospects.

Risks Relating to Our Reliance on Third Parties

We have entered into collaborations and strategic alliances, including our strategic alliance with Juno, and may enter into additional arrangements like these in the future. We may not realize the anticipated benefits of such collaborations or alliances, and any harm to the reputation or business of Juno or any other third party collaborator may adversely affect our reputation, business and prospects.

We have entered into a strategic alliance with Juno (for further details, see "Business — Collaboration and License Agreements" in this document), and in the future we may form or seek strategic alliances, create joint ventures or collaborations, or enter into licensing arrangements with third parties that we believe will complement or augment our development and commercialization efforts with respect to our product candidates and any future product candidates that we may develop. Any of these relationships may require us to incur non-recurring and other charges, increase our near and long-term expenditures, issue securities that dilute our existing shareholders, or disrupt our management and business.

We face significant competition in seeking appropriate strategic partners and the negotiation process is time-consuming and complex. Moreover, we may not be successful in our efforts to establish a strategic partnership or other alternative arrangements for our product candidates because they may be deemed to be at too early a stage of development for collaborative effort, and third parties may not view our product candidates as having the requisite potential to demonstrate safety and efficacy or commercial viability. If and when we collaborate with a third party for development and commercialization of a product candidate, we can expect to relinquish some or all of the control over the future success of that product candidate to the third party. For example, we are subject to non-compete provisions with some of our existing licensors or partners and may enter into similar arrangement in the future with other licensors or partners. This may limit our ability to compete and take on any new opportunities in the event such activities are limited by any non-compete provisions. For any product candidates that we may seek to in-license from third parties, we may face significant competition from other pharmaceutical or biopharmaceutical companies with greater resources or capabilities than us, and any agreement that we do enter into may not result in the anticipated benefits.

There are other risks associated with strategic collaboration with third party partners. Disputes may arise between us and a collaborator that cause the delay or termination of the research, development or commercialization of our product candidates, or that result in costly litigation or arbitration that diverts management attention and resources. Our collaborations may be terminated and, if terminated, may have adverse effect on the development or commercialization of our product candidates.

As a result, we may not be able to realize the benefit of current or future collaborations, strategic partnerships or potential license of products if we are unable to successfully integrate such products with our existing operations and company culture, which could delay our timelines or otherwise adversely affect our business. We also cannot be certain that, following a strategic transaction or license, we will achieve the revenue or specific net income that justifies such transaction. If we are unable to reach agreements with suitable collaborators on a timely basis, on acceptable terms, or at all, we may have to curtail the development of a product candidate, reduce or delay its development program or one or more of our other development programs, delay its potential commercialization, or reduce the scope of any sales or marketing activities, or increase our expenditures and undertake development or commercialization activities at our own expense. If we elect to fund and undertake development or commercialization activities on our own, we may need to obtain additional expertise and additional capital, which may not be available to us on acceptable terms or at all. If we fail to enter into collaborations and do not have sufficient funds or expertise to undertake the necessary development and commercialization activities, there may be material adverse impact on our business prospects, financial condition and results of operations.

We rely on third parties for certain aspects of the manufacture of our clinical product supplies, and we intend to rely on third parties for a portion of the manufacturing process of our product candidates, if approved. Our business could be harmed if those third parties fail to provide us with sufficient quantities of product or fail to do so at acceptable quality levels or prices.

We currently rely on outside vendors for certain aspects of the manufacturing process for our product candidates. We have not yet caused our product candidates to be manufactured or processed on a commercial scale and may not be able to do so for any of our product candidates. Although our manufacturing and processing approach originates with the approach undertaken by Juno, we have limited experience in managing the T-cell engineering process, and our process may be more difficult or expensive than the approaches in use by others. We have made and will continue to make changes as we work to optimize the manufacturing process, and we cannot be sure that even minor changes in the process will not result in significantly different T-cells that may not be as safe and effective as any T-cell therapy deployed by Juno.

Although we have brought our own manufacturing facilities online for clinical manufacturing, we also intend to continue to use third parties as part of our manufacturing process, including for the manufacturing of critical reagents and materials, such as viral vectors. Our anticipated reliance on a limited number of third-party manufacturing partners exposes us to the following risks:

- We may be unable to identify manufacturers on acceptable terms or at all because the number of potential manufacturers is limited and applicable health authorities must approve any manufacturers. This approval would require new testing and good manufacturing practices compliance inspections by health authorities. In addition, a new manufacturer would have to be educated in, or develop substantially equivalent processes for, production of the reagents and materials used in the manufacturing of our products.

- Our manufacturers may have little or no experience with autologous cell products, which are products made from a patient's own cells, and therefore may require a significant amount of support from us in order to implement and maintain the infrastructure and processes required to manufacture our product candidates.

- Our third-party manufacturing partners might be unable to timely manufacture reagents and materials used in the manufacture of our product candidates, or produce the quantity and quality required to meet our clinical and commercial needs, if any.

- Our contract manufacturers may not perform as agreed, may not devote sufficient resources to us, or may not remain in the contract manufacturing business for the time required to supply our clinical trials or to successfully produce, store, and distribute the materials or reagents used in the manufacture of our product candidates.

- Manufacturers are subject to ongoing periodic unannounced inspection by the NMPA and other regulatory authorities to ensure strict compliance with cGMPs and other government regulations and corresponding foreign standards. We do not have control over third-party manufacturing partners' compliance with these regulations and standards.

- We may not own, or may have to share, the intellectual property rights to any improvements made by our third-party manufacturing partners in the manufacturing process for our products, or in the manufacture of the custom materials or reagents used in the manufacture thereof.

- Our third-party manufacturing partners could breach or terminate their agreement with us.

- Raw materials, reagents, and components used in the manufacturing process, particularly those for which we have no other source or supplier, may not be available or may not be suitable or acceptable for use due to material or component defects, or may introduce variability into our final products.

- Our contract manufacturers and critical reagent suppliers may be subject to inclement weather, as well as natural or man-made disasters.

We engage third parties to conduct certain of our pre-clinical studies and clinical trials. If these third parties do not successfully carry out their contractual duties, comply with good clinical practice and ethical standards of clinical trial conduct set forth by regulatory agencies, institutional review boards and oversight committees, or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our product candidates, and our business could be substantially harmed.

We have engaged in the past and plan to continue to work with third-party collaborators, such as CROs to generate, monitor or manage data for our ongoing pre-clinical and clinical programs. We engage these parties to execute certain aspects of our pre-clinical studies and clinical trials. We are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocol, legal and regulatory requirements and scientific standards, and our reliance on the CROs does not relieve us of our regulatory responsibilities. We, our CROs for our pre-clinical and clinical programs and our clinical investigators are required to comply with GCPs, which are regulations and guidelines enforced by the NMPA and other comparable regulatory authorities for all of our products in clinical development. If we or any of our CROs or clinical investigators fail to comply with applicable GCPs, the clinical data generated in our clinical trials may be deemed unreliable and the NMPA or comparable regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. In addition, our registrational clinical trials must be conducted with product produced under cGMP regulations. Our failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process.

If any of our relationships with these third-party CROs terminate, we may not be able to enter into arrangements with alternative CROs or to do so on commercially reasonable terms. In addition, our CROs are not our employees, and except for remedies available to us under our agreements with such CROs, we cannot control whether or not they devote sufficient time and resources to our ongoing clinical and nonclinical programs. If CROs do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the clinical data they or our clinical investigators obtain is compromised due to failure to adhere to our clinical protocols, regulatory requirements or for other reasons, our clinical trials may be extended, delayed or terminated and we may not be able to obtain regulatory approval for or successfully commercialize our product candidates. As a result, our results of operations and the commercial prospects for our product candidates would be harmed, our costs could increase and our ability to generate revenues could be delayed.

Switching or adding CROs involves additional cost and delays, which can materially influence our ability to meet our desired clinical development timelines. There can be no assurance that we will not encounter similar challenges or delays in the future or that these delays or challenges will not have a material adverse effect on our business, financial condition and prospects.

Our arrangements with collaborators, including CROs, plays an important role to successfully bringing products to market and commercializing them. We rely on collaborators in various respects, including to undertake research and development programs and conduct clinical trials, manage or assist with the regulatory filings and approval process and to assist with our commercialization efforts. We do not control our collaborators; therefore, we cannot ensure that these third parties will adequately and timely perform all of their obligations to us. If they fail to complete the studies we collaborate with them successfully, or at all, it could delay, adversely affect or prevent regulatory approval. We cannot guarantee the satisfactory performance of any of our collaborators and if any of our collaborators breach or terminate their agreements with us, we may not be able to successfully commercialize the licensed product which could materially and adversely affect our business, financial condition, cash flows and results of operations.

Our licensors rely and will continue to rely on outside scientists and their third-party research institutions for research and development and early clinical testing of our product candidates for some potentially critical part of our assets. These scientists and institutions may have other commitments or conflicts of interest, which could limit our access to their expertise and harm our ability to leverage our pipeline.

Our licensors, including Juno, Eureka, Lyell and Acepodia, and any future partners or licensors, rely or may rely in the future to a significant extent on third-party research institutions for research and development and early clinical testing. For example, with respect to the pipeline of products under development by Juno on which we have a right of first negotiation, Juno has collaboration agreements with U.S. research institutions and academic centers.

Our licensors and future licensors may also fund research and development under agreements with third parties. As a result, our licensors may have less control over the research, clinical trial protocols and patient enrollment than we might with activity directly led by our licensors. For example, Juno funds research and development with U.S. research institutions and academic centers.

Our existing agreements with our collaboration partners may be subject to termination by the counterparty upon the occurrence of certain circumstances as described in more detail under the section headed "Business — License and Collaboration Agreements" in this document. If any of our collaboration partners terminate their collaboration agreement, the research and development of the relevant product candidate would be suspended, and we may be unable to research, develop, and license future product candidates. We may be required to devote additional resources to the development of our product candidates or seek a new collaboration partner, and the terms of any additional collaborations or other arrangements that we establish may not be favorable to us. In addition, there is a natural transition period when a new third party begins work. In addition, switching or adding third parties to conduct our clinical trials involves substantial cost and requires extensive management time and focus. As a result, delays may occur, which can materially impact our ability to meet our desired clinical development timelines.

RISKS RELATING TO OUR OPERATIONS

We are highly dependent on our key personnel, and if we are not successful in attracting, motivating, training, and retaining highly qualified personnel, we may not be able to successfully implement our business strategy.

We are highly dependent on Dr. James Li, our co-founder, Chairman, Director and CEO, and on the other principal members of our management and scientific teams. Although we have formal employment agreements with each of our executive officers, these agreements do not prevent our executives from terminating their employment with us at any time. We do not maintain key-person insurance for any of our executives or other employees. The loss of the services of any of these persons could impede the achievement of our research, development and commercialization objectives.

To incentivize valuable employees to remain at our Company, in addition to salary and cash incentives, we have provided share incentives that vest over time. The value to employees of these equity grants that vest over time may be significantly affected by movements in the market price of our Shares that are beyond our control, and may at any time be insufficient to counteract more lucrative offers from other companies. Although we have employment agreements with our key employees, any of our employees could leave our employment at any time, with or without notice.

Recruiting and retaining qualified scientific, technical, clinical, manufacturing, and sales and marketing personnel in the future will also be critical to our success. In addition, we rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our discovery, clinical development and commercialization strategy. The loss of the services of our

executive officers or other key employees and consultants could impede the achievement of our research, development and commercialization objectives and seriously harm our ability to successfully implement our business strategy.

Furthermore, replacing executive officers, key employees or consultants may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialize products like those we develop. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain or motivate these key personnel or consultants on acceptable terms given the competition among numerous pharmaceutical and biopharmaceutical companies for similar personnel. To compete effectively, we may need to offer higher compensation and other benefits, which could materially and adversely affect our financial condition and results of operations. In addition, we may not be successful in training our professionals to keep pace with technological and regulatory standards. Any inability to attract, motivate, train or retain qualified scientists or other technical personnel may have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

We also experience competition for the hiring of scientific and clinical personnel from universities and research institutions. Our consultants and advisors may be employed by employers other than us and may have commitments under consulting or advisory contracts with other entities that may limit their availability to us. If we are unable to continue to attract and retain high quality personnel, our ability to pursue our growth strategy will be limited.

Our reputation is key to our business success. Negative publicity and allegations involving us, our Shareholders, Directors, officers, employees and business partners may adversely affect our reputation, business and growth prospects.

Any negative publicity concerning us, our affiliates or any entity that shares the "JW Therapeutics" name, even if untrue, could adversely affect our reputation and business prospects. We cannot assure you that negative publicity about us or any of our affiliates or any entity that shares the "JW Therapeutics" name would not damage our brand image or have a material adverse effect on our business, results of operations and financial condition. In addition, referrals and word of mouth have significantly contributed to our ability to establishing new partnerships. As a result, any negative publicity about us or any of our affiliates or any entity that shares the "JW Therapeutics" name could adversely affect our ability to maintain our existing collaboration arrangements or attract new partners.

We recently entered into the Asset Purchase Agreement, and we may in the future engage in acquisitions or strategic partnerships, which could divert management's attention, increase our capital requirements, dilute our Shareholders, be difficult to integrate, cause us to incur debt or assume contingent liabilities, and subject us to other risks.

In June 2020, we entered into the Asset Purchase Agreement to acquire from Syracuse Cayman substantially all of its assets and liabilities, including the Eureka License Agreement (as defined in the section headed "Business — License Agreement with Eureka" in this document, in a transaction valued at US$105 million). Moreover, we may continue to evaluate various other acquisitions and strategic partnerships, including licensing or acquiring complementary products, intellectual property rights, technologies, or businesses.

The Asset Purchase Agreement entails, and any future acquisition or strategic partnership may entail, numerous risks, including:

- increased operating expenses and cash requirements;
- the assumption of additional indebtedness or contingent liabilities, including any earn-out milestones;
- the issuance of our equity securities;
- assimilation of operations, intellectual property and products of an acquired company, including difficulties associated with integrating new personnel;
- the diversion of our management's attention from our existing product programs and initiatives in pursuing such a strategic merger or acquisition;
- retention of key employees, the loss of key personnel, and uncertainties in our ability to maintain key business relationships;
- expense or diversion of efforts related to the development of acquired technology under any diligence obligation required of us with respect to earn out milestones for an acquisition transaction, where we may not undertake such expense or efforts absent such diligence obligations;
- risk that the other party or parties to an acquisition transaction may claim that we have not satisfied any earn out diligence obligation and seek damages or other legal or equitable relief;
- potential liabilities incurred by our acquisition targets prior to our acquisition arising from their non-compliance or potential non-compliance with relevant laws, rules and regulations, trials undertaken by our acquisition targets or other circumstances associated with action or omission by our acquisition targets such as potential disputes,

administrative penalties, invalidation of trial results, or, in the most severe cases, loss of licenses which may be imposed by the relevant authorities retrospectively and without regard to whether the non-compliance has been rectified;

- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing products or product candidates and regulatory approvals; and

- our inability to generate revenue from acquired technology and/or products sufficient to meet our objectives in undertaking the acquisition or even to offset the associated acquisition and maintenance costs.

In addition, if we undertake additional acquisitions, we may issue dilutive securities, assume or incur debt obligations, incur large one-time expenses and acquire intangible assets that could result in significant future amortization expense. We also cannot be certain that, following a strategic transaction or license, we will achieve the revenue or specific net income that justifies such transaction. Moreover, we may not be able to locate suitable acquisition opportunities and this inability could impair our ability to grow or obtain access to technology or products that may be important to the development of our business.

We have significantly increased the size and capabilities of our organization, and we may experience difficulties in managing our growth.

We had 227 employees as at the Latest Practicable Date. As our development and commercialization plans and strategies evolve, we must add a significant number of additional managerial, operational, manufacturing, sales, marketing, financial and other personnel. Our recent growth and any future growth will impose significant added responsibilities on members of management, including:

- identifying, recruiting, integrating, maintaining and motivating additional employees;

- managing our internal development efforts effectively, including the clinical and regulatory authority review process for our product candidates, while complying with our contractual obligations to contractors and other third parties; and

- improving our operational, financial and management controls, reporting systems, and procedures.

Our future financial performance and our ability to commercialize our product candidates will depend, in part, on our ability to effectively manage our recent growth and any future growth, and our management may also have to divert a disproportionate amount of its attention away from day-to-day activities in order to devote a substantial amount of time to managing these growth activities.

If we are not able to effectively manage our growth and further expand our organization by hiring new employees and expanding our groups of consultants and contractors as needed, we may not be able to successfully implement the tasks necessary to further develop and commercialize our product candidates and, accordingly, may not achieve our research, development and commercialization goals.

Our milestone payment obligations to Juno or our licensors and obligations under our Asset Purchase Agreement with Syracuse Cayman may result in dilution to our Shareholders, may be a drain on our cash resources, or may cause us to incur debt obligations to satisfy the payment obligations.

Under our license agreements with Juno, we are obligated to make certain milestone payments. For example, under our license agreement with Juno relating to relma-cel, we are obligated to make a US$5.0 million milestone payment to Juno upon the completion of the treatment of 100 patients with relma-cel in any clinical trial or upon regulatory approval of relma-cel for marketing and sale in China, Hong Kong and Macau, whichever comes first. In addition, under our license agreement with Juno relating to JWCAR129, we are obligated to issue to Juno Preferred Shares with an aggregate value of US$10 million in April 2022 at nil consideration (equivalent to [4,665,530] Shares after **[REDACTED]**), if no product failure has occurred, and we are required to make additional regulatory and commercial milestone payments of up to US$35 million, including upon first receipt of regulatory approval for JWCAR129 in China, Hong Kong and Macau. Furthermore, under both license agreements with Juno, we are required to pay to Juno the sum of all milestone payments owed by Juno to third parties with respect to relma-cel and JWCAR129 and, in each case, related diagnostic products in China, Hong Kong and Macau pursuant to in-license agreements existing at the time of development or commercialization as relevant. For further details on these arrangements, please see the section headed "Business — Collaboration and License Agreements — License Agreements with Juno" in this document.

In addition, as of June 30, 2020, we had a contingent liability in the form of contingent consideration for business combination of RMB51.8 million related to an initial holdback of US$10.5 million for any future adjustments with deduction, including net working capital adjustment, taxes to be paid and other adustments under the Asset Purchase Agreement. The holdback after adjustments will be settled through the issuance of our Company's ordinary shares at nil consideration by June 30, 2021.

In order to satisfy our obligations to make the above payments, if and when they become due, we may issue equity securities that may cause dilution to our Shareholders, or we may use our existing cash or incur debt obligations to satisfy such payment obligations in cash, which may adversely affect our financial position.

If we fail to comply with applicable anti-bribery laws, our reputation may be harmed, and we could be subject to penalties and significant expenses that have a material adverse effect on our business, financial condition and results of operations.

We are subject to the anti-bribery laws of various jurisdictions, particularly China, Hong Kong and the United States. As our business has expanded, the applicability of the applicable anti-bribery laws to our operations has increased. Our procedures and controls to monitor anti-bribery compliance may fail to protect us from reckless or criminal acts committed by our employees or agents. If we, due to either our own deliberate or inadvertent acts or those of others, fail to comply with applicable anti-bribery laws, our reputation could be harmed and we could incur criminal or civil penalties, other sanctions and/or significant expenses, which could have a material adverse effect on our business, including our financial condition, results of operations, cash flows and prospects.

We may be subject, directly or indirectly, to applicable anti-kickback, false-claim, physician payment transparency, or fraud and abuse laws, or similar healthcare and security laws and regulations in China and other jurisdictions, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm, and diminished profits and future earnings.

Healthcare providers, physicians and others play a primary role in the recommendation and prescription of any products for which we obtain regulatory approval. If we obtain NMPA or other regulatory authority approval for any of our product candidates and begin commercializing those products in China, our operations may be subject to various PRC fraud and abuse laws, including, without limitation, the PRC Anti-Unfair Competition Law, the PRC Criminal Law. These laws may impact, among other things, our proposed sales, marketing and education programs. In addition, we may be subject to patient privacy laws and requirements, including, without limitation, the PRC Tort Law and the Good Clinical Practice for Clinical Trials.

Violations of fraud and abuse laws may be punishable by criminal and/or civil sanctions, including penalties, fines and/or exclusion or suspension from governmental healthcare programs and debarment from contracting with the PRC government.

Law enforcement authorities are increasingly focused on enforcing these laws, and it is possible that some of our practices may be challenged under these laws. Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, disgorgement, monetary fines, possible exclusion from participation in governmental healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations, any of which could adversely affect our ability to operate our business and our results of operations.

If any of the physicians or other providers or entities with whom we expect to do business are found to be not in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government-funded healthcare programs, which may also adversely affect our business.

If we fail to comply with environmental, health and safety laws and regulations, or if we, or any future CMOs, use hazardous and biological materials in a manner that causes injury or violates applicable law, we could become subject to fines, penalties or damages or incur costs that could have a material adverse effect on the success of our business.

We are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. Our operations may involve the use of hazardous and flammable materials, including chemicals and biological materials, and may produce hazardous waste products. We may contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. We also could incur significant costs associated with civil or criminal fines and penalties.

Although we maintain Work-Related Injury Insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of or exposure to hazardous materials, this insurance may not provide adequate coverage against potential liabilities. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us in connection with our storage, use or disposal of biological or hazardous materials.

In addition, we may be required to incur substantial costs to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or production efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

Our employees, independent contractors, principal investigators, consultants, commercial partners and vendors may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements.

Despite our compliance program, which includes internal controls and third party compliance training, we are exposed to the risk of employee fraud or other misconduct or failure to comply with applicable regulatory requirements. Misconduct by employees and independent contractors, such as principal investigators, consultants, commercial partners, and vendors, could include failures to comply with regulations of the NMPA or other regulatory authorities, to provide accurate information to such regulators, to comply with manufacturing standards we have established, to comply with healthcare fraud and abuse laws, to report financial information or data accurately or to disclose unauthorized activities to us. In particular, sales, marketing and other business arrangements in the healthcare industry are subject to extensive laws and regulations

intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of business activities, including, but not limited to, research, manufacturing, distribution, pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee and independent contractor misconduct could also involve the improper use of individually identifiable information, including, without limitation, information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation.

It is not always possible to identify and deter employee and independent contractor misconduct, and any precautions we take to detect and prevent improper activities may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws. If any such actions are instituted against us, those actions could have a significant impact on our business, including the imposition of significant civil, criminal and administrative penalties, damages, monetary fines, disgorgement of profits, imprisonment, possible exclusion from participation in government healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, additional reporting or oversight obligations if we become subject to a corporate integrity agreement or other agreement to resolve allegations of noncompliance with the law and curtailment or restructuring of our operations, any of which could adversely affect our ability to operate.

The COVID-19 pandemic could adversely impact our business, including our clinical trials, and we face risks related to potential future health epidemics and outbreaks of contagious diseases.

In December 2019, a novel strain of coronavirus, COVID-19, was reported to have surfaced and has spread globally since then. The outbreak and government measures taken in response have also had a significant impact, both direct and indirect, on businesses, as worker shortages have occurred; supply chains have been disrupted; facilities and production have been suspended; and demand for certain goods and services, such as medical services and supplies, has spiked. As a result, we may experience disruptions that could severely impact our business and clinical trials, including:

- delays in the development, conduct or data collection, or analysis of our clinical trials;
- delays or difficulties in enrolling patients in our clinical trials;
- delays or difficulties in clinical site initiation, including difficulties in recruiting clinical site investigators and clinical site staff;
- diversion of healthcare resources away from the conduct of clinical trials, including the diversion of hospitals serving as our clinical trial sites and hospital staff supporting the conduct of our clinical trials;

- interruption of key clinical trial activities, such as clinical trial site monitoring and follow-up site visits, due to limitations on travel imposed or recommended by State Council or provincial governments, employers and others;

- limitations in employee resources that would otherwise be focused on the conduct of our clinical trials, including because of sickness of employees or their families or the desire of employees to avoid contact with large groups of people;

- delays in receiving approval from regulatory authorities to initiate our planned clinical trials;

- delays in clinical sites receiving the supplies and materials needed to conduct our clinical trials;

- interruption in global shipping and supply chain that may affect the transport of clinical trial materials and products;

- changes in local regulations as part of a response to the COVID-19 coronavirus outbreak which may require us to change the ways in which our clinical trials are conducted, which may result in unexpected costs, or to discontinue the clinical trials altogether; and

- delays in necessary interactions with local regulators, ethics committees and other important agencies and contractors due to limitations in employee resources or forced furlough of government employees.

Our business also could be adversely affected by future outbreaks of epidemics. Outbreaks of contagious diseases and other adverse public health developments in China could severely disrupt our business operations by damaging our network infrastructure or information technology system or impacting the productivity of our workforce. The outbreak of any severe epidemic disease, such as avian flu, H1N1 flu, SARS, COVID-19 or any other coronavirus, may disrupt our production process, which could negatively affect our financial condition, operational results and future prospects.

Our internal information technology systems, or those of our third-party vendors, collaborators or other contractors or consultants, may fail or suffer security breaches, which could result in a significant disruption of our product development programs, give rise to significant liability, subject us to costly and protracted litigation, cause significant reputational harm and our ability to operate our business effectively.

We are increasingly dependent upon information technology systems, infrastructure, and data to operate our business. In the ordinary course of business, we collect, store, and transmit confidential information (including but not limited to intellectual property, proprietary business information, and personal information). It is critical that we do so in a secure manner to maintain

the confidentiality and integrity of such information. We also have outsourced elements of our operations to third parties, and as a result we manage a number of third-party vendors and other contractors and consultants who have access to our confidential information.

Our internal information technology systems and those of our current and any future third-party vendors, collaborators and other contractors or consultants may be vulnerable to a variety of disruptive elements, including cyber-attacks by malicious third parties (including the deployment of computer viruses, harmful malware, ransomware, denial-of-service attacks, social engineering, and other means to affect service reliability and threaten the confidentiality, integrity, and availability of information), unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. In particular, the risk of a security breach or disruption, particularly through cyber-attacks or cyber intrusion, including by computer hackers, foreign governments, and cyber terrorists, has generally increased as the number, intensity, and sophistication of attempted attacks and intrusions from around the world have increased. We may not be able to anticipate all types of security threats, and we may not be able to implement preventive measures effective against all such security threats. The techniques used by cyber criminals change frequently, may not be recognized until launched, and can originate from a wide variety of sources, including outside groups such as external service providers, organized crime affiliates, terrorist organizations, or hostile foreign governments or agencies. While we have not experienced any significant system failure, accident or security breach to date, if such an event were to occur and cause interruptions in our operations or a loss of, or damage to, our data or applications, or those of our third-party vendors and other collaborators, contractors and consultants, it could result in a disruption of our development programs and our business operations, whether due to a loss of our trade secrets or other proprietary information, significant delays or setbacks in our research, or other similar disruptions. For example, the loss of clinical trial data from completed or future clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur significant liability, our competitive position could be harmed, our reputation could be damaged, and the further development and commercialization of our product candidates could be delayed. In addition, any such event that leads to unauthorized access, use, or disclosure of personal information, including personal information regarding our customers or employees, could compel us to comply with breach notification laws and foreign law equivalents, subject us to mandatory corrective action, and otherwise subject us to liability under laws and regulations that protect the privacy and security of personal information. The costs related to significant security breaches or disruptions could be material and exceed the limits of the cybersecurity insurance we maintain against such risks. If the information technology systems of our third-party vendors and other collaborators, contractors and consultants become subject to disruptions or security breaches, we may be exposed to material liability and have insufficient recourse against such third parties and we may have to expend significant resources to mitigate the impact of such an event, and to develop and implement protections to prevent future events of this nature from occurring.

We are or may become subject to a variety of privacy and data security laws, policies and contractual obligations, and our failure or failure of our third-party vendors, collaborators, contractors or consultants to comply with them could harm our business.

We receive, collect, generate, maintain, transmit and process, and our third-party vendors, collaborators, contractors and consultants maintain and process on our behalf, sensitive information, including confidential business and personal information, including health information in connection with our preclinical and clinical studies and our employees, and are subject to the relevant local, state, national and international data protection and privacy laws, directives, regulations and standards that apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal data in the various jurisdictions in which we operate and conduct our clinical trials, as well as contractual obligation. Failure by us, our third-party vendors, collaborators, contractors and consultants to comply with any of these laws and regulations could result in enforcement action against us, including fines, imprisonment of company officials and public censure, claims for damages by affected individuals, damage to our reputation and loss of goodwill, any of which could have a material adverse effect on our business, financial condition, results of operations or prospects.

Regulatory authorities in China have implemented and are considering a number of legislative and regulatory proposals concerning data protection. For example, China's Cyber Security Law, which became effective in June 2017, created China's first national-level data protection for "network operators," which may include all network service providers in China. Numerous regulations, guidelines and other measures are expected to be adopted under the umbrella of the Cyber Security Law. Drafts of some of these measures have now been published, including the draft rules on cross-border transfers published by the Cyberspace Administration of China in 2017, which may, upon enactment, require security review before transferring human health-related data out of China. In addition, certain industry-specific laws and regulations affect the collection and transfer of personal data in China. The regulations of the People's Republic of China on the Administration of Human Genetic Resources promulgated by the State Council on May 28, 2019 and implemented on July 1, 2019 stipulates that in order to obtain marketing authorization for relevant drugs and medical devices in China, no approval is required in international clinical trial cooperation using China's human genetic resources, or the HGR at clinical institutions without export of HGR materials. However, the two parties shall file the type, quantity and usage of the HGR to be used with the administrative department of science and technology under the State Council before clinical trials. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with our practices, potentially resulting in confiscation of HGR samples and associated data and administrative fines. In addition, the interpretation and application of data protection laws in China and elsewhere are often uncertain and in flux. Many statutory requirements include obligations for companies to notify individuals of security breaches involving certain personal information, which could result from breaches experienced by us or our third-party service providers. These laws are not consistent, and compliance in the event of a widespread data breach is difficult and may be costly. We also may be contractually required to notify customers or other counterparties of a security breach. Any contractual protections we may

have from our third-party service providers, contractors or consultants may not be sufficient to adequately protect us from any such liabilities and losses, and we may be unable to enforce any such contractual protections.

Moreover, governments have been frequently amending existing laws and implementing regulations, requiring attention to changing regulatory requirements. We expect that there will continue to be new proposed laws and regulations concerning data privacy and security, and we cannot yet determine the impact such future laws, regulations and standards may have on our business. New laws, amendments to or re-interpretations of existing laws, regulations, standards and other obligations may require us to incur additional costs and restrict our business operations. Because the interpretation and application of health-related and data protection laws, regulations, standards and other obligations are still uncertain, and often contradictory and in flux, it is possible that the scope and requirements of these laws may be interpreted and applied in a manner that is inconsistent with our practices and our efforts to comply with the evolving data protection rules may be unsuccessful. If so, this could result in government-imposed fines or orders requiring that we change our practices, which could adversely affect our business. In addition, these privacy regulations may differ from country to country, and may vary based on whether testing is performed in the United States or in the local country and our operations or business practices may not comply with these regulations in each country.

Compliance with these and any other applicable laws, regulations, standards and obligations relating to data privacy, security and transfers is a rigorous and time-intensive process and may cause us to incur substantial operational costs or require us to modify our data processing practices and processes. If we or our third-party vendors, collaborators, contractors and consultants fail to comply with any such laws or regulations, we may face proceedings against us by data protection authorities, governmental entities or others, including class action privacy litigation in certain jurisdictions, which would subject us to significant awards, fines, penalties, judgments, negative publicity and reputational damage, and may otherwise materially and adversely affect our business, financial condition and results of operations. We may not be able to respond quickly or effectively to regulatory, legislative and other developments, and these changes may in turn impair our ability to offer our existing or planned product candidates or increase our cost of doing business. In addition, if our practices are not consistent or viewed as not consistent with legal and regulatory requirements, including changes in laws, regulations and standards or new interpretations or applications of existing laws, regulations and standards, we may become subject to audits, inquiries, whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions and reputational damage. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

Product liability claims or lawsuits could cause us to incur substantial liabilities, and our insurance coverage may be inadequate to protect us from all the liabilities we may incur.

We face an inherent risk of product liability as a result of the clinical testing and any future commercialization of our product candidates inside and outside China. For example, we may be sued if our product candidates cause or are perceived to cause injury or are found to be otherwise unsuitable during clinical testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability or a breach of warranties. Claims could also be asserted under applicable consumer protection laws. If we cannot successfully defend ourselves against or obtain indemnification from our collaborators for product liability claims, we may incur substantial liabilities or be required to limit commercialization of our product candidates. Even successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in: decreased demand for our product candidates; injury to our reputation; withdrawal of clinical trial participants and inability to continue clinical trials; initiation of investigations by regulators; costs to defend the related litigation; a diversion of management's time and our resources; additional costs for enrollment of trial participants or patients; product recalls, withdrawals, or labeling, marketing or promotional restrictions; loss of revenue; exhaustion of any available insurance and our capital resources; the inability to commercialize any approved product candidate; and a decline in the market price of our Shares.

To cover such liability claims arising from clinical studies, we purchase clinical trial insurance in the conduct of our clinical trials. However, it is possible that our liabilities could exceed our insurance coverage or that our insurance will not cover all situations in which a claim against us could be made. We may not be able to maintain insurance coverage at a reasonable cost or obtain insurance coverage that will be adequate to satisfy any liability that may arise. If a successful product liability claim or series of claims is brought against us for uninsured liabilities or in excess of insured liabilities, our assets may not be sufficient to cover such claims and our business operations could be impaired. Should any of these events occur, it could have a material adverse effect on our business, financial condition and results of operations.

Any future litigation, legal disputes, claims or administrative proceedings against us could be costly and time-consuming to defend.

We may become subject, from time to time, to legal proceedings and claims that arise in the ordinary course of business or pursuant to governmental or regulatory enforcement activity. While we do not believe that the resolution of any lawsuits against us will, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations, litigation to which we subsequently become a party might result in substantial costs and divert management's attention, time and resources. Furthermore, any litigations, legal disputes, claims or administrative proceedings which are initially not of material importance may escalate and become important to us due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake, and the parties involved.

Our insurance might not cover claims brought against us, might not provide sufficient payments to cover all of the costs to resolve one or more such claims, and might not continue to be available on terms acceptable to us. In particular, any claim could result in unanticipated liability to us if the claim is outside the scope of the indemnification arrangement we have with our collaborators, our collaborators do not abide by the indemnification arrangement as required, or the liability exceeds the amount of any applicable indemnification limits or available insurance coverage. A claim brought against us that is uninsured or underinsured could result in unanticipated costs and could have a material adverse effect on our financial condition, results of operations or reputation.

***Fluctuations in exchange rates could adversely affect our results of operations and materially reduce the value of your* [REDACTED].**

The value of the RMB against the U.S. dollar, the Hong Kong dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions and China's foreign exchange policies. Substantially all of our operating costs and most of our financial assets are denominated in RMB, while a substantial majority of our non-current liabilities is denominated in U.S. dollars, and **[REDACTED]** from the **[REDACTED]** will be denominated in Hong Kong dollars. Any significant change in the value of the RMB against the U.S. dollar may give rise to foreign exchange gains or losses that would impact our results of operations, and any significant change in value of the RMB against the Hong Kong dollar may materially and adversely affect the value of, and any dividends payable on, our Shares in Hong Kong dollars.

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

We maintain insurance policies as required under PRC laws and regulations and based on our assessment of our operational needs and industry practice. In line with industry practice in the PRC, we have elected not to maintain certain types of insurance, such as business interruption insurance or product liability insurance. Our insurance coverage may be insufficient to cover any claim for product liability, damage to our fixed assets or employee injuries. Any liability or damage to, or caused by, our facilities or our personnel beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources.

Business disruptions could seriously harm our future revenue and financial condition and increase our costs and expenses.

Our headquarters and R&D center are located in Shanghai, and we have manufacturing facilities located in Shanghai and Suzhou as well as clinical operations based in Beijing. Our operations, and those of our vendors and suppliers, could be subject to earthquakes, power shortages, telecommunications failures, water shortages, floods, hurricanes, typhoons, fires, extreme weather conditions, medical epidemics and other natural or man-made disasters or business interruptions, for which we are predominantly self-insured. The occurrence of any of

these business disruptions could seriously harm our operations and financial condition and increase our costs and expenses. We currently rely on third-party suppliers to produce and process our product candidates on a patient-by-patient basis. Our ability to obtain clinical supplies of our product candidates could be disrupted if the operations of these suppliers are affected by a man-made or natural disaster or other business interruption.

RISKS RELATING TO OUR DOING BUSINESS IN CHINA

The biopharmaceutical industry in China is highly regulated and such regulations are subject to change, which may affect approval and commercialization of our product candidates.

We have extensive operations in China. The biopharmaceutical industry in China is subject to comprehensive government regulation and supervision, encompassing the approval, registration, manufacturing, packaging, licensing and marketing of new products. In recent years, the regulatory framework in China regarding the biopharmaceutical industry has undergone significant changes, and we expect that it will continue to undergo significant changes. Any such changes or amendments may result in increased compliance costs on our business or cause delays in or prevent the successful development or commercialization of our product candidates in China and reduce the benefits we believe are available to us from developing and manufacturing products in China. For further details, please see "— Risks Relating to Extensive Government Regulation" in this section.

Changes in the political and economic policies of the PRC government may materially and adversely affect our business, financial condition and results of operations and may result in our inability to sustain our growth and expansion strategies.

Due to our extensive operations in China, our business, results of operations, financial condition and prospects may be influenced to a significant degree by economic, political, legal and social conditions in China. China's economy differs from the economies of developed countries in many respects, including with respect to the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. While the PRC economy has experienced significant growth over the past 40 years, growth has been uneven across different regions and among various economic sectors of China. The PRC government has implemented various measures to encourage economic development and guide the allocation of resources. Some of these measures may benefit the overall PRC economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations that are currently applicable to us. In addition, in the past the PRC government implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause decreased economic activity in China, which may adversely affect our business and results of operation. More generally, if the business environment in China deteriorates from the perspective of domestic or international investment, our business in China may also be adversely affected.

Changes in international trade or investment policies and barriers to trade or investment, the ongoing conflict and the emergence of a trade war between the U.S. and China may have an adverse effect on our business and expansion plans.

International market conditions and the international regulatory environment have historically been affected by competition among countries and geopolitical frictions. Changes to trade policies, treaties and tariffs, or the perception that these changes could occur, could adversely affect the financial and economic conditions in the jurisdictions in which we operate, as well as our overseas expansion, our financial condition and results of operations. The U.S. administration under President Donald J. Trump has advocated greater restrictions on international trade generally and significant increases on tariffs on certain goods imported into the U.S., particularly from China, and has taken steps toward restricting trade in certain goods. For example, in 2018, the United States announced three finalized tariffs that applied exclusively to products imported from China, totaling approximately US$250 billion, and in May 2019, the U.S. increased the rate of certain tariffs previously levied on Chinese products from 10% to 25%. In addition, in August 2019, President Donald J. Trump threatened to impose additional tariffs on remaining Chinese products, totaling approximately US$300 billion. Although on January 15, 2020, the U.S. and China signed an agreement on the phase one trade deal, under which both parties made certain concessions and agreed not to proceed with additional tariffs against one another, the 25% tariffs on US$250 billion of Chinese imports are still in place. Moreover, there have been accusations from the United States and certain other countries regarding the PRC's handling of the COVID-19 outbreak, as well as concerns regarding the recently passed PRC law on Safeguarding National Security in the Hong Kong Special Administrative Region. These accusations and concerns, along with threats to impose new tariffs or sanctions on China, have resulted in increased tensions in China's international relations. Moreover, the bilateral relationship is an ongoing matter, evolving sometimes from day to day, and we cannot predict how the relationship will further evolve or what impact any subsequent developments in the relationship may have on our business.

In addition, China and other countries have retaliated, and may further retaliate, in response to new trade policies, treaties and tariffs implemented by the U.S. government. Such retaliation measures may further escalate the tensions between the countries or even lead to a trade war. Any escalation in trade tensions or a trade war, or the perception that such escalation or trade war could occur, may have negative impact on the economies of not merely the two countries concerned, but the global economy as a whole. In addition, if China were to increase the tariff on any of the items imported by our suppliers and contract manufacturers from the U.S., we might not be able to find substitutes with the same quality and price in China or from other countries. As a result, our costs would increase and our business, financial condition and results of operations would be adversely affected.

There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations.

An extensive portion of our operations are conducted in China through our PRC subsidiaries, and are governed by PRC laws, rules and regulations. Our PRC subsidiaries are subject to laws, rules and regulations applicable to foreign investment in China. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value.

In 1979, the PRC government began to promulgate a comprehensive system of laws, rules and regulations governing economic matters in general. The overall effect of legislation over the past four decades has significantly enhanced the protections afforded to various forms of foreign investment in China. However, China has not developed a fully integrated legal system, and recently enacted laws, rules and regulations may not sufficiently cover all aspects of economic activities in China or may be subject to significant degrees of interpretation by PRC regulatory agencies. In particular, because these laws, rules and regulations are relatively new and often give the relevant regulator significant discretion in how to enforce them, and because of the limited number of published decisions and the nonbinding nature of such decisions, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and can be inconsistent and unpredictable. In addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, and which may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until after the occurrence of the violation.

Additionally, the NMPA's recent reform of the drug-approval system may face implementation challenges. The timing and full impact of such reforms is uncertain and could prevent us from commercializing our product candidates in a timely manner.

In addition, any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Since PRC administrative and court authorities have certain discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than we would in more developed legal systems. These uncertainties may impede our ability to enforce the contracts we have entered into and could materially and adversely affect our business, financial condition and results of operations.

We may be restricted from transferring our scientific data abroad.

On March 17, 2018, the General Office of the PRC State Council promulgated the Measures for the Management of Scientific Data, or the Scientific Data Measures, which provide a broad definition of scientific data and relevant rules for the management of scientific data. According to the Scientific Data Measures, enterprises in China must seek governmental approval before any scientific data involving a state secret may be transferred abroad or to foreign parties. Further, any

researcher conducting research funded, at least in part, by the PRC government is required to submit relevant scientific data for management by the entity to which such researcher is affiliated before such data may be published in any foreign academic journal. Currently, as the term "state secret" is not clearly defined, there is no assurance that we can always obtain relevant approvals for sending scientific data (such as the results of our pre-clinical studies or clinical trials conducted within China) abroad, or to our foreign partners in China.

If we are unable to obtain the necessary approvals in a timely manner, or at all, our research and development of product candidates may be hindered, which may materially and adversely affect our business, results of operations, financial conditions and prospects. If relevant government authorities consider the transmission of our scientific data to be in violation of the requirements under the Scientific Data Measures, we may be subject to specific administrative penalties imposed by those government authorities.

We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.

We are a holding company incorporated in the Cayman Islands, and we may rely on dividends and other distributions on equity paid by our PRC subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders or to service any debt we may incur. If any of our PRC subsidiaries incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. Under PRC laws and regulations, our PRC subsidiaries may pay dividends only out of their respective accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, foreign-invested enterprise is required to set aside at least 10% of its accumulated after-tax profits each year, if any, to fund a certain statutory reserve fund, until the aggregate amount of such fund reaches 50% of its registered capital. Such reserve funds cannot be distributed to us as dividends. At its discretion, a foreign-invested enterprise may allocate a portion of its after-tax profits based on PRC accounting standards to an enterprise expansion fund, or a staff welfare and bonus fund. A PRC company is not permitted to distribute any profits until any losses from prior fiscal years have been offset. In addition, registered share capital and capital reserve accounts are also restricted from withdrawal in China, up to the amount of net assets held in each operating subsidiary.

In response to the persistent capital outflow in China and RMB's depreciation against the U.S. dollar, People's Bank of China, or PBOC, and the State Administration of Foreign Exchange, or the SAFE, promulgated a series of capital control measures, including stricter vetting procedures for domestic companies to remit foreign currency for overseas investments, dividends payments and shareholder loan repayments. The PRC government may continue to strengthen its capital controls, and more restrictions and substantial vetting process may be put forward for cross-border transactions falling under both the current account and the capital account. Any limitation on the ability of our PRC subsidiaries to pay dividends or make other kinds of payments

to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends to our investors or other obligations to our suppliers, or otherwise fund and conduct our business.

Our dividend income from our PRC subsidiaries may be subject to a higher rate of withholding tax than we currently anticipate.

The Enterprise Income Tax Law and its implementation rules provide that China-sourced income of foreign enterprises, such as dividends paid by a PRC subsidiary to its equity holders that are non-PRC resident enterprises, will normally be subject to PRC withholding tax at a rate of 10%, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement.

Pursuant to the Arrangement Between Mainland China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income, or the "Hong Kong Tax Treaty" (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), the withholding tax rate on dividends paid by our PRC subsidiary to our Hong Kong subsidiary would generally be reduced to 5%, provided that our Hong Kong subsidiary is a Hong Kong tax resident as well as the beneficial owner of the PRC-sourced income, and our Hong Kong subsidiary directly holds 25% or more interests in our PRC subsidiary throughout the 12 months prior to receiving the dividends. On February 3, 2018, the State Administration of Taxation issued the Announcement on Certain Issues Concerning the Beneficial Owners in a Tax Agreement (關於税收協定中"受益所有人"有關問題的公告), also known as Circular 9, which provides guidance for determining whether a resident of a contracting state is the "beneficial owner" of an item of income under China's tax treaties and similar arrangements. According to Circular 9, a beneficial owner generally must be engaged in substantive business activities and an agent will not be regarded as a beneficial owner. There is no assurance that the reduced withholding tax rate will be available.

Restrictions on currency exchange may limit our ability to utilize our revenue effectively.

The PRC government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of China. A portion of our revenue is denominated in RMB. Shortages in availability of foreign currency may then restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to our offshore entities for our offshore entities to pay dividends or make other payments or otherwise to satisfy our foreign-currency-denominated obligations. The RMB is currently convertible under the "current account," which includes dividends, trade and service-related foreign exchange transactions, but not under the "capital account," which includes foreign direct investment and foreign currency debt, including loans we may secure for our onshore subsidiaries. Currently, our PRC subsidiaries may purchase foreign currency for settlement of "current account transactions," including payment of dividends to us, without the approval of SAFE by complying with certain procedural requirements. However, the relevant PRC governmental authorities may limit or eliminate our ability to purchase foreign currencies in the future for current account transactions. Since a portion

of our revenue is denominated in RMB, any existing and future restrictions on currency exchange may limit our ability to utilize revenue generated in RMB to fund our business activities outside of the PRC or pay dividends in foreign currencies to holders of our Shares. Foreign exchange transactions under the capital account remain subject to limitations and require approvals from, or registration with, SAFE and other relevant PRC governmental authorities. This could affect our ability to obtain foreign currency through debt or equity financing for our subsidiaries.

We are subject to PRC tax laws and regulations.

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. Although we believe that in the past we had acted in compliance with the requirements under the relevant PRC tax laws and regulations in all material aspects and had established effective internal control measures in relation to accounting regularities, we cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or actions that could adversely affect our business, financial condition and results of operations, as well as our reputation. Furthermore, the PRC government from time to time adjusts or changes its tax laws and regulations. Such adjustments or changes, together with any uncertainty resulting therefrom, could have an adverse effect on our business, financial condition and results of operations.

Our business benefits from certain financial incentives and preferential policies granted by local governments. Expiration of, or changes to, these incentives or policies would have an adverse effect on our results of operations.

In the past, local governments in China granted certain financial incentives from time to time to our PRC subsidiaries as part of their efforts to encourage the development of local businesses. The timing, amount and criteria of government financial incentives are determined within the sole discretion of the local government authorities and cannot be predicted with certainty before we actually receive any financial incentive. We generally do not have the ability to influence local governments in making these decisions. Governments authorities may decide to reduce or eliminate incentives or may amend or terminate the relevant financial incentive policies at any time. In addition, some of the government financial incentives are granted on a project basis and subject to the satisfaction of certain conditions, including compliance with the applicable financial incentive agreements and completion of the specific projects therein. We cannot guarantee that we will satisfy all relevant conditions, and if we fail to satisfy any such conditions, we may be deprived of the relevant incentives. We cannot assure you of the continued availability of the government incentives currently enjoyed by us. Any reduction or elimination of incentives would have an adverse effect on our results of operations. In addition, according to relevant PRC tax laws and regulations, enterprises in the PRC are entitled to tax preferences when certain requirements and qualifications are satisfied.

It may be difficult to effect service of process upon us or our management that reside in China or to enforce against them or us in China any judgments obtained from foreign courts.

All of our operating subsidiaries are incorporated in China. Some of our management reside in China from time to time. Almost all of our assets are located in China. Therefore, it may not be possible for investors to effect service of process upon us or our management inside China. China has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions. On July 14, 2006, Hong Kong and China 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"), pursuant to which a party with an enforceable final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China. Similarly, a party with an enforceable final judgment rendered by a Chinese court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a Chinese court is expressly designated as the court having sole jurisdiction for the dispute.

On January 18, 2019, the Supreme People's Court 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 (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**"), which seeks to establish a mechanism with further clarification on and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between Hong Kong Special Administrative Region and Mainland China. The New Arrangement discontinued the requirements for a choice of court agreement for bilateral recognition and enforcement. The New Arrangement will only take effect after the promulgation of a judicial interpretation by the Supreme People's Court and the completion of the relevant legislative procedures in the Hong Kong Special Administrative Region. The New Arrangement will, upon its effectiveness, supersede the Arrangement. However, before the New Arrangement becomes effective it may be difficult or impossible to enforce a judgment rendered by a Hong Kong court in China if the parties in the dispute do not agree to enter into a choice of court agreement in writing. As a result, it may be difficult or impossible for investors to effect service of process against our assets or management in China in order to seek recognition and enforcement of foreign judgments in China.

Furthermore, China does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the U.S., the United Kingdom, or most other western countries. Hence, the recognition and enforcement in China of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

Any failure by the Shareholders or beneficial owners of our Shares to comply with PRC foreign exchange or other regulations relating to offshore investment activities could restrict our ability to distribute profits, restrict our overseas and cross-border investment activities and subject us to liability under PRC laws.

The SAFE has promulgated several regulations requiring PRC residents to register with local qualified banks before engaging in direct or indirect offshore investment activities, including Circular of the State Administration of Foreign Exchange on the Administration of Foreign Exchange Involved in Overseas Investment, Financing and Roundtrip Investment through Special Purpose Vehicles Conducted by domestic Residents in China via Special-Purpose Companies (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知), or SAFE Circular 37, issued and effective on July 4, 2014. SAFE Circular 37 requires PRC residents to register with local branches of the SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with assets or equity interests of onshore companies or offshore assets or interests held by the PRC residents, referred to in SAFE Circular 37 as a "special purpose vehicle." SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle. If a shareholder who is a PRC citizen or resident does not complete the registration with the local SAFE branches, the PRC subsidiaries of the special purpose vehicle may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the special purpose vehicle, and the special purpose vehicle may be restricted to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with the various SAFE registration requirements described above may result in liabilities for the PRC subsidiaries of the special purpose vehicle under PRC laws for evasion of applicable foreign exchange restrictions, including (1) the requirement by the SAFE to return the foreign exchange remitted overseas within a period of time specified by the SAFE, with a fine of up to 30% of the total amount of foreign exchange remitted overseas and deemed to have been evasive, and (2) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive.

According to the Notice of the State Administration of Foreign Exchange on Issuing the Provisions on the Foreign Exchange Administration of the Overseas Direct Investments (國家外匯管理局關於發佈境內機構境外直接投資外匯管理規定的通知) (SAFE Circular 30) and other regulations, if our shareholders who are PRC entities do not complete their registration with the competent SAFE, NDRC or MOFCOM branches, our PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to us, and we may be restricted in our ability to contribute additional capital to our PRC subsidiaries. In addition, our shareholders may be required to suspend or stop the investment and complete the

registration within a specified time, and may be warned or prosecuted for relevant liability. Moreover, failure to comply with the SAFE registration described above could result in liability under PRC laws for evasion of applicable foreign exchange restriction.

On February 13, 2015, SAFE promulgated the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知), or SAFE Circular 13, which came into effect on June 1, 2015, pursuant to which local banks shall review and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration under SAFE Circular 37 and SAFE Circular 30, while the application for remedial registrations shall still be submitted to, reviewed and handled by the relevant local branches of SAFE.

There remains uncertainty as to the interpretation and implementation of the latest SAFE rules at practice level. We are committed to complying with and to ensuring that our direct Shareholders who are subject to the regulations will comply with the relevant SAFE rules and other regulations; however, due to the inherent uncertainty in the implementation of the regulatory requirements by PRC authorities, such registration might not be always practically available in all circumstances as prescribed in those regulations. In addition, we may not always be fully aware or informed of the identities of our beneficiaries who are PRC nationals or entities, and may not be able to compel them to comply with SAFE Circular 37, SAFE Circular 30 or other regulations. We cannot assure you that all of our Shareholders or beneficiaries will at all times comply with, or in the future make or obtain all applicable registrations or approvals required by SAFE rules or other regulations. We cannot assure you that the SAFE or its local branches will not release explicit requirements or interpret the relevant PRC laws and regulations otherwise. Failure by any such shareholders to comply with SAFE rules or other regulations may result in restrictions on the foreign exchange activities of our PRC subsidiaries and may also subject the relevant PRC resident or entity to penalties under the PRC foreign exchange administration regulations.

Failure to comply with PRC regulations regarding the registration requirements for employee stock ownership plans or share option plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

Under the applicable regulations and SAFE rules, PRC citizens who participate in an employee stock ownership plan or a stock option plan in an overseas publicly listed company are required to register with SAFE and complete certain other procedures. In February 2012, SAFE promulgated the Notices on Issues concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly Listed Companies, or the Stock Option Rules, which replaced the Application Procedures of Foreign Exchange Administration for Domestic Individuals Participating in Employee Stock Ownership Plan or Stock Option Plans of Overseas Publicly Listed Companies issued by SAFE in March 2007. Pursuant to the Stock Option Rules, if a PRC resident or a non-PRC citizen residing in China for a continuous period of not less than one year participates in any stock incentive plan of an overseas publicly listed company, a qualified PRC domestic agent must, among other things, file on behalf of such

participant an application with SAFE to conduct the SAFE registration with respect to such stock incentive plan and obtain approval for an annual allowance with respect to the purchase of foreign exchange in connection with the exercise or sale of stock options or stock such participant holds. Such participating PRC residents' foreign exchange income received from the sale of stock and dividends distributed by the overseas publicly listed company must be fully remitted into a PRC collective foreign currency account opened and managed by the PRC agent before distribution to such participants. We and our PRC resident employees who have been granted stock options or other share-based incentives of ours will be subject to the Stock Option Rules when our company becomes an overseas listed company upon the completion of this **[REDACTED]**. If we or our PRC resident participants fail to comply with these regulations, we and/or our PRC resident participants may be subject to fines and legal sanctions.

We face uncertainty relating to PRC laws and regulations relating to transfers by a non-resident enterprise of assets of a PRC resident enterprise.

On February 3, 2015, the PRC State Administration of Taxation, or the SAT, issued the Public Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (關於非居民企業間接轉讓財產企業所得税若干問題的公告), or Circular 7, which supersedes certain provisions in the Notice on Strengthening the Administration of Enterprise Income Tax on non-Resident Enterprises (關於加強非居民企業股權轉讓企業所得税管理的通知), or Circular 698, which was previously issued by the State Administration of Taxation on December 10, 2009, as well as certain other rules providing clarification on Circular 698. Circular 7 provides comprehensive guidelines relating to, and heightened the PRC tax authorities' scrutiny over, indirect transfers by a non-resident enterprise of assets (including equity interests) of a PRC resident enterprise, or PRC Taxable Assets.

For example, Circular 7 specifies that when a non-resident enterprise transfers PRC Taxable Assets indirectly by disposing of equity interests in an overseas holding company which directly or indirectly holds such PRC Taxable Assets, the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC Taxable Assets by disregarding the existence of such overseas holding company and considering the transaction to be a direct transfer of PRC Taxable Assets, if such transfer is deemed to have been conducted for the purposes of avoiding PRC enterprise income taxes and without any other reasonable commercial purpose.

Except as provided in Circular 7, transfers of PRC Taxable Assets under the following circumstances shall be automatically deemed as having no reasonable commercial purpose, and are subject to PRC enterprise income tax: (i) more than 75% of the value of the equity interest of the overseas enterprise is directly or indirectly attributable to the PRC Taxable Assets; (ii) more than 90% of the total assets (cash excluded) of the overseas enterprise are directly or indirectly composed of investment in China at any time during the year prior to the indirect transfer of PRC Taxable Assets, or more than 90% of the income of the overseas enterprise is directly or indirectly from China during the year prior to the indirect transfer of PRC Taxable Assets; (iii) the overseas enterprise and its subsidiaries directly or indirectly hold PRC Taxable Assets and have registered with the relevant authorities in the host countries (regions) in order to meet the local legal

requirements in relation to organization forms, yet prove to be inadequate in their ability to perform their intended functions and withstand risks as their alleged organization forms suggest; or (iv) the income tax from the indirect transfer of PRC Taxable Assets payable abroad is lower than the income tax in China that may be imposed on the direct transfer of such PRC Taxable Assets.

Circular 7 contains certain exemptions, including (i) the Public Market Safe Harbor described below; and (ii) where there is an indirect transfer of PRC Taxable Assets, but if the non-resident enterprise had directly held and disposed of such PRC Taxable Assets, the income from the transfer would have been exempted from enterprise income tax in the PRC under an applicable tax treaty or arrangement. However, it remains unclear whether any exemptions under Circular 7 will be applicable to the transfer of our Shares that do not qualify for the Public Market Safe Harbor or to any future acquisition by us outside of the PRC involving PRC Taxable Assets, or whether the PRC tax authorities will, at their discretion, reclassify such transactions by applying Circular 7. Therefore, the PRC tax authorities may deem any transfer of our Shares that do not qualify for the Public Market Safe Harbor by our Shareholders that are non-resident enterprises, or any future acquisition by us outside of the PRC involving PRC Taxable Assets, to be subject to the foregoing regulations, which may subject our Shareholders or us to additional PRC tax reporting obligations or tax liabilities.

Provisions of Circular 7, which impose PRC tax liabilities and reporting obligations, do not apply to "non-resident enterprise acquiring and disposing of the equity interests of the same offshore listed company in a public market," or the Public Market Safe Harbor, which is determined by whether the parties, number and price of the shares acquired and disposed are not previously agreed upon, but determined in accordance with general trading rules in the public securities markets, according to one implementing rule for Circular 698. In general, transfers of the Shares by Shareholders on the Stock Exchange or other public market would not be subject to the PRC tax liabilities and reporting obligations imposed under the Circular 7 if the transfers fall under the Public Market Safe Harbor. As stated in "Information about this Document and the **[REDACTED]**" in this document, potential **[REDACTED]** should consult their professional advisors if they are in any doubt as to the tax implications of **[REDACTED]**, **[REDACTED]**, holding, disposing of and **[REDACTED]** in the Shares.

Under China's Enterprise Income Tax Law, we may be classified as a "resident enterprise" of China. This classification could result in unfavorable tax consequences to us and our non-PRC shareholders.

Under China's Enterprise Income Tax Law, or the "EIT Law," an enterprise established outside of China with "de facto management bodies" within China is considered a "resident enterprise," meaning that it can be treated in a manner similar to a Chinese enterprise for PRC enterprise income tax purposes. A tax circular issued by the SAT on April 22, 2009, or Circular 82, regarding the standards used to classify resident enterprises clarified that dividends and other distributions paid by such resident enterprises which are considered to be PRC source income will be subject to PRC withholding tax, currently at a rate of 10%, when received or recognized by non-PRC resident enterprise shareholders. This circular also subjects such resident enterprises to

various reporting requirements with the PRC tax authorities. The implementing rules of the EIT Law define "de facto management bodies" as "management bodies that exercise substantial and overall management and control over the production and operations, personnel, accounting and properties" of the enterprise. In addition, Circular 82 specifies that certain China-invested enterprises controlled by Chinese enterprises or Chinese group enterprises will be classified as resident enterprises if the following are located or resident in China: (i) senior management personnel and departments that are responsible for daily production, operation and management; (ii) financial and personnel decision-making bodies; (iii) key properties, accounting books, company seal and minutes of board meetings and shareholders' meetings; and (iv) half or more than half of senior management or directors having voting rights. On July 27, 2011, the SAT issued Administrative Measures of Enterprise Income Tax of Chinese-Controlled Offshore Incorporated Resident Enterprises (Trial), or Bulletin 45, which became effective on September 1, 2011, to provide further guidance on the implementation of Circular 82. Bulletin 45 clarifies certain issues related to determining PRC resident enterprise status, including which competent tax authorities are responsible for determining offshore incorporated PRC resident enterprise status, as well as post-determination administration.

Currently, most of the members of our management team as well as the management team of some of our offshore holding companies are located in China. However, Circular 82 and Bulletin 45 only apply to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreign corporations like us. In the absence of detailed implementing regulations or other guidance determining that offshore companies controlled by PRC individuals or foreign corporations like us are PRC resident enterprises, we do not currently consider our Company or any of our overseas subsidiaries to be a PRC resident enterprise.

Despite the foregoing, the SAT may take the view that the determining criteria set forth in Circular 82 and Bulletin 45 reflect the general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. Additional implementing regulations or guidance may be issued determining that our Cayman Islands holding company is a "resident enterprise" for PRC enterprise income tax purposes. If the PRC tax authorities determine that our Cayman Islands holding company or any of our non-PRC subsidiaries is a resident enterprise for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. First, we and our non-PRC subsidiaries may be subject to enterprise income tax at a rate of 25% on our worldwide taxable income, as well as to PRC enterprise income tax reporting obligations. Second, although under the EIT Law and its implementing rules and Bulletin 45 dividends paid by a PRC tax resident enterprise to an offshore incorporated PRC tax resident enterprise controlled by a PRC enterprise or enterprise group would qualify as tax-exempted income, we cannot assure that dividends paid by our PRC subsidiaries to us will not be subject to a 10% withholding tax, as the PRC foreign-exchange control authorities and tax authorities have not yet issued guidance with respect to the processing of outbound remittances to entities that are treated as resident enterprises for PRC enterprise income tax purposes but not controlled by a PRC enterprise or enterprise group like us. Finally, under the EIT Law and its implementing rules issued by PRC tax authorities dividends paid by us to our non-PRC shareholders may be subject to a withholding tax of 10% for non-PRC enterprise

shareholders and 20% for non-PRC individual shareholders, and gains recognized by our non-PRC shareholders may be subject to PRC tax of 10% for non-PRC enterprise shareholders and 20% for non-PRC individual shareholders. Any PRC tax liability on dividends or gain described above may be reduced under applicable tax treaties. However, it is unclear whether, if our Cayman Islands holding company is considered a PRC resident enterprise, non-PRC shareholders might be able to claim the benefit of income tax treaties entered into between PRC and their countries. Similarly, these unfavorable consequences could apply to our other offshore companies if they are classified as a PRC resident enterprise.

Government control of currency conversion of and regulations on loans to, and direct investment in, PRC entities by offshore holding companies may delay or prevent us from making loans or additional contributions to our PRC subsidiaries, which could restrict our ability to utilize the* [REDACTED] *from the* [REDACTED] *effectively and affect our ability to fund and expand our business.

The PRC government imposes controls on the convertibility of foreign currencies into Renminbi. Under China's existing foreign-exchange regulations, foreign-exchange transactions under capital accounts continue to be subject to significant foreign-exchange controls and require the registration with, and approval of, PRC governmental authorities. In particular, if one subsidiary receives foreign-currency loans from us or other foreign lenders, these loans must be registered with SAFE or its local counterparts. If we finance such subsidiary by means of additional capital contributions, these capital contributions must be filed with certain government authorities, including the State Administration for Industry and Commerce (now known as SAMR) through the Enterprise Registration System (企業登記系統) and the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) and the SAFE.

In August 2008, SAFE promulgated the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign Invested Enterprises (國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知), or SAFE Circular 142, providing that the Renminbi capital converted from foreign-currency-registered capital of a foreign-invested enterprise may only be used for purposes within the business scope approved by the applicable government authority and may not be used for equity investments within the PRC.

On March 30, 2015, SAFE released the Notice on the Reform of the Management Method for the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知), or SAFE Circular 19, which came into force and superseded SAFE Circular 142 from June 1, 2015. On June 9, 2016, SAFE further promulgated the Circular on the Reform and Standardization of the Management Policy of the Settlement of Capital Projects (關於改革和規範資本項目結匯管理政策的通知), or SAFE Circular 16. SAFE Circular 19 has made certain adjustments to some regulatory requirements on the settlement of foreign exchange capital of foreign-invested enterprises, and some foreign exchange restrictions under SAFE Circular 142 are expected to be lifted. Under SAFE Circular 19 and SAFE Circular 16, the settlement of foreign exchange by foreign invested enterprises shall be governed

by the policy of foreign exchange settlement on a discretionary basis. However, SAFE Circular 19 and SAFE Circular 16 also reiterate that the settlement of foreign exchange shall only be used for its own operation purposes within the business scope of the foreign invested enterprises and following the principles of authenticity. For example, under SAFE Circular 19 and SAFE Circular 16, we may still not be allowed to convert foreign-currency-registered capital of our PRC subsidiaries which are foreign-invested enterprises into RMB capital for securities investments or other finance and investment except for principal-guaranteed bank products. Further, SAFE Circular 19 and SAFE Circular 16 restrict a foreign-invested enterprise from using Renminbi converted from its registered capital to provide loans to a its non-affiliated company. On October 23, 2019, SAFE released the Circular on Further Promoting Cross-border Trade and Investment Facilitation (國家外匯管理局關於進一步促進跨境貿易投資便利化的通知), or SAFE Circular 28, according to which non-investment foreign-invested enterprises are permitted to make domestic equity investments with their capital funds provided that such investments do not violate the Negative List and the target investment projects are genuine and in compliance with laws. On April 10, 2020, SAFE promulgated the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (關於優化外匯管理支持涉外業務發展的通知), or SAFE Circular 8, eligible enterprises are allowed to make domestic payments by using their capital funds, foreign loans and the income under capital accounts of overseas listing, without providing evidentiary materials concerning authenticity of each expenditure, provided that their capital use shall be authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of income under capital accounts. Considering that SAFE Circular 28 and SAFE Circular 8 are often principle-oriented and subject to the detailed interpretations by the enforcement bodies to further apply and enforce such laws and regulations in practice, it is unclear how they will be implemented, and there exist substantial uncertainties with respect to its interpretation and implementation by government authorities and banks.

Violations of SAFE Circular 19 and SAFE Circular 16 could result in severe monetary or other penalties. We cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans or capital contributions by us to our PRC subsidiaries, and conversion of such loans or capital contributions into Renminbi. If we fail to complete such registrations or obtain such approvals, our ability to capitalize or otherwise fund our PRC operations may be negatively affected, which could adversely affect our ability to fund and expand our business.

The M&A Rules and certain other PRC regulations establish complex procedures for some acquisitions of PRC companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, and relevant regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. The M&A Rules require that the Ministry of Commerce, or the MOFCOM, be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise, if (i) any

important industry is concerned, (ii) such transaction involves factors that have or may have an impact on the national economic security; or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. The approval from MOFCOM shall be obtained in circumstances where overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies.

The Anti-Monopoly Law promulgated by the Standing Committee of the National People's Congress, or NPC, which became effective in August 2008, requires that when a concentration of undertakings occurs and reaches statutory thresholds, the undertakings concerned shall file a prior notification with MOFCOM. Without the clearance from MOFCOM, no concentration of undertakings shall be implemented and effected. Mergers, acquisitions or contractual arrangements that allow one market player to take control of or to exert decisive impact on another market player must also be notified in advance to the MOFCOM when the threshold under the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings, or the Prior Notification Rules, issued by the State Council in August 2008 is triggered. If such prior notification is not obtained, MOFCOM may order the concentration to cease its operations, dispose of shares or assets, transfer the business of the concentration within a time limit, take any other necessary measures to restore the situation as it was before the concentration, and may impose administrative fines.

In addition, the Implementing Rules Concerning Security Review on the Mergers and Acquisitions by Foreign Investors of Domestic Enterprises, issued by the MOFCOM in August 2011, specify that mergers and acquisitions by foreign investors relating to national security are subject to strict review by the MOFCOM, and prohibit any activities attempting to bypass such security review, including by structuring the transaction through a proxy or contractual control arrangement. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the abovementioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts may delay or inhibit our ability to complete such transactions.

We cannot preclude the possibility that the MOFCOM or other government agencies may publish explanations contrary to our understanding or broaden the scope of such security reviews in the future, in which case our future acquisitions in the PRC, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected.

Increases in labor costs could slow our growth and affect our financial condition.

China's overall economy and the average wage level in China have increased in recent years and are expected to continue to grow. The average wage level for our employees has also increased in recent years. We expect that our labor costs, including wages and employee benefits, will continue to increase. If there is a significant increase in our labor cost, our operations and financial condition may be adversely affected.

We may be subject to fines due to the lack of registration of our leases.

Pursuant to the Measures for Administration of Lease of Commodity Properties (商品房屋租賃管理辦法), which was promulgated by the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) on December 1, 2010 and became effective on February 1, 2011, both lessors and lessees are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. As at the Latest Practicable Date, we did not register all of our lease agreements as tenant, such leased properties were primarily used as laboratory space and office space. We may be required by relevant government authorities to file these lease agreements for registration within a time limit, and may be subject to a fine for non-registration exceeding such time limit, which may range from RMB1,000 to RMB10,000.

Some of our properties are subject to a title deficiency, and we could be required to vacate any such leased property.

The lessors of four of our leased properties, which are used as offices and are of the size of approximately 600 square meters combined, have failed to provide the land use right certificate and/or the building ownership certificates. Some lease agreements might be challenged if the lessor failed to demonstrate that they are entitled to lease the respective properties.

If we suffer loss and damage as a result of the title defect of the leased property, our financial position may be affected.

RISKS RELATING TO CONTRACTUAL ARRANGEMENTS

If the PRC government finds that the agreements that establish the structure for operating our business in China do not comply with PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to severe consequences and the relinquishment of our interests in the Consolidated Affiliated Entities.

Current PRC laws and regulations impose certain restrictions or prohibitions on foreign ownership of companies that engage in clinical stage cell therapy business which falls in the prohibited foreign-invested industries both in the Catalogue for the Guidance of Foreign Investment Industries (Revision 2017) (外商投資產業指導目錄(2017年修訂), the Special Administrative Measures on Access of Foreign Investment (Negative List) (Edition 2018) (外商投資准入特別管理措施(負面清單)(2018年版)), the Special Administrative Measures on Access of

Foreign Investment (Negative List) (Edition 2019) (外商投資准入特別管理措施(負面清單) (2019年版)) and the Special Administrative Measures on Access of Foreign Investment (Negative List) (Edition 2020) (外商投資准入特別管理措施(負面清單) (2020年版)) (collectively, the "**Negative List**").

We are a company incorporated under the laws of the Cayman Islands. To comply with the PRC laws and regulations, we conduct our cell-therapy business in China through the Consolidated Affiliated Entities based on a series of Contractual Arrangements entered into among our Group, Shanghai Ju Ming, and the Registered Shareholders of Shanghai Ju Ming. As a result of these Contractual Arrangements, we assert management control over the operations of, and enjoy substantially all the economic benefits of the Consolidated Affiliated Entities.

Our PRC Legal Advisor are of the view that save as disclosed in "Contractual Arrangements — 4. Legality of the Contractual Arrangements", the transfer of economic benefits from the Consolidated Affiliated Entities to JW Shanghai, and the pledging of the entire equity interest in Shanghai Ju Ming to JW Shanghai under the Contractual Arrangements, would not be deemed a violation of the relevant PRC laws and regulations. See "Contractual Arrangements — 4. Legality of the Contractual Arrangements" for details.

There are, however, substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations. The relevant PRC regulatory authorities have broad discretion in determining whether a particular contractual structure violates PRC laws and regulations. Thus, we cannot assure you that the PRC government will not ultimately take a view contrary to the opinion of our PRC Legal Advisor. If we are found in violation of any PRC laws or regulations or if the Contractual Arrangements are determined as illegal or invalid by any PRC court, arbitral tribunal, or regulatory authorities, the relevant governmental authorities would have broad discretion in dealing with such violation, including, without limitation:

- revoke the agreements constituting the Contractual Arrangements;
- revoke relevant business and operating licenses of our Group;
- require us to discontinue or restrict our operations;
- restrict our right to collect revenue from the Consolidated Affiliated Entities;
- shut down a substantial part of our cell-therapy business;
- levy fines on us and/or confiscate the proceeds that they deem to have been obtained through non-compliant operations;

- require us to restructure the operations in such a way as to compel us to establish a new enterprise, re-apply for the necessary licenses, or relocate our businesses, staff, and assets;

- impose additional conditions or requirements with which we may not be able to comply; or

- take other regulatory or enforcement actions that could be harmful to our business.

Furthermore, any of the assets under the name of any record holder of equity interest in the Consolidated Affiliated Entities, including such equity interest, may be put under court custody in connection with litigation, arbitration, or other judicial or dispute resolution proceedings against that record holder. We cannot be certain that the equity interest will be disposed of in accordance with the Contractual Arrangements. In addition, new PRC laws, rules, and regulations may be introduced to impose additional requirements that may impose additional challenges to our corporate structure and Contractual Arrangements. The occurrence of any of these events or the imposition of any of these penalties may result in a material and adverse effect on our ability to conduct the business. In addition, if the imposition of any of these penalties causes us to lose the rights to direct the activities of the Consolidated Affiliated Entities or the right to receive their economic benefits, we would no longer be able to consolidate the Consolidated Affiliated Entities, thus adversely affect our results of operation.

There is substantial uncertainty with respect to the interpretation and implementation of the newly enacted Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance, and business operations.

The Foreign Investment Law of the PRC (中華人民共和國外商投資法) formally adopted by the second session of the thirteenth National People's Congress on March 15, 2019, which came into effect on January 1, 2020, does not mention certain concepts, including "actual control" or "controlling PRC companies by contracts or trusts", nor does it specify regulation on controlling through contractual arrangements. Since the Foreign Investment Law is new, there are substantial uncertainties with respect to its implementation and interpretation and it is also possible that variable interest entities will be deemed as foreign-invested enterprises and be subject to restrictions or prohibitions in the future. Such restrictions or prohibitions may cause interruptions to our current corporate structure, corporate governance, and business operations, which may in turn materially, and adversely affect our business, financial condition, and results of operations.

Our Contractual Arrangements may not be as effective in providing operational control as direct ownership, and the Registered Shareholders and the Consolidated Affiliated Entities may fail to perform their obligations under our Contractual Arrangements.

Since PRC laws limit foreign equity ownership in cell-therapy business in China, we have no ownership interest in our cell-therapy business and rely on a series of Contractual Arrangements with Shanghai Ju Ming and the Registered Shareholders to control and operate the relevant businesses. The Contractual Arrangements may not be as effective as direct ownership in providing us with control over the Consolidated Affiliated Entities. Direct ownership would allow us, for example, to directly provide financial support through the increase of registered capital or injection of funds, or to directly or indirectly exercise our rights as a shareholder to effect changes in the boards of directors of the Consolidated Affiliated Entities, which, in turn, could effect changes, subject to any applicable fiduciary obligations at the management level. However, under the Contractual Arrangements, as a legal matter, if the Consolidated Affiliated Entities or the Registered Shareholders fail to perform their respective obligations under the Contractual Arrangements, we may have to incur substantial costs and expend significant resources to enforce those arrangements and resort to litigation or arbitration and rely on legal remedies under PRC laws. These remedies may include seeking specific performance or injunctive relief and claiming damages, any of which may not be effective. For example, if the Registered Shareholders were to refuse to transfer their equity interest in and/or assets of Shanghai Ju Ming to us or our designee when we exercise the call option pursuant to the Contractual Arrangements, or if they were otherwise to act in bad faith toward us, we might have to take legal action to compel them to perform their respective contractual obligations. In the event we are unable to enforce these Contractual Arrangements or we experience significant delays or other obstacles in the process of enforcing these Contractual Arrangements, we may not be able to exert effective control over the Consolidated Affiliated Entities and may lose control over the assets owned by the Consolidated Affiliated Entities. As a result, we may be unable to consolidate the Consolidated Affiliated Entities in our consolidated financial information, which could materially and adversely affect our results of operations and financial condition.

We may lose the ability to use the permits, licenses, and intellectual properties held by the Consolidated Affiliated Entities that are important to the operation of our business if the Consolidated Affiliated Entities declares bankruptcy or becomes subject to a dissolution or liquidation proceeding.

The Consolidated Affiliated Entities may hold certain permits, licenses, and intellectual property that are important to our business operations. The Contractual Arrangements specifically obligate the Consolidated Affiliated Entities to ensure their valid existence and that the Consolidated Affiliated Entities may not be voluntarily liquidated. However, should the Registered Shareholders and the Consolidated Affiliated Entities breach this obligation and voluntarily

liquidate the Consolidated Affiliated Entities, or should the Consolidated Affiliated Entities declare bankruptcy, all or part of their assets may become subject to liens or rights of third-party creditors and we may be unable to continue a substantial portion of our business operations, which could materially and adversely affect our business, financial condition, and results of operations.

Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities and additional taxes may be imposed. A finding that we owe additional taxes could substantially reduce our consolidated net income and the value of your Shares.

According to applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to challenge by the PRC tax authorities, additional taxes and interest may be imposed. We would be subject to adverse tax consequences if the PRC tax authorities were to determine that transactions under the Contractual Arrangements among our Group, Shanghai Ju Ming, and the Registered Shareholders were not conducted on an arm's-length basis as the PRC tax authorities have the authority to make special tax adjustments on the tax position of Shanghai Ju Ming. Such adjustments may adversely affect us by increasing the tax expenses of Shanghai Ju Ming, subjecting Shanghai Ju Ming to late payment fees and other penalties for under-payment of taxes. Our consolidated results of operations may be adversely affected if the tax liabilities of Shanghai Ju Ming increase or if it is subject to late payment fees or other penalties.

The Registered Shareholders of Shanghai Ju Ming may potentially have a conflict of interest with us, and they may breach their contracts with us or cause such contracts to be amended in a manner contrary to our interests.

Our cell-therapy business is conducted through the Consolidated Affiliated Entities. Our control over the Consolidated Affiliated Entities is based upon the Contractual Arrangements with Shanghai Ju Ming and the Registered Shareholders that allow us to control the Consolidated Affiliated Entities. The Registered Shareholders may potentially have a conflict of interest with us, and they may breach their contracts with us if they believe it would further their own interest or if they otherwise act in bad faith. We cannot assure you that when conflicts of interest arise between us and the Consolidated Affiliated Entities, the Registered Shareholders will act completely in our interests or that the conflicts of interest will be resolved in our favor.

In addition, the Registered Shareholders may breach or cause the Consolidated Affiliated Entities to breach the Contractual Arrangements. If the Consolidated Affiliated Entities or the Registered Shareholders breach their contracts with us or otherwise have disputes with us, we may have to initiate legal proceedings, which involve significant uncertainty. Such disputes and proceedings may significantly disrupt our business operations, adversely affect our ability to control the Consolidated Affiliated Entities and otherwise result in negative publicity. There is also substantial uncertainty as to the outcome of any such legal proceedings.

Certain of the terms of the Contractual Arrangements may not be enforceable under PRC laws.

The agreements which constitute the Contractual Arrangements (except the Spouse Undertaking) are governed by PRC laws and some provide for the resolution of disputes through arbitration in the PRC. Accordingly, these agreements would be interpreted in accordance with PRC laws and disputes would be resolved in accordance with PRC legal procedures. The legal environment in the PRC is not as developed as in other jurisdictions and uncertainties in the PRC legal system could limit our ability to enforce the Contractual Arrangements. In the event that we are unable to enforce the Contractual Arrangements, or if we suffer significant time delays or other obstacles in the process of enforcing them, it would be very difficult to exert effective control over the Consolidated Affiliated Entities, and our ability to conduct our business and our financial condition and results of operations may be materially and adversely affected.

The Contractual Arrangements contain provisions to the effect that the arbitral body may award remedies over the equity interests in and/or assets of the Consolidated Affiliated Entities, injunctive relief and/or winding up of the Consolidated Affiliated Entities. These agreements also contain provisions to the effect that courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal. However, under PRC laws, these terms may not be enforceable. Under PRC laws, an arbitral body does not have the power to grant injunctive relief or to issue a provisional or final liquidation order for the purpose of protecting assets of or equity interests in the Consolidated Affiliated Entities in case of disputes. In addition, interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in China. PRC laws do allow the arbitral body to grant an award of transfer of assets of or equity interests in the Consolidated Affiliated Entities in favor of an aggrieved party. Therefore, in the event of breach of any agreements constituting the Contractual Arrangements by the Consolidated Affiliated Entities and/or the respective shareholders, and if we are unable to enforce the Contractual Arrangements, we may not be able to exert effective control over the Consolidated Affiliated Entities, which could negatively affect our ability to conduct our business.

If we exercise the option to acquire equity ownership of Shanghai Ju Ming, the ownership transfer may subject us to certain limitations and substantial costs.

Pursuant to the Contractual Arrangements, our Group or the designated person(s) has the exclusive right to purchase all or any part of the equity interests in Shanghai Ju Ming from the Registered Shareholders at a price equal to the amount of registered capital contributed by the Registered Shareholders, or a purchase all or any part of the assets of Shanghai Ju Ming for a nominal price, unless the relevant government authorities or PRC laws request that another amount be used as the purchase price and in which case the purchase price shall be the lowest amount under such request. Subject to relevant laws and regulations, the Registered Shareholders shall

return any amount of purchase price they have received to us. If such a transfer takes place, the competent tax authority may require us to pay enterprise income tax for ownership transfer income with reference to the market value, in which case the amount of tax could be substantial.

RISKS RELATING TO THE [REDACTED]

No public market currently exists for our Shares, an* [REDACTED] *for our Shares may not develop and the* [REDACTED] *for our Shares may decline.

No public market currently exists for our Shares. The initial **[REDACTED]** for our Shares to the public will be the result of negotiations between our Company and the **[REDACTED]** (on behalf of the **[REDACTED]**), and the **[REDACTED]** may differ significantly from the market price of the Shares following the **[REDACTED]**. We have applied to the Stock Exchange for the **[REDACTED]** of, and permission to **[REDACTED]**, the 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 Shares will not decline following the **[REDACTED]**.

***The* [REDACTED] *may be volatile, which could lead to substantial losses to* [REDACTED].**

The price and trading volume of our Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the market price of the shares of other companies engaging in similar business may affect the price and trading volume of our Shares. In addition to market and industry factors, **[REDACTED]** of our Shares may be highly volatile for specific business reasons, such as the results of clinical trials of our product candidates, the results of our applications for approval of our product candidates, regulatory developments affecting the biopharmaceutical industry, healthcare, health insurance and other related matters, fluctuations in our revenue, earnings, cash flows, investments and expenditures, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Stock Exchange with significant operations and assets in China have experienced price volatility in the past, and it is possible that our Shares may be subject to changes in price not directly related to our performance.

***There will be a gap of several days between* [REDACTED] *of our Shares, and the price of our Shares when* [REDACTED] *begins could be lower than the* [REDACTED].**

The **[REDACTED]** of our Shares **[REDACTED]** in the **[REDACTED]** is expected to be determined on the **[REDACTED]**. However, the Shares will not commence **[REDACTED]** on the Stock Exchange until they are delivered, which is expected to be five Business Days after the **[REDACTED]**. As a result, **[REDACTED]** may not be **[REDACTED]** in the Shares during that period. Accordingly, holders of our Shares are subject to the risk that the **[REDACTED]** begins could be lower than the **[REDACTED]** as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time **[REDACTED]** begins.

Future sales or perceived sales of our Shares in the public market by major Shareholders following the* [REDACTED] *could materially and adversely affect the* [REDACTED] *of our Shares.

Prior to the **[REDACTED]**, there has not been a public market for our Shares. Future sales or perceived sales by our existing Shareholders of our Shares after the **[REDACTED]** could result in a significant decrease in the prevailing market price of our Shares. Only a limited number of the Shares currently outstanding will be **[REDACTED]** due to contractual restrictions on disposal and **[REDACTED]**. Nevertheless, after these restrictions lapse or if they are waived, future sales of significant amounts of our Shares in the public market or the perception that these sales may occur could significantly decrease the prevailing market price of our Shares and our ability to raise equity capital in the future.

Purchasers of our Shares may experience further dilution if we issue additional Shares or other equity securities in the future, including pursuant to the share incentive schemes.

The **[REDACTED]** of our **[REDACTED]** is higher than the net tangible book value per share immediately prior to this **[REDACTED]**. Therefore, purchasers of our **[REDACTED]** in this **[REDACTED]** will experience an immediate dilution. Existing Shareholders will receive an increase in the **[REDACTED]** adjusted consolidated net tangible asset value per Share of their Shares. In order to expand our business, we may consider **[REDACTED]** and **[REDACTED]** additional Shares in the 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. Furthermore, we may issue Shares pursuant to the share incentive schemes, which would further dilute Shareholders' interests in our Company.

***Because we do not expect to pay dividends in the foreseeable future after the* [REDACTED]*, you must rely on price appreciation of our Shares for a return on your* [REDACTED].**

We currently intend to retain most, if not all, of our available funds and any future earnings after the **[REDACTED]** to fund the development and commercialization of our pipeline product candidates. 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 Shares as a source for any future dividend income.

Our Board has complete discretion as to whether to distribute dividends. Even if our Board decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions (if any) received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our Board. Accordingly, the return on your **[REDACTED]** in our Shares will likely depend entirely upon **[REDACTED]**. There is no guarantee that our Shares will appreciate in value after the **[REDACTED]** or even maintain the price at which you purchased the Shares. You may not realize a return on your **[REDACTED]** in our Shares and you may even lose your entire **[REDACTED]** in our Shares.

We cannot make fundamental changes to our business without the consent of the Stock Exchange.

Under Rule 18A.10 of the Listing Rules, without the prior consent of the Stock Exchange, we will not be able to effect any acquisition, disposal or other transaction or arrangement or any series of acquisitions, disposals or other transactions or arrangements, which would result in a fundamental change in our principal business activities as set forth in this document. As a result, we may be unable to take advantage of certain strategic transactions that we might otherwise choose to pursue in the absence of Rule 18A.10. Were any of our competitors that are not listed on the Stock Exchange to take advantage of such opportunities in our place, we may be placed at a competitive disadvantage, which could have a material adverse effect on our business, financial condition and results of operations.

We have significant discretion as to how we will use the net* [REDACTED] *of the* [REDACTED]*, and you may not necessarily agree with how we use them.

Our management may spend the net **[REDACTED]** from the **[REDACTED]** in ways you may not agree with or that do not yield a favorable return to our shareholders. We plan to use the net **[REDACTED]** from the **[REDACTED]** for the following purposes: Continuing research and development relating to relma-cel, including clinical studies in additional indications and registration; the commercial launch of relma-cel; continuing research and development relating to

JWCAR129 and pre-clinical candidates including Nex-G CD19, JWATM203 and JWATM204; potential exercise of our option to acquire certain rights from Acepodia; acquisition of rights to other additional pipeline candidates; and working capital and general corporate purposes. For additional information, see "Future Plans and **[REDACTED]** — **[REDACTED]**."

However, our management will have discretion as to the actual application of our net **[REDACTED]**. You are entrusting your funds to our management, whose judgment you must depend on, for the specific uses we will make of the net **[REDACTED]** from this **[REDACTED]**.

We are a Cayman Islands company and, because judicial precedent regarding the rights of shareholders is more limited under the laws of the Cayman Islands than other jurisdictions, you may have difficulties in protecting your shareholder rights.

Our corporate affairs are governed by our Memorandum and Articles of Association and by the Cayman Companies Law and the common law of the Cayman Islands. The rights of Shareholders to take legal action against our Directors and us, actions by minority Shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes and judicial precedent in existence in the jurisdictions where minority Shareholders may be located. See "Appendix IV — Summary of the Constitution of the Company and Cayman Companies Law" in this document.

As a result of all of the above, minority Shareholders may have difficulties in protecting their interests under the laws of the Cayman Islands through actions against our management, Directors or Substantial Shareholders, which may provide different remedies to minority Shareholders when compared to the laws of the jurisdiction in which such shareholders are located.

Facts, forecasts and statistics in this document relating to the biopharmaceutical industry may not be fully reliable.

Facts, forecasts and statistics in this document relating to the biopharmaceutical industry in and outside China are obtained from various sources that we believe are reliable, including official government publications as well as a report prepared by Frost & Sullivan that we commissioned. However, we cannot guarantee the quality or reliability of these sources. Neither we, the **[REDACTED]**, the Joint Sponsors, the **[REDACTED]** nor our or their respective affiliates or advisors have verified the facts, forecasts and statistics nor ascertained the underlying economic

assumptions relied upon in those facts, forecasts and statistics obtained from these sources. Due to possibly flawed or ineffective collection methods or discrepancies between published information and factual information and other problems, the statistics in this document relating to the biopharmaceutical industry in and outside China may be inaccurate and you should not place undue reliance on them. We make no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon.

***You should read the entire document carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us 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-looking information about us and the **[REDACTED]**. We have not authorized 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, prospective **[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.

You should rely solely upon the information contained in this document, the **[REDACTED]** and any formal announcements made by us in Hong Kong when making your **[REDACTED]** decision regarding our Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the **[REDACTED]** or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication. Accordingly, prospective **[REDACTED]** should not rely on any such information, reports or publications in making their decisions as to whether to **[REDACTED]** in our **[REDACTED]**. By **[REDACTED]** our Shares in the **[REDACTED]**, you will be deemed to have agreed that you will not rely on any information other than that contained in this document and the **[REDACTED]**.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTIONS FROM 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 exemptions from compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong.

We do not have sufficient management presence in Hong Kong for the purposes of satisfying the requirements under Rule 8.12 of the Listing Rules. The Group's management, business operations and assets are primarily based outside Hong Kong. The headquarters and its business operations are based, managed and conducted in the PRC. Currently, the sole executive Director of the Company ordinarily resides in the PRC. The senior management team is based in the PRC and they manage the Group's business operations from the PRC. As our executive Director and the senior management team play very important roles in the Company's business operations, the Company considers that it is in the best interests of the Company for the executive Director and the senior management team to be based in the places where the Group has significant operations. As such, the Company does not, and will not for the foreseeable future, have a sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules. Accordingly, the Joint Sponsors have applied on behalf of our Company to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements:

(a) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives, namely Dr. Li, our executive Director and Ms. Suet Wing Leung, our company secretary, to be the principal communication channel at all times between the Stock Exchange and the Company. Each of our authorized representatives will be readily contactable by the Stock Exchange based on information provided to the Stock Exchange for the contact details of the authorized representatives. Both of our authorized representatives are authorized to communicate on our behalf with the Stock Exchange and shall be authorized to accept service of process and notices on behalf of our Company in Hong Kong under the Companies Ordinance;

(b) we will implement a policy to provide the latest contact details of each Director (such as mobile phone numbers and email addresses) to each of the authorized representatives and to the Stock Exchange. This will ensure that each of the authorized representatives and the Stock Exchange will have the means to contact all the Directors (including the independent non-executive Directors) promptly as and when required to address any urgent matters, including means to communicate with the Directors when they are travelling;

(c) we will ensure that all Directors who are not ordinarily resident in Hong Kong have valid travel documents to visit Hong Kong and will be able to come to Hong Kong to meet with the Stock Exchange within a reasonable period of time when required;

(d) we have retained the services of the Compliance Advisor, in accordance with Rule 3A.19 of the Listing Rules. The Compliance Advisor, among other things, will serve as an additional channel of communication in addition to the authorized representatives of our Company. The Compliance Advisor will provide our Company with professional advice on ongoing compliance with the Listing Rules and will be available to respond to enquiries from the Stock Exchange. We will ensure that the Compliance Advisor has prompt access to our Company's authorized representatives and Directors who will provide to the Compliance Advisor such information and assistance as the Compliance Advisor may need or may reasonably request in connection with the performance of the Compliance Advisor's duties. The Compliance Advisor will also provide advice in compliance with Rule 3A.23 of the Listing Rules; and

(e) meetings between the Stock Exchange and the Directors could be arranged through the authorized representatives or the Compliance Advisor, or directly with the Directors within a reasonable time frame. Our Company will inform the Stock Exchange as soon as practicable in respect of any change in the authorized representatives and/or the Compliance Advisor in accordance with the Listing Rules.

EXEMPTION IN RESPECT OF FINANCIAL INFORMATION IN THIS DOCUMENT

Section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires all documents to include matters specified in Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and to set out the reports specified in Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

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

Paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires a company 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 to the Companies (Winding Up and Miscellaneous Provisions) Ordinance further requires the company to include in its document a report by the auditors of the company with respect to (i) the profits and losses of the company and (ii) the assets and liabilities of the company for each of the three financial years immediately preceding the issue of the document.

Section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance provides that the SFC may issue, subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from the compliance with the relevant requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interests of the **[REDACTED]** public and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or would otherwise be unnecessary or inappropriate.

We are a global leading clinical stage cell therapy platform company. The Company is a biotech company as defined under Chapter 18A of the Listing Rules and is seeking the **[REDACTED]** under Chapter 18A of the Listing Rules. Rule 18A.03(3) of the Listing Rules requires that a biotech company must have been in operation in its current line of business for at least two financial years prior to **[REDACTED]** under substantially the same management. Rule 18A.06 of the Listing Rules further requires 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 of the Listing Rules shall instead reference 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 before the date of the **[REDACTED]** document.

In compliance with the above-mentioned requirements under the Listing Rules, the Accountants' Report of the Company set out in Appendix I to this document is currently prepared to cover the two financial years ended December 31, 2018 and 2019 and the six months ended June 30, 2020.

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

As such, the Joint Sponsors have applied on behalf of our Company to the SFC for a certificate of exemption from strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the requirements of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance 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) we are a global leading clinical stage cell therapy platform company focused on the development of cell therapies for the treatment of cancer. The Company is a Biotech Company as defined under Chapter 18A of the Listing Rules. Our Company will fulfill the additional conditions for Listing applicable to a company seeking the **[REDACTED]** under Chapter 18A of the Listing Rules;

(b) as at the Latest Practicable Date, we had not commercialized any products and therefore did not generate any revenue from product sales. Major financing activities conducted by us since our incorporation include our Pre-**[REDACTED]** Investments, the details of which have been fully disclosed in the section headed "History, Development and Corporate Structure" in this document;

(c) the Accountants' Report for each of the two financial years ended December 31, 2018 and 2019 and the six months ended June 30, 2020 has been prepared and is set out in Appendix I to this document in accordance with Rule 18A.06 of the Listing Rules;

(d) notwithstanding that the financial results set out in this document are only for the two financial years ended December 31, 2018 and 2019 and the six months ended June 30, 2020 in accordance with Chapter 18A of the Listing Rules, other information required to be disclosed under the Listing Rules and requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance has been adequately disclosed in this document pursuant to the relevant requirements. Therefore, strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the requirements of 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 and inconsistent with the principal requirements of Chapter 18A of the Listing Rules as this would require additional work to be performed by our Company and the Company's reporting accountants; and

(e) the Accountants' Report covering the two financial years ended December 31, 2018 and 2019 and the six months ended June 30, 2020 as set out in Appendix I to this document, together with other disclosure in this document, has already provided adequate and reasonable up-to-date information in the circumstances for the potential **[REDACTED]** to make an informed assessment of the business, assets and liabilities, financial position, management and prospects and to form a view on the track record of our Company. Therefore, the exemption would not prejudice the interest of the **[REDACTED]** public.

The SFC [has granted] a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with section 342(1)(b) 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 on the conditions that particulars of the exemption are set out in this document.

WAIVER AND EXEMPTION IN RELATION TO THE PRE-[REDACTED] INCENTIVIZATION SCHEME

Under Rule 17.02(1)(b) of, and paragraph 27 of Appendix 1A to, the Listing Rules, and the paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, this document is required to include, among other things, details of the number, description and amount of any shares in or debentures of our Company which any person has, or is entitled to be given, an option to subscribe for, together with certain particulars of each option, namely the period during which it is exercisable, the price to be paid for shares or debentures subscribed for under it, the consideration (if any) given or to be given for it or for the right to it and the names and addresses of the persons to whom it was given (the "**Share Incentive Disclosure Requirements**"). According to the Guidance Letter HKEX-GL11-09 (July 2009) (Updated in March 2014), the Stock Exchange would normally grant waivers from disclosing the names and addresses of certain grantees if the issuer could demonstrate that such disclosures would be irrelevant and unduly burdensome, subject to certain conditions specified therein.

As of the Latest Practicable Date, our Company had granted options under the Pre-**[REDACTED]** Incentivization Scheme to 130 grantees, including one member of the senior management and 129 other employees of our Group (who were granted options to subscribe for **[REDACTED]** Shares and **[REDACTED]** Shares, respectively), to subscribe for an aggregate of **[REDACTED]** Shares, representing approximately **[REDACTED]**% of the total number of Shares in issue immediately after completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised, no additional Shares are issued pursuant to the Share Incentivization Schemes and no

Syracuse Holdback Shares and Juno Settlement Shares are issued). For further details on the terms, please see the section headed "Appendix V — Statutory and General Information — D. Share Incentivization Schemes — 1. Pre-**[REDACTED]** Incentivization Scheme" to this document.

Subject to any alterations set out under the Pre-**[REDACTED]** Incentivization Scheme in the event of any **[REDACTED]**, rights issue, open **[REDACTED]**, sub-division, consolidation of shares, or reduction of capital of our Company that may take place after the **[REDACTED]**, the total number of shares subject to the options and RSUs granted under the Pre-**[REDACTED]** Incentivization Scheme and Restricted Share Unit Scheme shall be no more than **[REDACTED]** Shares, representing approximately **[REDACTED]**% of the issued share capital of our Company immediately upon completion of the **[REDACTED]** (excluding any Share which may fall to be **[REDACTED]** and **[REDACTED]** upon the exercise of the **[REDACTED]** or under the Pre-**[REDACTED]** Incentivization Scheme and Restricted Share Unit Scheme, and assuming Syracuse Holdback Shares and Juno Settlement Shares are not issued). As such, taking into account the Shares to be **[REDACTED]** and **[REDACTED]** under the Pre-**[REDACTED]** Incentivization Scheme and Restricted Share Unit Scheme, the shareholding of our Shareholders immediately following completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and without taking into account any additional Shares which may be **[REDACTED]** under the Share Incentivization Schemes, the Syracuse Holdback Shares and Juno Settlement Shares) will be diluted by approximately **[REDACTED]**%. The consequent impact on the earnings per ordinary Share for the years ended December 31, 2018 and 2019 and six months ended June 30, 2020 is nil, nil and nil, respectively, being the incremental impact to diluted earnings per share, since the options would not be included in the calculation of diluted earnings per share due to anti-dilution.

Our Company has applied to the Stock Exchange and the SFC, respectively for, (i) a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix 1A to, the Listing Rules; and (ii) a certificate of exemption under section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting the Company from strict compliance with the disclosure requirements under paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, on the ground that strict compliance with the above requirements would be unduly burdensome for our Company for the following reasons:

(a) material information relating to the options under the Pre-**[REDACTED]** Incentivization Scheme will be disclosed in this document, including the total number of Shares subject to the Pre-**[REDACTED]** Incentivization Scheme and the exercise price per Share (if applicable);

(b) given that 130 option grantees are involved, strict compliance with such disclosure requirements in setting out full details of all the option grantees under the Pre-**[REDACTED]** Incentivization Scheme in this document would be costly and unduly burdensome for the Company in light of a significant increase in cost and timing for information compilation, document preparation and printing;

(c) as of the Latest Practicable Date, among all the option grantees, there is one member of the senior management and the remaining 129 option grantees are only employees of our Group who are Independent Third Parties, and strict compliance with the Share Incentive Disclosure Requirements to disclose names, addresses, and entitlements on an individual basis in this document will therefore require substantial number of pages of additional disclosure that does not provide any meaningful information to the **[REDACTED]**;

(d) the grant and exercise in full of the options under the Pre-**[REDACTED]** Incentivization Scheme will not cause any material adverse impact to the financial position of our Company; and

(e) the lack of full compliance with the above disclosure requirements would not prevent the potential **[REDACTED]** from making an informed assessment of the activities, assets, liabilities, financial position, management and prospects of the Company.

The Directors consider that the information available as of the Latest Practicable Date that is reasonably necessary for potential **[REDACTED]** to make an informed assessment of the Company in their **[REDACTED]** decision making process has been included in this document. In light of the above, our Directors are of the view that the grant of the waiver and exemption sought under this application will not prejudice the interests of the **[REDACTED]**.

The Stock Exchange [has agreed] to grant to our Company a waiver under the Listing Rules on the conditions that:

(a) full details of the options granted under the Pre-**[REDACTED]** Incentivization Scheme to the senior management of the Company will be disclosed in the section headed "Appendix V — Statutory and General Information — D. Share Incentivization Scheme — 1. Pre-**[REDACTED]** Incentivization Scheme" to this document as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix 1A to, the Listing Rules, and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(b) with respect to the options granted by the Company under the Pre-**[REDACTED]** Incentivization Scheme to the remaining option grantees (being the other option grantees who are not Director, the senior management of the Company), disclosure will be made, on an aggregate basis, of (i) the aggregate number of such option grantees and the number of Shares underlying the options under the Pre-**[REDACTED]** Incentivization Scheme, (ii) any consideration paid for the grant of the options under the Pre-**[REDACTED]** Incentivization Scheme and (iii) the exercise period and the exercise price for the options granted under the Pre-**[REDACTED]** Incentivization Scheme;

(c) there will be disclosure in this document for the aggregate number of Shares underlying the Pre-**[REDACTED]** Incentivization Scheme and the percentage of our Company's total issued share capital represented by such number of Shares as of the Latest Practicable Date shall be disclosed in this document;

(d) the dilutive effect and impact on earnings per Share upon full exercise of the options under the Pre-**[REDACTED]** Incentivization Scheme shall be disclosed in this document;

(e) a summary of the major terms of the Pre-**[REDACTED]** Incentivization Scheme will be disclosed in the section headed "Appendix V — Statutory and General Information — D. Share Incentivization Scheme — 1. Pre-**[REDACTED]** Incentivization Scheme" to this document;

(f) a list of all the option grantees (including those persons whose details have already been disclosed in this document) who have been granted the options under the Pre-**[REDACTED]** Incentivization Scheme, containing all the particulars as required under the Share Incentive Disclosure Requirements, will be made available for public inspection in the section headed "Appendix VI — Documents Delivered to the Registrar of Companies and Available for Inspection — 2. Documents Available for Inspection" to this document;

(g) the grant of certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the SFC exempting the Company from the disclosure requirements provided in paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance; and

(h) the particulars of the waiver will be disclosed in this document.

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

The SFC [has agreed] to grant to our Company the certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance on condition that:

(a) a list of all the option grantees (including those persons whose details have already been disclosed in this document) who have been granted the options under the Pre-**[REDACTED]** Incentivization Scheme, containing all the particulars as required in paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, will be made available for public inspection, as described in the section headed "Appendix VI — Documents Delivered to the Registrar of Companies and Available for Inspection — 2. Documents Available for Inspection" to this document; and

(b) the particulars of the exemption will be disclosed in this document.

For further details of the Pre-**[REDACTED]** Incentivization Scheme, please see the section headed "Appendix V — Statutory and General Information — D. Share Incentivization Scheme — 1. Pre-**[REDACTED]** Incentivization Scheme" to this document.

CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which would potentially constitute continuing connected transactions for our Company under the Listing Rules following completion of the **[REDACTED]**. We have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, waivers from strict compliance with certain requirements set out in Chapter 14A of the Listing Rules for certain continuing connected transactions. For further details of such potential non-exempt continuing connected transactions and the waivers, please see the section headed "Connected Transactions — Waivers granted by the Stock Exchange" in this document.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Director		
Dr. Yiping James Li	Room 1701, Floor 17, 168 Shunchang Road, Shanghai, PRC	United States
Non-executive Directors		
Mr. Hans Edgar Bishop	2212 Queen Anne Ave N, #738, Seattle, WA 98109, United States	United States
Dr. Krishnan Viswanadhan	19 Michael Lane East Hanover, NJ 07936, United States	United States
Ms. Xing Gao (高星)	No. 701, Unit 2, Building 6, Block One, Donghuashinanli, Chongwen District, Beijing, PRC	PRC
Dr. Ann Li Lee	1920 4th Avenue Unit 2405, Seattle, Washington, WA 98101 United States	United States
Mr. Jinyin Wang (王金印)	Sanai Center, No. 15, Guanghuali, Chaoyang District, Beijing, PRC	PRC
Dr. Cheng Liu	19 West Hill Way, Orinda, California, CA 94563, United States	United States
Independent Non-executive Directors		
Mr. Yanling Cao (曹彦凌)	16/F, Tower 5, Bel Air On the Peak Island South (Phase IV), 68 Bel Air Peak Avenue, Pok Fu Lam, Hong Kong	Hong Kong
Mr. Chi Shing Li (李志成)	37B, Block 3, Pacific View, 38 Tai Tam Road, Tai Tam, Hong Kong	Singapore
Mr. Yiu Leung Andy Cheung (張耀樑)	Flat D, 51/F, Block 1, Queen's Terrace, 1 Queen Street, Sheung Wan, Hong Kong	Canada
Mr. Kin Cheong Kelvin Ho (何建昌)	Flat 2709, Floor 27, Ka Yeung Hse, Ka Shing Crt, Fanling, Hong Kong	Hong Kong

For further details, please see the section headed "Directors and Senior Management" in this document.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors	**Goldman Sachs (Asia) L.L.C.** 68/F, Cheung Kong Center 2 Queen's Road Central Hong Kong **UBS Securities Hong Kong Limited** 52/F, Two International Finance Centre 8 Finance Street Central Hong Kong
[REDACTED]	**[REDACTED]**
Legal Advisors to our Company	*As to Hong Kong laws:* **Fangda Partners** 26/F, One Exchange Square 8 Connaught Place Central Hong Kong **Shearman & Sterling** 21/F, Gloucester Tower The Landmark 15 Queen's Road Central Central Hong Kong *As to United States laws:* **Shearman & Sterling** 21/F, Gloucester Tower The Landmark 15 Queen's Road Central Central Hong Kong

	As to PRC laws: **Tian Yuan Law Firm** 10/F, CPIC Plaza B No. 28 Fengsheng Lane, Xicheng District Beijing, PRC *As to Cayman Islands laws:* **Maples and Calder (Hong Kong) LLP** 26th Floor, Central Plaza 18 Harbour Road Wanchai Hong Kong
Legal Advisors to the Joint Sponsors and the [REDACTED]	*As to Hong Kong and United States laws:* **Davis Polk & Wardwell** 18/F, The Hong Kong Club Building 3A Chater Road Hong Kong *As to PRC laws:* **Commerce & Finance Law Offices** 6/F NCI Tower A12 Jianguomenwai Avenue Chaoyang District, Beijing PRC
Auditor and Reporting Accountant	**PricewaterhouseCoopers** Certified Public Accountants and Registered Public Interest Entity Auditor 22/F Prince's Building Central, Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** 1018, Tower B 500 Yunjin Road Shanghai, PRC
Compliance Advisor	**Guotai Junan Capital Limited** 27th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
[REDACTED]	**[REDACTED]**

CORPORATE INFORMATION

Registered Office	The offices of Maples Corporate Services Limited PO Box 309, Ugland House Grand Cayman, KY1-1104 Cayman Islands
Headquarters in the PRC	4F, Building 42 No. 225 Meisheng Road Pilot Free Trade Zone, Shanghai PRC
Principal Place of Business in Hong Kong	31/F, Tower Two, Times Square 1 Matheson Street, Causeway Bay Hong Kong
Company's Website	**http://www.jwtherapeutics.com/** *(The information on the website does not form part of this document)*
Company Secretary	**Ms. Suet Wing Leung (梁雪穎)** *(ACIS, ACS)* 31/F, Tower Two, Times Square 1 Matheson Street, Causeway Bay Hong Kong
Authorized Representatives	**Dr. Yiping James Li** Room 1701, Floor 17, 168 Shunchang Road, Shanghai, PRC **Ms. Suet Wing Leung (梁雪穎)** 31/F, Tower Two, Times Square 1 Matheson Street, Causeway Bay Hong Kong
Audit Committee	Mr. Yiu Leung Andy Cheung (張耀樑) *(Chairman)* Mr. Kin Cheong Kelvin Ho (何建昌) Ms. Xing Gao (高星)
Remuneration Committee	Mr. Chi Shing Li (李志成) *(Chairman)* Mr. Yiu Leung Andy Cheung (張耀樑) Mr. Hans Edgar Bishop

CORPORATE INFORMATION

Nomination Committee	Mr. Chi Shing Li (李志成) *(Chairman)* Mr. Yanling Cao (曹彦凌) Dr. Krishnan Viswanadhan
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
Principal Banker	**China Construction Bank Shanghai Free Trade Zone Branch** No. 17 Jiafeng Road Shanghai PRC

The information and statistics set out in this section and other sections of this document were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, from the independent industry report prepared by Frost & Sullivan. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the **[REDACTED]**. *We believe that the sources of the information in this section and other sections of this document are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. The information from official and non-official sources has not been independently verified by us, the* **[REDACTED]**, *Joint Sponsors,* **[REDACTED]**, **[REDACTED]**, *any of the* **[REDACTED]**, *any of their respective directors and advisors, or any other persons or parties involved in the* **[REDACTED]**, *and no representation is given as to its accuracy. Accordingly, the information from official and non-official sources contained herein may not be accurate and should not be unduly relied upon. For further details of risks related to our industry, please see the section headed "Risk Factors — Risks Related to our Business and Industry" in this document.*

OVERVIEW OF IMMUNO-ONCOLOGY THERAPY MARKET

Global Immuno-oncology Therapy Market

The field of cancer treatment has developed significantly in the past century, progressing from surgery to immunotherapy. Main treatment methods today include surgery, radiotherapy, chemotherapy, targeted molecular therapy, and immunotherapy. Targeted molecular therapy and immunotherapy have revolutionized cancer treatment and are expected to further propel the growth of global oncology treatment markets.

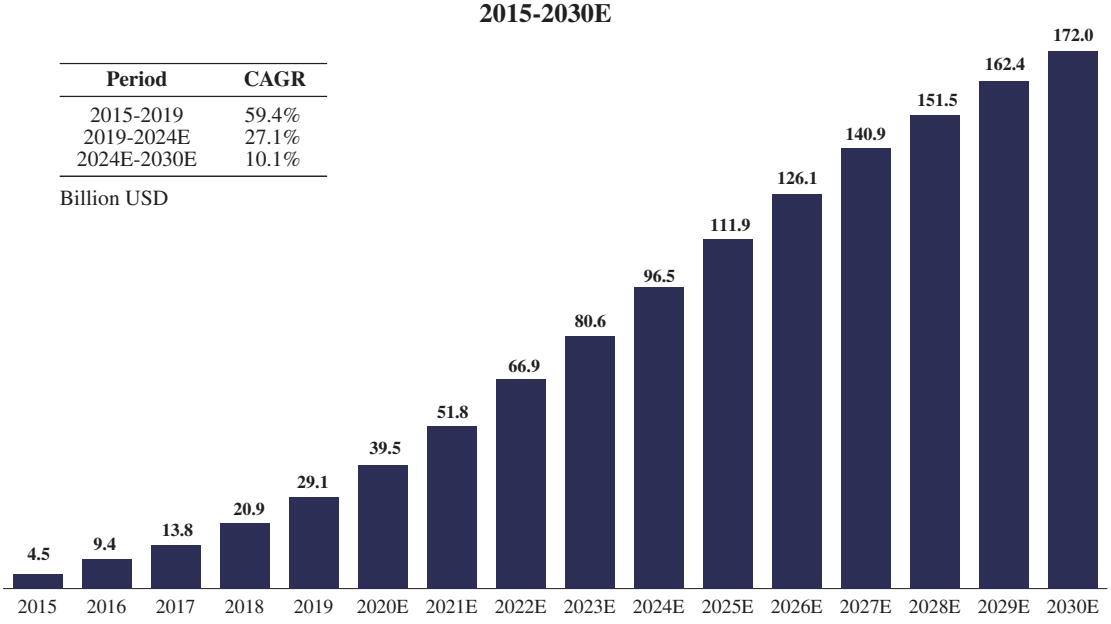
Over the last few years, immuno-oncology therapy has revolutionized cancer care. Immuno-oncology therapy is designed to stimulate the patient's own immune system to generate or augment an antitumor immune response in order to control or eradicate cancer cells. Due to its ability to provide durable remissions while being generally well-tolerated in certain patients with advanced cancers, the discovery and development of immuno-oncology therapy marks an important milestone in cancer treatment. Major types of immuno-oncology therapy include cellular immunotherapies, checkpoint inhibitors, therapeutic cancer vaccines and cytokines.

As shown in the following diagram, the global immuno-oncology therapy market has expanded significantly in recent years, and is expected to further expand at an accelerated pace in the coming years.

Historical and Forecasted Market Size of Global Immuno-Oncology Therapies Market, 2015-2030E

Period	CAGR
2015-2019	59.4%
2019-2024E	27.1%
2024E-2030E	10.1%

Billion USD



Source: Frost & Sullivan Analysis

OVERVIEW OF CELLULAR THERAPY AND CAR-T MARKET

Overview of Cellular Therapy

Cellular immunotherapy, also known as adoptive cell transfer (ACT) therapy, is a type of immunotherapy in which immune cells (mostly T-cells) are given to a patient for the treatment of cancers. The T-cells are usually taken from the patient's own blood or tumor tissues, grown in large numbers in the laboratory, and then infused into the patient to help their immune system kill tumor cells.

Major types of cellular immunotherapy include CAR-T, TCR-T, NK and TIL. The table below provides an overview of their cell source, common side effects and mechanism of action.

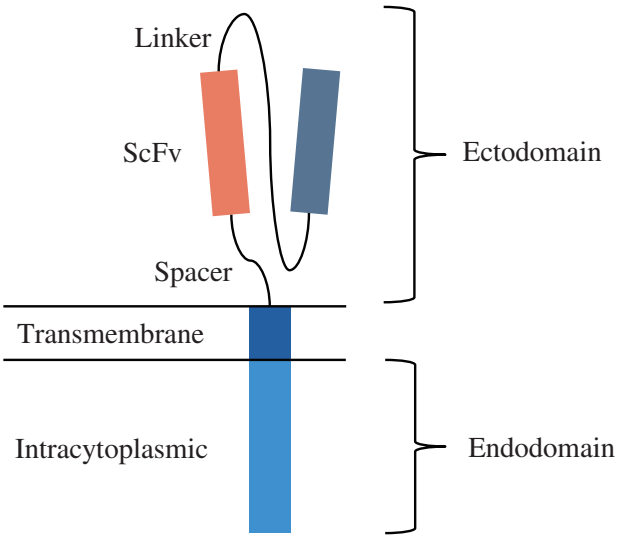
Type	Cell Source	Common Side Effects	Mechanism of Action
CAR-T	• Peripheral Blood Mononuclear Cells (PBMC) • Autologous or allogeneic cells	Cytokine release syndrome, B-cell aplasia, Neurotoxicity	Chimeric antigen receptors (CARs) targeting tumor-associated antigens (TAA) are genetically engineered and introduced into T-cells which could bypass MHC restriction and direct specific cytotoxicity to the antigen on tumor cells. CAR-T are expanded and infused back into patients to realize tumor suppression.
TCR-T	• Peripheral Blood Mononuclear Cells (PBMC) • Autologous or allogeneic cells	Cytokine release syndrome, neurotoxicity, temporary fever, shivering, nausea, rash dermatitis, vitiligo, uveitis, orchitis	T-cells are taken from patients and then the T-cell receptors are modified genetically through the bioengineering of the TCR α-and β-glycoprotein antigen-binding domain. Alteration of T-cell receptors allows for the development and expansion of T lymphocytes with higher specificity to tumor neoantigens presented by the human leukocyte antigen system.
NK	• Autologous or allogeneic (for adoptive transfer) • In vivo potentiation • NK cell lines	Usually controllable immune side effects, such as fever	The NK cells, which are part of human innate immune system, are harnessed to attack cancer cells through in vivo potentiation of NK cell proliferation and activity. Activation, adoptive transfer of NK cells, or genetic modification of NK cells could enhance the tumor cell killing efficacy.
TIL	• Fresh resected tumor specimen or allogeneic cells	Thrombocytopenia, chills, anemia, febrile neutropenia	Naturally occurring tumor-infiltrating lymphocytes (TILs) are harvested, and then the T-cells are later activated and expanded *ex vivo* and re-infused into lymphodepleted patients, where they can then seek out and destroy tumors.

Mechanism and Structure of CAR-T

CAR-T are T-cells that have been genetically modified to produce an artificial antigen receptor, which gives T-cells the new ability to target a specific protein.

The genetically modified T-cells have receptors on their surface called chimeric antigen receptors (CARs). The CARs can combine with antigens on the tumor cell surface to trigger the intracellular signaling to activate T-cells, resulting in the elimination of tumor cells.

The following diagram illustrates the mechanism of action of CAR-T:



CARs' extracellular domain consists of the single chain variable fragment (scFv) from a monoclonal antibody, which recognizes a tumor-associated antigen (TAA). Various hinges and transmembrane domains are used to link the recognition domain with the intracellular signaling molecules.

Advantages Compared to Common Cancer Treatments

Cellular immunotherapy has the following advantages:

- *Specificity*: Cellular immunotherapy activates T-cells that target specific tumor antigens. Some activated T-cells differentiate into effector cells that can kill tumor cells directly or indirectly, while other activated T-cells can promote the differentiation of B cells into antibody-producing plasma cells.

- *Adaptability*: Tumor cells in patients often mutate frequently allowing it to evade targeted therapies and the immune system. However, the immune system is able to produce a limited number of T-cells and B cells aimed at mutated antigens. These immune cells can be activated and expanded in vitro then infused back into the patients to kill the mutated tumor cells. In cellular immunotherapy, tumor antigens will be released after T-cells kill the tumor cells, which can in turn activate more T-cells and B cells to kill mutated tumor cells.

- *Persistence and long lasting efficacy*: Cellular immunotherapy can stimulate the body's immune memory and prolong the immune system's antitumor response. Some activated immune cells become memory cells which can maintain the specific ability to recognize

antigens and clear lesion cells during subsequent antigen invasions. The durability of cancer immunotherapy therefore has a significant advantage in preventing tumor recurrence compared with traditional cancer therapies.

CAR-T therapies have the following specific advantages:

- *Efficacy for r/r patients*: The treatment of hematological cancers is challenging as some patients many fail to respond to treatment or are more susceptible to relapse due to drug resistance. CAR-T therapies provide an effective treatment option for patients who have failed previous lines of treatment, thereby increasing their chance of getting better survival benefits.

- *Shorter course of treatment*: Compared to conventional therapies, such as chemotherapy and rituximab based combo-therapies that typically require treatment of six to eight months and longer hospital stays for toxicity management, CAR-T therapy generally can be administered with a single infusion with typically less than two weeks of hospitalization for monitoring, leading to potentially less adverse side effects and better patient tolerance, as well as smaller psychological burden.

- *Promising for older age groups*: Unlike conventional therapies that need to be used in sub-optimal doses to treat older patients due to lower tolerance levels, CAR-T therapies have shown promising results indicating that they are well-tolerated in all age groups.

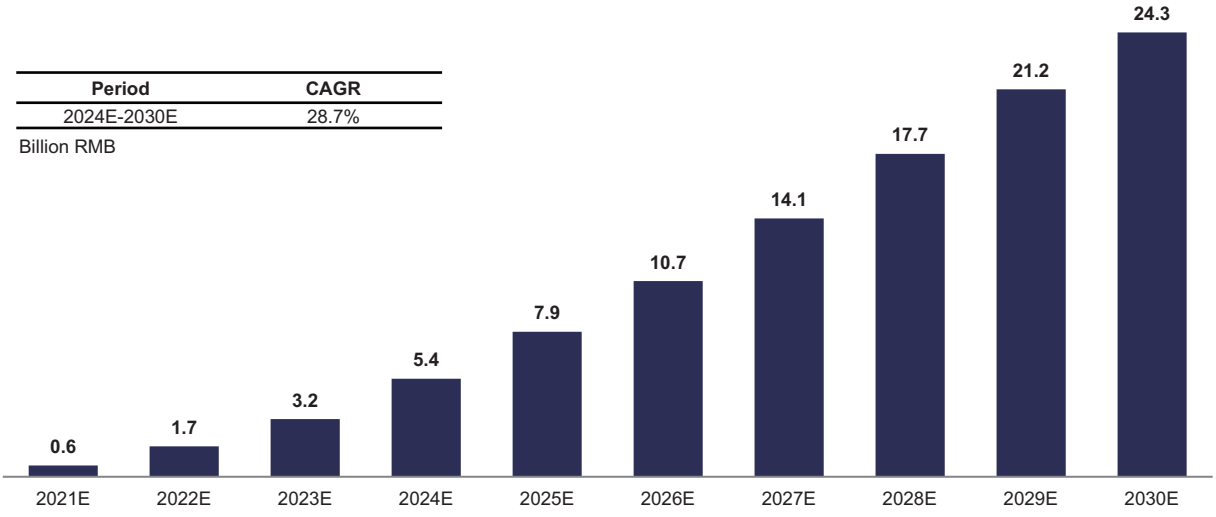
Global CAR-T Market

After the approval of the first two CAR-T products, Yescarta and Kymriah, in 2017, the global CAR-T market expanded from approximately US$13 million in 2017 to approximately US$734 million in 2019. It is expected to further expand to US$4.7 billion in 2024, representing a CAGR of 45.3% from 2019, and to US$18.1 billion in 2030 at a CAGR of 25.0% from 2024.

China CAR-T Market

While there are currently no approved CAR-T products in China, due to the expected launch of new products, the size of the China CAR-T market is expected to be RMB0.6 billion by 2021. Driven by an increasing number of patients diagnosed with cancer, growing affordability and favorable regulatory environment, the China CAR-T market is expected to grow to RMB5.4 billion by 2024 and to RMB24.3 billion by 2030, respectively, at a CAGR of 28.7% from 2024.

Forecasted Market Size of China CAR-T Therapy Market, 2021-2030E



Source: Frost & Sullivan Analysis

Broad Drivers Contributing to China CAR-T Market Growth

The broad drivers contributing to the growth of China's CAR-T market are as follows:

Increasing Patient Population Diagnosed with Cancer

The increasing incidence of cancer, especially of treatment naïve and early-stage patients, is driving the development of cellular immunotherapy in China. New cases of cancer patients have been increasing steadily in past years due to an increasingly aging population, dietary habits and the implementation of early screening, reaching a total of approximately 4.4 million in 2019. However, the increasing patient population still has limited cancer treatment options. Cellular immunotherapy, which is able to address unmet clinical needs with potentially superior efficacy and less side effects, represents a significant market opportunity in China.

Improving Affordability

Driven by rapid economic development, the average disposable income of Chinese households has increased significantly in the last five years, and is expected to further increase in the future, which will enhance the willingness and ability of patients to pay for more expensive treatments. Furthermore, due to a favorable regulatory environment, demand for commercial health insurance has also shown significant growth since 2017, and consequently, is expected to lead to an increase in healthcare expenditures and increasing acceptance of expensive and innovative treatments. From 2014 to 2018, the commercial health insurance premium per capita in China experienced rapid growth, representing a CAGR of 35.4%. In 2019, 3.6% of the total healthcare expenditures in China were paid with commercial health insurance and is expected to increase rapidly to 17.9% by 2030.

In recent years, the National Reimbursement Drug List (NRDL) has conducted three price negotiations and incorporated over 30 anti-cancer drugs in order to control drug prices and increase affordability for patients, which could signify a potential opportunity for cellular immunotherapies to be covered by the NRDL in the future.

Favorable Policy

Since 2017, China's healthcare system has pushed forward significant reforms, including the promulgation of a number of policies that encourage drug innovation, simplification of the review process of clinical trial and new drug application and expansion of medical reimbursement. For example, the implied approval system for INDs allow the applicant to start conducting clinical trials in accordance with its submitted clinical trial plan, if a negative or doubtful opinion is not received from the CDE within 60 days of the submission of the IND application. As a result of these favorable policies and guidelines, currently over ten cellular immunotherapy products have obtained implied approval and started clinical trials, which is expected to expedite the development and drive the growth of China's cellular immunotherapy market.

In addition, Chinese regulations strictly oversee and regulate the collection and utilization of human inheritance material, such as organs, tissues and cells. As such materials cannot be collected, stored and processed by foreign-controlled entities, the cellular immunotherapy products have to be manufactured in China.

Increasing CAR-T Therapy Eligible Hospitals

Currently, most hospitals in China that have been selected as clinical trial sites for CAR-T therapy are Class III Grade A hospitals. Since Class III Grade A hospitals have strong scientific medical research capabilities, qualified personnel and adequate laboratories and equipment, they are more likely to be eligible to provide CAR-T therapy. As there is already a large number of Class III Grade A hospitals in China (approximately 1,442), it is expected that as more hospitals become qualified to provide CAR-T therapies, this will contribute to the growth of the China CAR-T market.

Increasing Capital Investment

A large number of investors consider cellular immunotherapies to be promising for the treatment of cancer, especially their potential capacity to significantly increase overall survival rates. This has stimulated investor interest in bringing substantial capital into the field, which significantly promotes the progress of cellular immunotherapy development in China.

Overview of CD19-Targeted CAR-T

CD19 is one of the important membrane antigens involved in the activation and proliferation of B cells. It is expressed on all stages of B cells except in plasma cells. It is involved in modulating both B cell receptor-dependent (BCR dependent) and independent signaling, and thus critical for the body to mount an optimal immune response. The majority of B cell malignancies, such as NHL, ALL and CLL, express CD19 at normal to high levels in all of a patient's cancer cells.

CD19-targeted CAR-T works by preventing BCR or other related ligands from binding to CD19, and at the same time elicits the immunological activity of T-cells. The binding of CD19+ cells and CAR-T activates the T-cell receptors' signaling cascade that leads to an overall impaired humoral immune response and ultimately lysis of the targeted tumor cells. The following diagram illustrates the mechanism of action of a CD19 targeted CAR-T.

Competitive Landscape of CD19 Market in China

The following table shows the pipeline of CAR-T products targeting CD19 in China.

Company	Product	Target	Indications	Status	Date
JW Therapeutics	**CAR-T**	**CD19**	**R/R B-cell NHL**	**NDA**	**2020-6-30**
Fosun Kite	CAR-T	CD19	R/R B-cell NHL	NDA	2020-2-26
Novartis	CAR-T	CD19	R/R B-cell NHL	Phase III	2020-6-15
Carsgen Therapeutics	CAR-T	CD19	R/R B-cell NHL	Phase II	2019-6-13
Immunochina Medical	CAR-T	CD19	R/R B-cell NHL	Phase I/II	2020-6-30
Hrain Biotech	CAR-T	CD19	R/R B-cell NHL	Phase I	2018-8-19
			R/R ALL	Phase I	2019-1-4
Galaxy Biomedical	CAR-T	CD19	R/R B-cell NHL	Phase I	2019-3-14
Shanghai Cell Therapy	CAR-T	CD19	R/R B-cell NHL	Phase I	2019-8-23
Precision Biotech	CAR-T	CD19	R/R B-cell ALL	Phase I	2019-11-25
Huadao CAR T	CAR-T	CD19	R/R ALL R/R B-cell NHL	Phase I	2019-12-2
Juventas Biotech	CAR-T	CD19	R/R B-cell NHL	Phase I	2020-1-13
			R/R ALL	Phase I	2020-1-16

Note: Pipeline information as of July 31, 2020; for NDA candidates, the date refers to the NDA acceptance date, while for clinical-stage candidates, date refers to CDE initial public date (首次公示信息日期).

Source: *CDE, Frost & Sullivan Analysis*

Overview of BCMA-Targeted CAR-T

BCMA is a protein normally expressed in B cells, and its overexpression and activation are associated with MM through a proliferation-inducing (APRIL) or B cell activating factor (BAFF) ligand binding, which promotes proliferation, survival, drug-resistance and anti-apoptosis of myeloma cells. Upon interaction between the genetically modified CARs and tumor-associated antigen (BCMA in this case) on the targeted tumor cells, cellular lysis will be initiated, thereby leading to cancer cell death. The following diagram illustrates the mechanism of action of a BCMA-targeted CAR-T.

Competitive Landscape of BCMA Market in China

There are currently no approved CAR-T products globally that target BCMA. The following table shows the clinical stage CAR-T products targeting BCMA in China and the current status of their respective clinical trials.

Company	Product	Target	Indications	Clinical Trial Status	Date
Legend Biotech	CAR-T	BCMA	R/R MM	Phase II	2018/8/13
Carsgen Therapeutics	CAR-T	BCMA	R/R MM	Phase I	2019/6/6
Hrain Biotech	CAR-T	BCMA	R/R MM	Phase I	2019/6/13
IASO Biotherapeutics/ Innovent Biologics	CAR-T	BCMA	R/R MM	Phase I	2020/1/14

Note: Pipeline information as of July 31, 2020; for clinical-stage candidates, date refers to CDE initial public date (首次公示信息日期).
Source: *CDE, Frost & Sullivan Analysis*

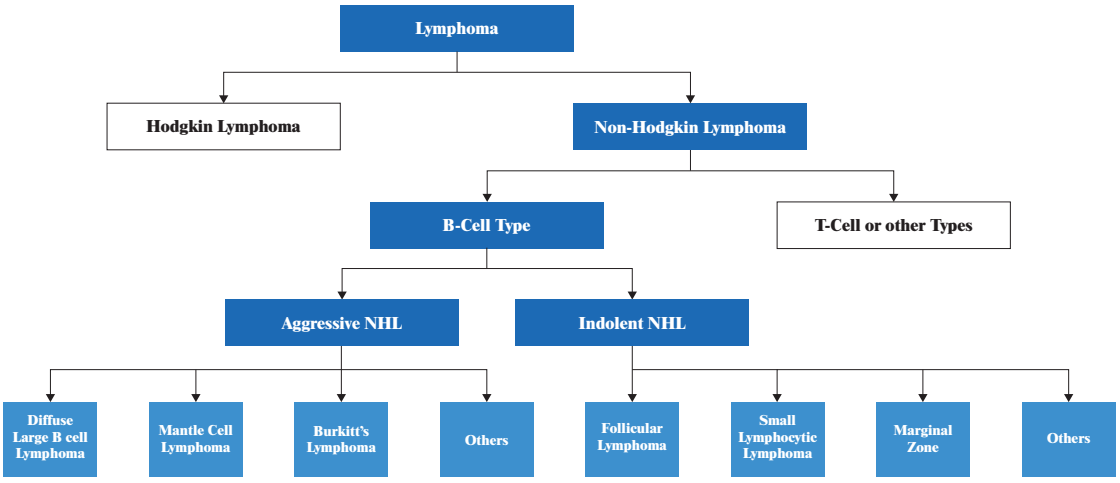
OVERVIEW OF THERAPEUTIC AREAS OF INTEREST

Lymphomas

Overview

Lymphomas are hematologic cancers involving lymphoceles of the immune system. They can be broadly categorized into non-Hodgkin's lymphomas (NHL), and Hodgkin's lymphoma (HL). NHL consists of a heterogeneous group of malignancies arising from lymphoid tissues, and accounts for around 90% of all lymphomas.

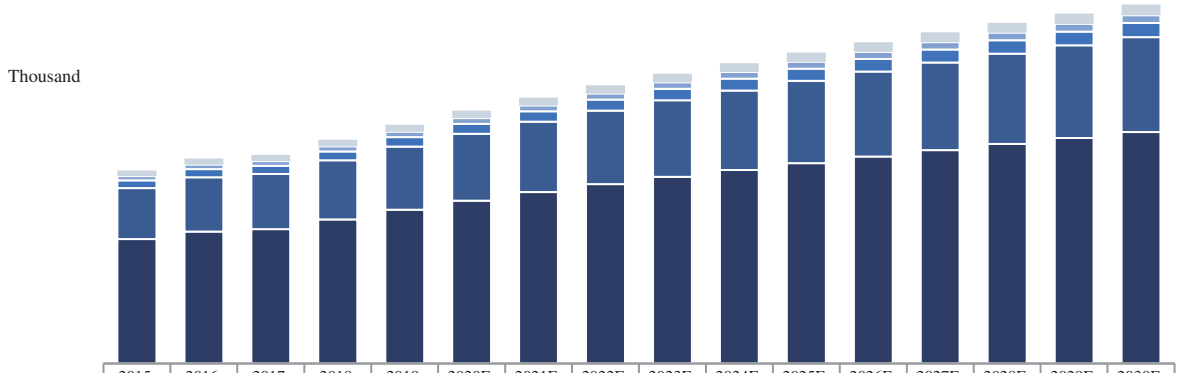
Depending on the origin of the cancer cells, NHL can be characterized as either B cell, T-cell or other types of lymphomas. B cell lymphomas account for approximately 85% of all NHL subtypes and consist of various distinct diseases involving B cells at different stages of maturation or differentiation. B cell lymphomas can also be categorized into aggressive NHL, such as Diffuse Large B Cell Lymphoma (DLBCL), Mantle Cell Lymphoma (MCL), and Burkitt's Lymphoma (BL), and indolent NHL, such as Small Lymphocytic Lymphoma (SLL), Follicular Lymphoma (FL) and Marginal Zone Lymphoma (MZL). The following diagram illustrates the categorization of different types of lymphomas.



Source: Journal of Diagnostics Concepts & Practice, Frost & Sullivan Analysis

In China, NHL prevalence reached 485.0 thousand in 2019 and is expected to reach approximately 610.4 thousand in 2024, representing a CAGR of 4.7% from 2019, and approximately 729.5 thousand in 2030, representing a CAGR of 3.0% from 2024. The following chart shows the historical and expected NHL prevalence in China by the subtypes:

Prevalence of China NHL Subtype, 2015-2030E



	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
CLL/SLL	18.1	19.2	19.5	20.9	22.3	23.7	24.9	26.0	27.1	28.1	29.1	30.0	31.0	31.9	32.7	33.6
MCL	13.4	14.2	14.4	15.5	16.5	17.5	18.4	19.2	20.0	20.8	21.5	22.2	22.9	23.6	24.2	24.8
FL	24.0	25.4	25.9	27.8	29.6	31.4	33.0	34.5	35.9	37.3	38.6	39.8	41.1	42.3	43.4	44.5
DLBCL	161.1	170.9	173.9	186.5	199.1	210.8	221.8	232.0	241.5	250.5	259.2	267.8	276.1	284.1	291.8	299.3
Total	392.3	416.4	423.7	454.5	485.0	513.7	540.4	565.3	588.5	610.4	631.8	652.7	673.0	692.5	711.3	729.5

Note: CLL and SLL are the different forms of the same disease.

Source: NCCR, Frost & Sullivan Analysis

Additionally, new cases of NHL in China reached 90.3 thousand in 2019, and is expected to increase to approximately 101.8 thousand in 2024, representing a CAGR of 2.4% from 2019, and to approximately 115.9 thousand in 2030 at a CAGR of 2.2% from 2024.

Treatment Paradigm, Limitations and Unmet Medical Needs

Currently, as there is no cure, the primary treatment goal for NHL is to induce and prolong remission. The primary treatment options for NHL in China vary by specific patient conditions and different subtypes of NHL, but generally comprise a monoclonal antibody (rituximab) in combination with chemotherapy. The following tables illustrate the current treatment paradigms and their corresponding features for DLBCL, FL, MCL and CLL in China.

Treatment paradigm for DLBCL in China:

Therapy Regimen	Drug Categories	Recommended Drugs & Therapies	Features
1st Line	Monoclonal antibody + Chemotherapy	R-CHOP, R-miniCHOP, R-CHOEP, R-DAEPOCH	• Rituximab in combination with traditional chemotherapy is currently the major choice covering all lines of DLBCL treatment. • Emerging therapies such as BTK inhibitors ibrutinib is also mentioned with a lower evidence level of recommendation to treat non-GCB subtype of R/R DLBCL patients. However, so far, ibrutinib has not been approved for DLBCL worldwide.
2nd Line	Monoclonal antibody + Chemotherapy	R-DHAP, R-ICE, R-GDP, R-ESHAP, R-GD, R-DAEPOCH, R-GemOx, R-MINE	
	Small molecule targeted therapy	Ibrutinib (BTK inhibitor)	
3rd Line	Monoclonal antibody + Chemotherapy	R-DHAP, R-ICE, R-GDP, R-ESHAP, R-DAEPOCH, R-GemOx, R-MINE	
	Small molecule targeted therapy	Ibrutinib (BTK inhibitor)	
	Monoclonal antibody + Small molecule targeted therapy	R2	

Abbreviations

R-CHOP(rituximab, cyclophosphamide, doxorubicin, vincristine, prednisone);
R-CHOEP(rituximab, cyclophosphamide, doxorubicin, vincristine ,etoposide, prednisone);
R-DAEPOCH(rituximab, etoposide, prednisone, vincristine, cyclophosphamide, doxorubicin);
R-miniCHOP(rituximab, lower dosage of CHOP) ;
R-DHAP(rituximab, dexamethasone, cisplatin, cytarabine);
R-ESHAP(rituximab, etoposide, methylprednisolone, cytarabine, cisplatin);
R-GemOx(rituximab, gemcitabine, oxaliplatin);
RICE(irituximab, fosfamide, carboplatin, etoposide);
RMINE(rituximab, mesna, ifosfamide, mitoxantrone, etoposide);R²(rituximab, lenalidomide);
R-GD(rituximab, gemcitabine, dexamethasone);
R2 (rituximab, revlimid)
R-GDP(rituximab, gemcitabine, dexamethasone, cisplatin);

Source: CSCO, Frost & Sullivan Analysis

Treatment paradigm for FL in China:

Therapy Regimen	Drug Categories	Recommended Drugs & Therapies	Features
1st Line	Monoclonal antibody	Rituximab, Obinutuzumab	• Rituximab in combination with traditional chemotherapy is currently the major choice covering all lines of FL treatment. Since FL is likely to transform into DLBCL when relapse occurs, so the second line FL treatment regimen could refer to the corresponding regimen of DLBCL. • Emerging therapies such as some PI3K inhibitors are also mentioned in the guidelines for R/R FL treatment, but both of them has low accessibility because they are not marketed in China. • Since FL is currently incurable, all treatment regimens will fail ultimately due to drug resistance and lead to relapse.
	Chemotherapy	Chlorambucil, Cyclophosphamide	
	Monoclonal antibody + Chemotherapy	R-CHOP, R-CVP, R-Bendamustine, R-Alkylating agent	
	Monoclonal antibody + Small molecule targeted therapy	R-Lenalidomide	
2nd Line*	Monoclonal antibody	Rituximab	
	Chemotherapy	Chlorambucil, Cyclophosphamide	
	Monoclonal antibody + Chemotherapy	R-CHOP, R-CVP, R-Bendamustine, Alkylating agent - Rituximab	
	Monoclonal antibody + Small molecule targeted therapy	R-Lenalidomide	
	Small molecule targeted therapy	Idelalisib, Copanlisib (PI3K inhibitors)	

* *The second line therapy of FL can also refer to the second line therapy regimen of DLBCL.*

Source: CSCO, Frost & Sullivan Analysis

Treatment paradigm for MCL in China:

Therapy Regimen	Drug Categories	Recommended Drugs & Therapies	Features
1st Line	Monoclonal antibody	Rituximab	• Rituximab in combination with traditional chemotherapy is currently the major choice covering all lines of MCL treatment. • BTK inhibitor Ibrutinib has been approved for MCL treatment in late stage is recommended in the guidelines with a high level. • Since MCL is currently incurable, all treatment regimens will fail ultimately due to drug resistance and lead to relapse.
	Monoclonal antibody + Chemotherapy	R-CHOP, R-DHAP, R-HyperCAVD, R-Bendamustine, VR-CAP, RBAC	
	Monoclonal antibody + Small molecule targeted therapy	R-Lenalidomide	
2nd Line	Small molecule targeted therapy	Lenalidomide, Bortezomib, Ibrutinib (BTK inhibitor)	
	Monoclonal antibody + Small molecule targeted therapy	R-Lenalidomide, R-Bortezomib, R-Ibrutinib, R-Ibrutinib-Lenalidomide	
	Monoclonal antibody + Chemotherapy	R-Bendamustine	
	Monoclonal antibody + Chemotherapy + Small molecule targeted therapy	R-Bendamustine-Bortezomib	

Source: CSCO, Frost & Sullivan Analysis

Treatment paradigm for CLL in China:

Therapy Regimen	Drug Categories	Recommended Drugs & Therapies	Features
1st Line	Chemotherapy + Monoclonal antibody	Chlorambucil-R, Bendamustine-R, Methylprednisolone-R, FCR, Fludarabine-R	• Currently, chemotherapy in combination with monoclonal antibody, as well as small molecule targeted therapy (BTK inhibitor) are primarily recommended for CLL treatment. • Even though BTK inhibitor has brought new front-line treatment options for CLL patients, some patients will ultimately develop drug resistance and lead to relapse.
	Small molecule targeted therapy	Ibrutinib (BTK inhibitor)	
	Monoclonal antibody	Rituximab	
	Chemotherapy	Bendamustine, Chlorambucil	
2nd Line	Small molecule targeted therapy	Ibrutinib (BTK inhibitor), Lenalidomide	
	Chemotherapy + Monoclonal antibody	Methylprednisolone-R, Chlorambucil-R, Bendamustine-R, FCR, Cyclophosphamide-R	
	Small molecule targeted therapy + Monoclonal antibody	Lenalidomide-R	

Source: CSCO, Frost & Sullivan Analysis

For DLBCL, FL, MCL and CLL, current treatment options generally have limited efficacy and rarely lead to a cure in patients. While emerging targeted drugs, such as BTK inhibitors, provide wider treatment options for MCL and CLL patients and potentially for patients of other NHL subtypes in the future, typically they eventually lead to drug resistance, which is a common drawback of targeted therapies. About 50% of NHL patients will eventually experience disease progression due to drug resistance, indicating a need for new treatment options. In particular, around 15% of DLBCL (the most common subtype of NHL) patients are characterized as primary refractory towards first-line R-CHOP therapy. For these refractory patients, treatments options with new modalities are needed.

In addition, NHL patients suffer from long treatment cycles (typically 6-8 cycles) and extended hospital stays, which are intended to facilitate monitoring by physicians. The treatment period may last even longer if the initial treatment combination fails to work and a switch to a different treatment is required. Another limitation of current treatments is the severe systemic adverse effects that result from off-target toxicity, potentially leading to side effects such as vomiting, nausea and hair loss. All of these factors may exert a heavy economic and physiological burden on patients, creating an urgent need for new treatment methods that have a better safety and efficacy profile.

Acute Lymphocytic Leukemia

Overview

Leukemia is a general name given to a group of cancers that develop in the bone marrow. Most cases of leukemia originate in developing white blood cells, but some leukemias are known to start in other blood cell types. There are several types of leukemia, which can be divided into four main categories based on disease progress (chronic or acute) and location (lymphocytic or myeloid) of the cancer. Acute lymphocytic leukemia (ALL) is characterized by a rapid increase in the number of immature blood cells, in which the DNA of the blood cells is damaged, and never matures to function as normal cells. ALL is more common in children and youth, also known as pediatric ALL (p-ALL), than in adults.

The prevalence of ALL in China grew to 142.6 thousand in 2019, and is expected to grow to approximately 149.0 thousand in 2024 representing a CAGR of 0.9% from 2019, and to approximately 156.8 thousand in 2030 representing a CAGR of 0.8% from 2024. In China, new cases of ALL increased to 12.6 thousand in 2019, and is expected to grow to approximately 13.6 thousand in 2024 representing a CAGR of 1.5% from 2019, and to approximately 14.7 thousand in 2030 representing a CAGR of 1.4% from 2024. p-ALL accounts for approximately 85% of ALL cases in China.

Treatment Paradigm, Limitations and Unmet Medical Needs

Currently, chemotherapies are the most widely used therapies for p-ALL in different stages of the therapy. Even though some small-molecule targeted therapies such as TKI has been adopted to treat certain subtypes of p-ALL, these patients will eventually develop drug resistance. In addition, for the replased p-ALL patients, available treatment options are limited, demonstrating further unmet clinical needs.

Multiple Myeloma

Overview

Multiple Myeloma (MM) is a cancer of the plasma cells in the bone marrow. Plasma cells are antibody-producing white blood cells that are critical to the immune system. Myeloma begins when healthy plasma cells become cancerous and grow out of control. MM often results in extensive skeletal destruction with osteolytic lesions, osteopenia, and/or pathologic fractures. Multiple myeloma can be subdivided into hyperdiploid MM (h-MM) and non-hyperdiploid MM (nh-MM) based on their aneuploidy status, both of which have different prognosis and survival outcomes. Patients with h-MM tend to have a better prognosis than those with nh-MM. Symptoms of MM include bone pain, low blood count, high blood levels of calcium and symptoms relating to the nervous system.

The prevalence of MM in China grew to 101.9 thousand in 2019, and is expected to grow to approximately 167.2 thousand in 2024 representing a CAGR of 10.4% from 2019, and to approximately 266.3 thousand in 2030 representing a CAGR of 8.1% from 2024. In China, new cases of MM increased to 20.7 thousand in 2019, and is expected to grow to approximately 23.8 thousand in 2024 representing a CAGR of 2.9% from 2019, and to approximately 27.7 thousand in 2030 representing a CAGR of 2.5% from 2024.

Treatment Paradigm, Limitations and Unmet Medical Needs

Currently, no antibody drugs are recommended as a first-line therapy for MM treatment in China. However, small molecule targeted drugs have been used in different combinations and with chemotherapy to treat patients. The following table illustrates the current treatment paradigm for MM in China.

Therapy Regimen	Drug Categories	Recommended Drugs & Therapies	Features
1st Line	Small molecule targeted therapy	BD; Rd	• Small molecule targeted drugs such as bortezomib and lenalidomide are adopted for MM patients both at their initial and recurrent occurrence. • The CD38 targeting monoclonal antibody daratumumab has been recommended in treatment of r/r MM patients but has not been approved as a first-line therapy. • CAR-T trials are considered as a prioritized option for suitable relapsed/refractory patients.
	Small molecule targeted therapy + Chemotherapy	RVd; PAD; BCD; BTD; TAD; TCD; RCD; VMP; MPT; MPR	
2nd Line	Monoclonal antibody + Small molecule targeted therapy	DRD; DVD; DID	
	Small molecule targeted therapy	IRd	
	Small molecule targeted therapy + Chemotherapy	DCEP ± B; DT-PACE ± V	
	Cellular immunotherapy	CAR-T clinical trail	

Abbreviations

BD (bortezomib, dexamethasone);
Rd (lenalidomide, dexamethasone);
RVd (lenalidomide, bortezomib, dexamethasone);
PAD (bortezomib, doxorubicin, dexamethasone);
BCD (bortezomib, cyclophosphamide, dexamethasone);
BTD (bortezomib, thalidomide, dexamethasone);
TAD (thalidomide, dexamethasone, doxorubicin);
IRd (Ixazomib, lenalidomide, dexamethasone);
DRD (daratumumab, lenalidomide, dexamethasone);
DVD (daratumumab, bortezomib, dexamethasone);
DID (daratumumab, Ixazomib, dexamethasone);
DCEP ±B (dexamethasone, thalidomide, etoposide, cisplatin ±bortezomib);
DT-PACE ±V (dexamethasone, thalidomide, cisplatin, doxorubicin, cyclophosphamide, etoposide ± velcade)
TCD (thalidomide, cyclophosphamide, doxorubicin);
RCD (lenalidomide, cyclophosphamide, doxorubicin);
VMP (prednisolone acetate, melphalan, bortezomib);
MPT (prednisolone acetate, melphalan, thalidomide);
MPR (prednisolone acetate, melphalan, lenalidomide);

Source: Chinese guidelines for diagnosis and treatment of multiple myeloma (2020), Frost & Sullivan Analysis

Even though efforts have been made to treat MM, the current treatment paradigm of MM in China presents various challenges and limitations. First, MM remains incurable and is accompanied by various serious complications as the disease progresses, which also makes the disease difficult to manage. Second, current primary treatment options generally have limited efficacy due to drug resistance leading to high relapse rates. Current treatments also often lead to severe side effects and require long treatment cycles. Finally, the aging population in China is leading to more patient fragility, which makes conventional treatments more dangerous.

Hepatocellular Carcinoma

Overview

Liver cancer is the fourth most common cancer and the second leading cause of death from cancer in China in 2019. Hepatocellular carcinoma (HCC) is the predominant type of liver cancer, accounting for approximately 90% of all liver cancer cases, and is one of the most lethal cancers.

In China, new cases of HCC reached 369.4 thousand in 2019, and is expected to grow to approximately 416.5 thousand in 2024 representing a CAGR of 2.4% from 2019, and to approximately 473.4 thousand in 2030 representing a CAGR of 2.2% from 2024. The prevalence of HCC in China increased to 551.3 thousand in 2019, and is expected to grow to approximately 810.7 thousand in 2024 representing a CAGR of 8.0% from 2019, and to approximately 1.2 million in 2030 representing a CAGR of 6.8% from 2024.

Treatment Paradigm, Limitations and Unmet Medical Needs

HCC is often associated with hepatitis B, hepatitis C, cirrhosis, and non-alcoholic steatohepatitis, or NASH. Current treatments for early-stage HCC in China are limited to resection, radiation, ablation, radioiummunotherapy, which can be used in combination with transarterial chemoembolization (TACE), immunomodulators, chemotherapy or targeted therapies to achieve a better outcome. Late stage HCC treatment options primarily include small molecule targeted therapies, checkpoint inhibitors (with or without monoclonal antibodies) and chemotherapy. All of these therapeutic options have marginal survival benefits in the majority of treated patients and efficacy is generally limited. For example, the medium progression free survival is lower than 10 months for all major treatment options in China, and the medium overall survival is only around one year. For many patients the only treatment offered is palliative. Currently, there is only one CAR-T therapy, a Glypican 3 (GPC3) targeted therapy, under development for HCC in China. Such data indicates a limitation of current HCC treatment options and an urgent need for more effective and novel therapeutic options to improve current poor outcomes.

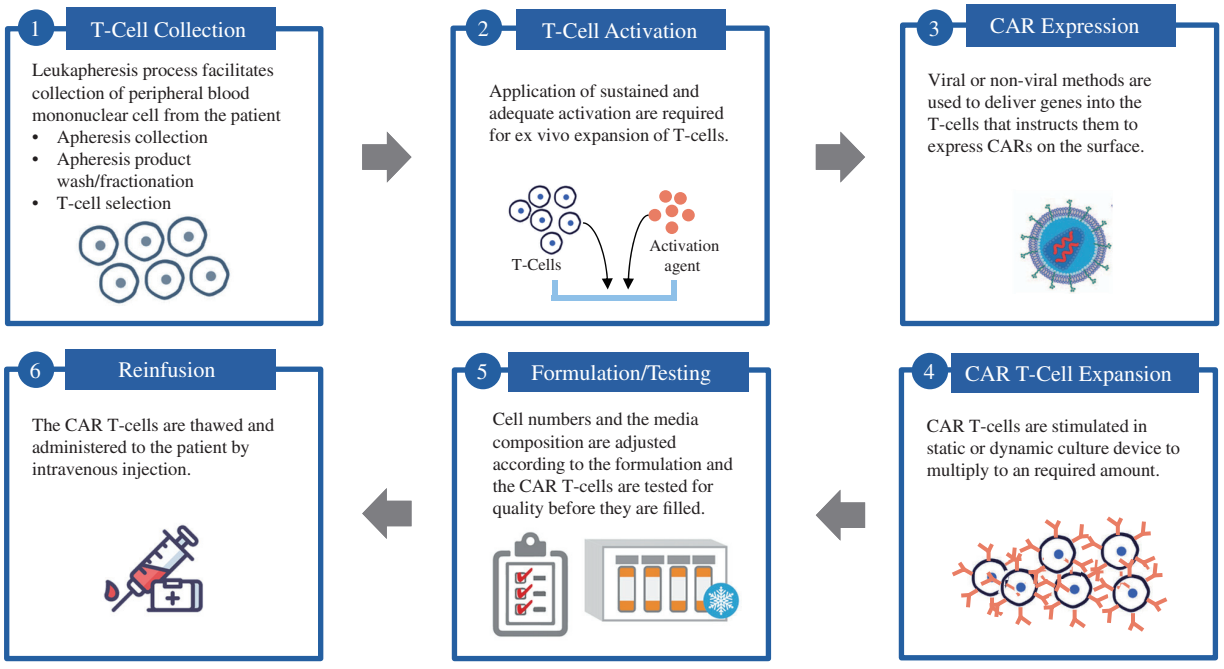
Potential Competitive Advantages of AFP and GPC3 Targeted CAR-T Therapies in HCC

Approximately 70% of patients with HCC globally are estimated to have high serum levels of AFP, a protein which is normally present in high levels in fetal blood but drops to low levels shortly after birth. Elevated levels of AFP can signal that liver cancer is present, although they may also be due to other causes, such as liver disease or other cancers, and many patients with early-stage liver cancer have normal serum levels of AFP. AFP screening can be used to help guide treatment. Treatment efficacy is generally associated with a decline in AFP, and screening for the protein can also be used to assess whether a patient has had tumor recurrence. Another protein that is overexpressed in HCC is GPC3, which is a cell surface protein of the heparin sulfate proteoglycan family. GPC3 is expressed in an estimated 80% of HCC in China. GPC3 also has limited expression in adult tissues, including ovary, mammary gland, mesothelium, lung and kidney. This demonstrates a potential competitive advantage of AFP and GPC3 targeted CAR-T therapies in treating HCC.

MANUFACTURING, PROCESSING AND DELIVERING TO PATIENTS

Manufacturing Processes and Techniques

The following diagram provides an overview of the manufacturing process for a CAR-T therapy for an individual patient:



Source: Frost & Sullivan Analysis

Challenges of CAR-T Manufacturing

Due to the complexity and personalized nature of the CAR-T manufacturing process, it typically involves numerous challenges, including:

- *Difficulties in T-cell harvesting.* It is difficult to collect a sufficient quantity of blood from very ill patients. In addition, it can be difficult to collect a sufficient number of T-cells from the blood of patients who have received chemotherapy, as leukopenia is a common side effect of chemotherapy.

- *Difficulties in the transport of harvested cells.* There are potential risks of broad changes occurring in cell transcriptomes after freezing and thawing.

- *Difficulties in the activation and expansion process.* Sustained signaling can cause cell exhaustion, leading to a loss of proliferative capacity and cytotoxicity. Moreover, the process of removing the beads can cause a loss of product if T-cells fail to dissociate or are damaged by shear forces due to binding.

- *Difficulties in CAR gene transfer and editing.* Viral vectors insert transgenes randomly into the genome, causing a risk of gene silencing or insertional oncogenesis. Moreover, heterogeneous copy numbers may result in T-cell populations with highly variable cytotoxic abilities due to altered levels of surface expression.

Manufacturing Success Rate

Manufacturing success rate is defined as the percentage of conforming, on-specification CAR-T products qualified to be delivered to patients of all manufactured products. Such success rate is a reflection of good CMC practices and shows a company's ability to ensure production of a safe, high quality product. The overall manufacturing success rate of Yescarta, Kymriah and Tecartus during their respective registrational clinical trials were 99%, 91%-93%, and 96%, respectively. In comparison, the manufacturing success rate of relma-cel during our DLBCL registrational clinical trial was 100%.

REPORT COMMISSIONED BY FROST AND SULLIVAN

In connection with the **[REDACTED]**, we have engaged Frost & Sullivan to conduct a detailed analysis and to prepare an industry report on the worldwide and China oncology drug markets. Frost & Sullivan is an independent global market research and consulting company founded in 1961 and is based in the U.S. Services provided by Frost & Sullivan include market assessments, competitive benchmarking, and strategic and market planning for a variety of

industries. We have included certain information from the Frost & Sullivan Report in this document because we believe such information facilitates an understanding of the oncology drug market for potential **[REDACTED]**. Frost & Sullivan prepared its report based on its in-house database, independent third-party reports and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesize information in relation to the market, prices and other relevant information. Frost & Sullivan believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are factual, correct and not misleading. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources.

We have agreed to pay Frost & Sullivan a fee of RMB600,000 for the preparation of the Frost & Sullivan Report. The payment of such amount was not contingent upon our successful **[REDACTED]** or on the content of the Frost & Sullivan Report. Except for the Frost & Sullivan Report, we did not commission any other industry report in connection with the **[REDACTED]**. We confirm that after taking reasonable care, there has been no adverse change in the market information since the date of the report prepared by Frost & Sullivan which may qualify, contradict or have an impact on the information set forth in this section in any material respect.

Frost & Sullivan adopted the following primary assumptions while making projections on the macroeconomic environment, the overall pharmaceutical market and various segment markets in China.

(i) the social, economic and political environments of the PRC will remain stable during the forecast period, which will ensure a sustainable and steady development of the PRC healthcare industry;

(ii) the PRC healthcare market will grow as expected due to rising healthcare demand and supply; and

(iii) the PRC government will continue to support healthcare reform.

PRC REGULATION

We are subject to a variety of PRC laws, rules and regulations affecting many aspects of our business. This section summarizes the principal PRC laws, rules and regulations that we believe are relevant to our business and operations.

LAWS AND REGULATIONS RELATING TO DRUGS

Introduction

In 2017, the drug regulatory system entered a new and significant period of reform. The General Office of the State Council and the General Office of the Central Committee of the China Communist Party jointly issued the *Opinion on Deepening the Reform of the Evaluation and Approval System to Encourage Innovation in Drugs and Medical Devices* (《關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見》) or the Innovation Opinion in October 2017. The expedited programs and other advantages under this and other recent reforms encourage drug manufacturers to seek marketing approval in China first, manufacture domestically, and develop drugs in high priority disease areas, such as oncology.

To implement the regulatory reform introduced by the Innovation Opinion, the National People's Congress, or the NPC and the National Medical Products Administration, or the NMPA has been revising the fundamental laws, regulations and rules regulating pharmaceutical products and the industry, which include the framework law known as the *PRC Drug Administration Law* (《中華人民共和國藥品管理法》), or DAL. The DAL was promulgated by the Standing Committee of the NPC on September 20, 1984 and latest amended on August 26, 2019 and took effect as of December 1, 2019. The DAL is implemented by a high-level regulation issued by the State Council referred to as the DAL Implementing Regulation. The NMPA has its own set of regulations further implementing the DAL; the primary one governing clinical trial applications, or CTAs, marketing approval, and post-approval amendment and renewal is known as the *Drug Registration Regulation* (《藥品註冊管理辦法》), or DRR. The DRR was promulgated by the NMPA on February 28, 2005 and the latest amended DRR took effect from July 1, 2020. Although the NMPA has issued several notices and proposed regulations in 2018 and 2019 to implement the reforms, the implementing regulations for many of the reforms in the Innovation Opinion have not yet been finalized and issued, and therefore, the details regarding the implementation of the regulatory changes remained uncertain in some respects.

Regulatory Authorities and Recent Government Reorganization

In the PRC, the NMPA is the primary regulatory agency for pharmaceutical products and businesses. The agency was formed from the prior China Food and Drug Administration, or CFDA, in 2018 as part of a government reorganization. Like the CFDA, the NMPA is still the primary drug regulatory agency and implements the same laws, regulations, rules, and guidelines as the CFDA, and it regulates almost all of the key stages of the life-cycle of pharmaceutical products, including nonclinical studies, clinical trials, marketing approvals, manufacturing, advertising and promotion, distribution, and pharmacovigilance (i.e., post-marketing safety reporting obligations). The Center for Drug Evaluation, or CDE, which remains under the NMPA, conducts the technical evaluation of each drug and biologic application to assess safety and efficacy.

The NHC (formerly known by the names: the Ministry of Health and National Health and Family Planning Commission), is China's primary healthcare regulatory agency. It is responsible for overseeing the operation of medical institutions, some of which also serve as clinical trial sites. NHC plays a significant role in drug reimbursement.

Regulations on Drug Research and Development

Non-Clinical Research and Animal Testing

The NMPA requires preclinical data to support registration applications for imported and domestic drugs. According to the DRR, nonclinical safety studies must comply with the *Administrative Measures for Good Laboratories Practice of Non-clinical Laboratory Studies of Drugs* (《藥物非臨床研究質量管理規範》), or the GLP. On August 6, 2003, the NMPA promulgated the GLP, which was latest revised on July 27, 2017, to improve the quality of non-clinical research, and began to conduct the Good Laboratories Practice. Pursuant to the *Circular on Administrative Measures for Certification of Good Laboratory Practice for Non-clinical Laboratory* (《關於印發藥物非臨床研究品質管制規範認證管理辦法的通知》) issued by the NMPA on April 16, 2008, the NMPA is responsible for the certification of non-clinical research institutions nationwide and local provincial medical products administrative authorities is in charge of the daily supervision of non-clinical research institution. The NMPA decides whether an institution is qualified for undertaking pharmaceutical non-clinical research by evaluating such institution's organizational administration, its research personnel, its equipment and facilities, and its operation and management of non-clinical pharmaceutical projects. A GLP Certification will be issued by the NMPA if all the relevant requirements are satisfied, which will also be published on the NMPA's website.

Pursuant to the Regulations for the *Administration of Affairs Concerning Experimental Animals* (《實驗動物管理條例》) promulgated by the State Science and Technology Commission on November 14, 1988 and latest amended on March 1, 2017, by the State Council, the *Administrative Measures on Good Practice of Experimental Animals* (《實驗動物質量管理辦法》) jointly promulgated by the State Science and Technology Commission and the State Bureau of Quality and Technical Supervision on December 11, 1997, and the *Administrative Measures on the Certificate for Experimental Animals (Trial)* (《實驗動物許可證管理辦法(試行)》) promulgated by the Ministry of Science and Technology and other regulatory authorities on December 5, 2001, using and breeding experimental animals shall be subject to some rules and performing experimentation on animals requires a Certificate for Use of Laboratory Animals.

Clinical Trials Approval

Upon completion of preclinical studies, a sponsor typically needs to conduct clinical trials in China for registering a new drug. The NMPA has taken a number of steps to increase efficiency for approving CTAs, and it has also significantly increased monitoring and enforcement of the *Administrative Regulations of Quality of Drug Clinical Practice* (《藥物臨床試驗質量管理規範》), or the PRC's Good Clinical Practices, or the GCP, to ensure data integrity. The GCP was promulgated by CFDA on June 4, 2003 and the latest amended GCP took effect from July 1, 2020.

All clinical trials conducted in China for new drug registration purposes must be approved and conducted at pharmaceutical clinical trial institutions which shall be under the filing administration. For imported drugs, proof of foreign approval is required prior to the trial, unless the drug has never been approved anywhere in the world. In addition to a standalone China trial to support development, imported drug applicants may establish a site in China that is part of an international multicenter trial, or IMCT, at the outset of the global trial. Domestically manufactured drugs are not subject to foreign approval requirements, and in contrast to prior practice, the NMPA has recently decided to permit those drugs to conduct development via an IMCT as well.

In 2015, the NMPA began to issue an umbrella approval for all phases (typically three) of a new drug clinical trial, instead of issuing approval phase by phase. For certain types of new drug candidates, CTAs may be prioritized over other applications and put in a separate expedited queue for approval.

The NMPA has now adopted a system for clinical trials of new drugs where trials can proceed if after 60 business days, the applicant has not received any objections from the CDE. China is also expanding the number of trial sites by changing from a clinical trial site certification procedure into a notification procedure.

Priority Evaluation and Approval Programs to Encourage Innovation

The NMPA has adopted several expedited review and approval mechanisms since 2009 and created additional expedited programs in recent years that are intended to encourage innovation. Applications for these expedited programs can be submitted together with the registration package or after the registration submission is admitted for review by the CDE. The *Opinions on Encouraging the Prioritized Evaluation and Approval for Drug Innovation* (《關於鼓勵藥品創新實行優先審評審批的意見》) promulgated by the NMPA on December 21, 2017 clarified that fast track CTAs or drug registration pathways will be available to the innovative drugs.

If admitted to one of these expedited programs, an applicant will be entitled to more frequent and timely communication with reviewers at the CDE, expedited review and approval, and more agency resources throughout the review approval process.

NMPA also permits conditional approval of certain medicines based on early phase China clinical trial data or only on foreign approval clinical data. Post-approval the applicant may need to conduct one or more post-market studies. The agency has done this for drugs that meet unmet clinical needs for life-threatening illnesses and also for drugs that treat orphan indications. In 2018, NMPA established a conditional approval program for drugs designated by the CDE that have been approved in the US, European Union and Japan within the last 10 years and that meet one of three criteria (1) orphan indications, (2) drugs that treat life threatening illnesses for which there are not effective treatment or preventive methods, and (3) drugs that treat life threatening illnesses and that have a clear clinical advantage over other approved therapies.

Drug Clinical Trial Registration

Pursuant to the DRR, upon obtaining the clinical trial approval and before commencing a clinical trial, the applicant shall file a registration with the NMPA containing various details of the clinical trial, including the clinical study protocol, the name of the principal researcher of the leading institution, names of participating institutions and researchers, an approval letter from the ethics committee, and a sample of the Informed Consent Form, with a copy sent to the competent provincial administration departments where the trial institutions will be located. On September 6, 2013, the NMPA released the *Announcement on Drug Clinical Trial Information Platform* (《關於藥物臨床試驗信息平臺的公告》), providing that for all clinical trials approved by the NMPA and conducted in China, instead of the aforementioned registration filed with the NMPA, clinical trial registration shall be completed and trial information shall be published through the Drug Clinical Trial Information Platform. The applicant shall complete trial pre-registration within one month after obtaining the clinical trial approval to obtain the trial's unique registration number and shall complete registration of certain follow-up information before the first subject's enrollment in the

trial. If approval of the foregoing pre-registration and registration is not obtained within one year after obtaining the clinical trial approval, the applicant shall submit an explanation, and if the procedure is not completed within three years, the clinical trial approval shall automatically be annulled.

Human Genetic Resources Approval

According to the *Interim Measures for the Administration of Human Genetic Resources* (《人類遺傳資源管理暫行辦法》), promulgated by the Ministry of Science and Technology and the NHC jointly on June 10, 1998, an additional approval is required for any foreign companies or foreign affiliates that conduct trials in China. Prior to beginning a trial, the foreign sponsor and the Chinese clinical trial site are required to obtain approval from the Human Genetic Resources Administration of China, or HGRAC, which is an agency under the Ministry of Science and Technology, to collect any biological samples that contain the genetic material of Chinese human subjects, and to transfer any cross-border transfer of the samples or associated data. Furthermore, one of the key review points for the HGRAC review and approval process is the IP sharing arrangement between Chinese and foreign parties. The parties are required to share patent rights to inventions arising from the samples. Conducting a clinical trial in China without obtaining the relevant HGRAC preapproval will subject the sponsor and trial site to administrative liability, including confiscation of HGRAC samples and associated data, and administrative fines.

On July 2, 2015, the Ministry of Science and Technology issued the *Service Guide for Administrative Licensing Items concerning Examination and Approval of Sampling, Collecting, Trading, Exporting Human Genetic Resources, or Taking Such Resources out of the PRC* (《人類遺傳資源採集、收集、買賣、出口、出境審批行政許可事項服務指南》), which provides that foreign-invested sponsors that sample and collect human genetic resources in clinical trials shall be required to file with the China Human Genetic Resources Management Office through its online system. On October 26, 2017, the Ministry of Science and Technology issued the *Circular on Optimizing the Administrative Examination and Approval of Human Genetic Resources* (《關於優化人類遺傳資源行政審批流程的通知》), which simplified the approval for sampling and collecting human genetic resources for the purpose of commercializing a drug in the PRC. On May 28, 2019, the State Council of PRC issued the *Administration Regulations on Human Genetic Resources* (《人類遺傳資源管理條例》), which became effective on July 1, 2019. The *Administration Regulations on Human Genetic Resources* formalized the approval requirements pertinent to research collaborations between Chinese and foreign-owned entities. Pursuant to the new rule, a new notification system (as opposed to the advance approval approach originally in place) is put in place for clinical trials using China's human genetic resources at clinical institutions without involving the export of human genetic resources outside of China.

Clinical Trial Process and Good Clinical Practices

Typically, drug clinical trials in China have four phases. Phase 1 refers to the initial clinical pharmacology and human safety evaluation studies. Phase 2 refers to the preliminary evaluation of a drug candidate's therapeutic efficacy and safety for target indication(s) in patients. Phase 3 (often the registrational study) refers to clinical trials to further verify the drug candidate's therapeutic efficacy and safety in patients with target indication(s) and ultimately provide sufficient evidence for the review of a drug registration application. Phase 4 refers to a new drug's post-marketing study to assess therapeutic effectiveness and adverse reactions when the drug is widely used to evaluate overall benefit-risk relationships of the drug when used among the general population or specific groups and to adjust the administration dose, etc. The NMPA requires that the different phases of clinical trials in China receive ethics committee approval and comply with the PRC's GCP. The NMPA conducts inspections to assess the PRC's GCP compliance and will cancel the CTA if it finds substantial issues.

On August 6, 2003, the NMPA promulgated the PRC's GCP to improve the quality of clinical trials. According to the latest PRC's GCP which took effect from July 1, 2020, the sponsor shall provide investigators and the clinical trial institution with legal and economic insurance or guarantee relating to the clinical trial, and ensure that such insurance or guarantee is appropriate to the nature and degree of risks of the clinical trial. But the damages caused by the negligence of investigators or the clinical trial institution are not included. Pursuant to the newly amended DAL, and the *Regulations on the Administration of Drug Clinical Trial Institution* (《藥物臨床試驗機構管理規定》) jointly promulgated by NMPA and NHC on November 29, 2019 and effective from December 1, 2019, drug clinical trial institutions shall be under filing administration. Entities that only conduct analysis of biological samples related to clinical trials of drugs do not need to be filed.

Regulations on New Drug Application (NDA) and Approval

Upon completion of clinical trials, a sponsor may submit clinical trial data to support marketing approval for the drug. For imported drugs, this means issuance of an import license. Again, the applicant must submit evidence of foreign approval, unless it is an innovative drug that has never been approved anywhere in the world.

The Reform Plan for Registration Category of Chemical Medicine (《化學藥品註冊分類改革工作方案》), issued by NMPA in March 4, 2016, stipulates the reclassification of drug applications under the DRR and under which, Category I Drugs refer to new drugs that have not been marketed anywhere in the world.

NDA sponsors must submit data derived from domestically manufactured drugs in support of a drug approval. Under the current regime, upon approval of the registration application, the NMPA will issue a Drug Approval Serial Number, which is effectively the marketing approval allowing the holder to market/commercialize the drug in China.

Pursuant to the *Opinions on the Reform of Evaluation and Approval System for Drugs and Medical Devices and Equipment* (《關於改革藥品醫療器械審評審批制度的意見》) promulgated on August 9, 2015, the State Council published the policy for carrying out a pilot plan for the drug marketing authorization holder mechanism.

Pursuant to the newly amended DAL, under the drug marketing authorization holder mechanism, an enterprise obtained drug registration certificate and a research and development institution are eligible to be a pharmaceutical marketing authorization holder, and this pharmaceutical marketing authorization holder shall be responsible for nonclinical laboratory studies, clinical trials, production and distribution, post-market studies, and the monitoring, reporting, and handling of adverse reactions in connection with pharmaceuticals in accordance with the provisions of the DAL. The pharmaceutical marketing authorization holder may engage contract manufacturers for manufacturing, provided that the contract manufacturers are licensed and may engage pharmaceutical distribution enterprises with drug distribution license for the distribution activities. Upon the approval of the medical products administrative department under the State Council, a drug marketing authorization holder may transfer the drug marketing license and the transferee shall have the capability of quality management, risk prevention and control, and liability compensation to ensure the safety, effectiveness and quality controllability of drugs, and fulfill the obligations of the drug marketing license holder.

Regulations on Drug Manufacturing

According to the newly amended DAL and the implementing Measures of the DAL, all facilities that manufacture drugs in China must receive a Drug Manufacturing License with an appropriate "scope of manufacturing" from the local drug regulatory authority. This license must be renewed every five years.

Similarly, to conduct sales, importation, shipping and storage, or distribution activities, a company must obtain a Drug Distribution License with an appropriate "scope of distribution" from the local drug regulatory authority, subject to renewal every five years.

Regulations on Importing and Exporting of Goods

Pursuant to the *Customs Law of the PRC* (《中華人民共和國海關法》) which was promulgated by Standing Committee of the National People's Congress, or the SCNPC on January 22, 1987 and became effective as of July 1, 1987, and latest amended on November 4, 2017 and came into force on November 5, 2017, the import of goods throughout the period from the time of arrival in the territory of China to the time of customs clearance, the export of goods throughout the period from the time of declaration to the customs to the time of departure from the territory of China, and the

transit, transshipment and through-shipment goods throughout the period from the time of arrival in the territory of China to the time of departure from the territory of China shall be subject to customs control.

Pursuant to the *Foreign Trade Law of the PRC* (《中華人民共和國對外貿易法》) which was promulgated by the SCNPC on May 12, 1994 and became effective as of July 1, 1994, and latest amended and came into force on November 7, 2016, any foreign trade business operator that is engaged in the import and export of goods or technology shall be registered for archival purposes with the administrative authority of foreign trade of the State Council or the institution entrusted thereby, unless it is otherwise provided for by any law, administrative regulation or the foreign trade department of the State Council. Where any foreign trade business operator that fails to file for archival registration according to relevant provisions, the customs may not handle the procedures of customs declarations and release of the import or export goods.

Pursuant to the *Administrative Provisions on the Registration of Customs Declaration Entities of the PRC* (《中華人民共和國海關報關單位註冊登記管理規定》) which was promulgated by the General Administration of Customs on and became effective as of March 13, 2014, and latest amended on May 29, 2018 and came into force on July 1, 2018, the import and export of goods shall be declared by the consignor or consignee itself, or by a customs declaration enterprise entrusted by the consignor or consignee and duly registered with the customs authority. Consignors and consignees of imported and exported goods shall go through customs declaration entity registration formalities with the competent customs departments in accordance with the applicable provisions. After completing the registration formalities with the customs, consignors and consignees of the imported and exported goods may handle their own customs declarations at customs ports or localities where customs supervisory affairs are concentrated within the customs territory of the PRC.

Regulations on New drug monitoring period

According to the Implementing Regulations of the DAL, the NMPA may, for the purpose of protecting public health, provide for an administrative monitoring period of five years for new drugs approved to be manufactured, commencing from the date of approval, to continually monitor the safety of those new drugs. During the monitoring period, the NMPA will not approve another manufacturing or importing approval from another applicant for the same type of drug.

Regulations on Post-Marketing Surveillance

Pursuant to the newly amended DAL, the drug marketing authorization holder shall be responsible for the monitoring, reporting and handling of adverse reactions in connection with pharmaceuticals in accordance with the provisions of the DAL. Marketing authorization holders,

pharmaceutical manufacturer, pharmaceutical distributors and medical institutions shall regularly inspect the quality, efficacy and adverse reactions of drugs manufactured, distributed and used by them. Cases of suspected adverse reactions shall be promptly reported to the drug administrative authorities and the competent health administrative authority. The drug marketing authorization holder shall forthwith stop selling, notify the relevant pharmaceutical distributors and medical institutions to stop sales and use, recall sold drugs, promptly announce recall information if the drugs have quality issues or other safety hazards.

Regulations on Human Cell Therapy

On March 20, 2003, the NMPA published the *Technical Guidelines for Research on Human Cell Therapy and Quality Control of Preparations* (《人體細胞治療研究和製劑質量控制技術指導原則》), which set some principles for the research of human cell therapy.

Pursuant to the DRR, human cell therapy and its products belong to biological products and the application for biological products shall be submitted as the process of new drug application.

On November 30, 2017, the NMPA promulgated the *Notice of Guidelines for Acceptance and Examination of Drug Registration (Trial)* (《關於發佈藥品註冊受理審查指南(試行)的通告》), the application of clinical trials of therapeutic biological products and the production and listing application of therapeutic biological products shall be subject to the provisions thereof. On December 18, 2017, the NMPA promulgated the *Technical Guiding Principles for Research and Evaluation of Cell Therapy Products (Trial)* (《細胞治療產品研究與評價技術指導原則(試行)》) to regulate and guide the research and evaluation of cell therapy products that are researched on, developed and registered as drugs.

LAWS AND REGULATIONS RELATING TO PRODUCT LIABILITY

The *Product Quality Law of the PRC* (《中華人民共和國產品品質法》), or the Product Quality Law, promulgated by the Standing Committee of the NPC on February 22, 1993 and latest amended on December 29, 2018, is the principal governing law relating to the supervision and administration of product quality. According to the Product Quality Law, manufacturers shall be liable for the quality of products produced by them, and sellers shall take measures to ensure the quality of the products sold by them. A manufacturer shall be liable for compensating for any bodily injuries or property damages, other than the defective product itself, resulting from the defects in the product, unless the manufacturer is able to prove that (1) the product has never been distributed; (2) the defects causing injuries or damages did not exist at the time when the product was distributed; or (3) the science and technology at the time when the product was distributed was at a level incapable of detecting the defects. A seller shall be liable for compensating for any bodily injuries or property damages of others caused by the defects in the product if such defects

are attributable to the seller. A seller shall pay compensation if it fails to indicate either the manufacturer or the supplier of the defective product. A person who is injured or whose property is damaged by the defects in the product may claim for compensation from the manufacturer or the seller.

Pursuant to the *General Principles of the Civil Law of the PRC* (《中華人民共和國民法通則》) promulgated by the NPC on April 12, 1986 and latest amended on August 27, 2009, both manufacturers and sellers shall be held liable where the defective products result in property damages or bodily injuries to others. Pursuant to the *Tort Liability Law of the PRC* (《中華人民共和國侵權責任法》) promulgated by the Standing Committee of the NPC on December 26, 2009 and effective from July 1, 2010, manufacturers shall assume tort liabilities where the defects in products cause damages to others. Sellers shall assume tort liabilities where the defects in products that have caused damages to others are attributable to the sellers. The aggrieved party may claim for compensation from the manufacturer or the seller of the defected product that has caused damage.

On May 28, 2020, the *Civil Code of the PRC* (《中華人民共和國民法典》) was adopted by the third session of the 13th NPC, which will become effective on January 1, 2021 and simultaneously replace the current effective *Tort Liability Law of the PRC*, according to which, a patient may make a claim against the drug marketing authorization holder, a medical institution or producer for any damage arising from defects of drugs.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY PROTECTIONS

Patents

Pursuant to the *PRC Patent Law* (《中華人民共和國專利法》), most recently amended in December 2008, and its implementation rules, most recently amended in January 2010, patents in China fall into three categories: invention, utility model and design. An invention patent is granted to a new technical solution proposed in respect of a product or method or an improvement of a product or method. A utility model is granted to a new technical solution that is practicable for application and proposed in respect of the shape, structure (or a combination of both) of a product. A design patent is granted to a new design of a certain product in shape, pattern (or a combination of both) and in color, shape and pattern combinations aesthetically suitable for industrial application. Under the *PRC Patent Law*, the term of patent protection starts from the date of application. Patents relating to invention are effective for twenty years, and utility model and design patents are effective for ten years from the date of application. The PRC Patent Law adopts

the principle of "first-to-file" system, which provides that where more than one person files a patent application for the same invention, a patent will be granted to the person who first files the application.

Existing patents can be narrowed, invalidated or unenforceable due to a variety of grounds, including lack of novelty, creativity, and deficiencies in patent application. In China, a patent must have novelty, creativity and practical applicability. Under the *PRC Patent Law*, novelty means that before a patent application is filed, no identical invention or utility model has been publicly disclosed in any publication in China or overseas or has been publicly used or made known to the public by any other means, whether in or outside of China, nor has any other person filed with the patent authority an application that describes an identical invention or utility model and is recorded in patent application documents or patent documents published after the filing date. Creativity means that, compared with existing technology, an invention has prominent substantial features and represents notable progress, and a utility model has substantial features and represents any progress. Practical applicability means an invention or utility model can be manufactured or used and may produce positive results. Patents in China are filed with the State Intellectual Property Office, or SIPO. Normally, the SIPO publishes an application for an invention patent within 18 months after the filing date, which may be shortened at the request of applicant. The applicant must apply to the SIPO for a substantive examination within three years from the date of application.

The *PRC Patent Law* provides that, for an invention or utility model completed in China, any applicant (not limited to Chinese companies and individuals), before filing a patent application outside of China, must first submit it to the SIPO for a confidential examination. Failure to comply with this requirement will result in the denial of any Chinese patent for the relevant invention. This added requirement of confidential examination by the SIPO has raised concerns by foreign companies that conduct research and development activities in China or outsource research and development activities to service providers in China.

Trade Secrets

According to the *PRC Anti-Unfair Competition Law* (《中華人民共和國反不正當競爭法》), the term "trade secrets" refers to technical and business information that is unknown to the public, has utility and may create business interests or profits for its legal owners or holders, and is maintained as a secret by its legal owners or holders.

Under the *PRC Anti-Unfair Competition Law*, which was promulgated on September 2, 1993 and was latest amended on April 23, 2019, business persons are prohibited from infringing others' trade secrets by: (1) acquiring a trade secret from the right holder by theft, bribery, fraud, coercion, electronic intrusion, or any other illicit means; (2) disclosing, using, or allowing another

person to use a trade secret acquired from the right holder by any means as specified in the item (1) above; (3) disclosing, using, or allowing another person to use a trade secret in its possession, in violation of its confidentiality obligation or the requirements of the right holder for keeping the trade secret confidential; (4) abetting a person, or tempting, or aiding a person into or in acquiring, disclosing, using, or allowing another person to use the trade secret of the right holder in violation of his or her non-disclosure obligation or the requirements of the right holder for keeping the trade secret confidential. If a third party knows or should have known that an employee or former employee of the right owner of trade secrets or any other entity or individual conducts any of the illegal acts listed above, but still accepts, publishes, uses or allows any other to use such secrets, this practice will be deemed as an infringement of trade secrets. A party whose trade secrets are being misappropriated may petition for administrative corrections, and regulatory authorities may stop any illegal activities and fine infringing parties in the amount of RMB100,000 to RMB1,000,000, and where the circumstance is serious, the fine will be RMB500,000 to RMB5,000,000. Alternatively, persons whose trade secrets are being misappropriated may file lawsuits in a Chinese court for loss and damages incurred due to the misappropriation.

The measures to protect trade secrets include oral or written non-disclosure agreements or other reasonable measures to require the employees of, or persons in business contact with, legal owners or holders to keep trade secrets confidential. Once the legal owners or holders have asked others to keep trade secrets confidential and have adopted reasonable protection measures, the requested persons bear the responsibility for keeping the trade secrets confidential.

Trademarks

Pursuant to the *Trademark Law of the PRC* (《中華人民共和國商標法》) promulgated by the Standing Committee of the NPC on August 23, 1982 and latest amended on April 23, 2019 and became effective from November 1, 2019, the period of validity for a registered trademark is ten years, commencing from the date of registration. The registrant shall go through the formalities for renewal within twelve months prior to the expiry date of the trademark if continued use is intended. Where the registrant fails to do so, a grace period of six months may be granted. The validity period for each renewal of registration is ten years commencing from the day immediately after the expiry of the preceding period of validity for the trademark. In the absence of a renewal upon expiry, the registered trademark shall be canceled. Industrial and commercial administrative authorities have the authority to investigate any behavior in infringement of the exclusive right under a registered trademark in accordance with the law. In case of a suspected criminal offense, the case shall be timely referred to a judicial authority and decided according to the law.

Copyright

Pursuant to the *Copyright Law of the PRC* (《中華人民共和國著作權法》), effective in June 1, 1991 and latest amended on February 26, 2010, copyrights include personal rights such as the right of publication and that of attribution as well as property rights such as the rights of production and distribution. Reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network without permission from the owner of the copyright therein, unless otherwise provided in the *Copyright Law of the PRC*, constitutes infringements of copyrights. The infringer must, according to the circumstances of the case, undertake to cease the infringement, take remedial action, and offer an apology or pay damages.

Pursuant to the *Computer Software Copyright Protection Regulations* (《計算機軟件保護條例》) promulgated on December 20, 2001 and latest amended on January 30, 2013, a software copyright owner may complete registration formalities with a software registration authority recognized by the State Council's copyright administrative department. A software copyright owner may authorize others to exercise that copyright, and is entitled to receive remuneration.

Domain names

Domain names are protected under the *Administrative Measures on the Internet Domain Names* (《互聯網域名管理辦法》) issued by the Ministry of Industry and Information Technology, or the MIIT, on August 24, 2017 and effective from November 1, 2017. The MIIT is the main regulatory authority responsible for the administration of PRC internet domain names. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT

Investment activities in China by foreign investors are principally governed by the *Guidance Catalogue of Industries for Foreign Investment* (《外商投資產業指導目錄》), or the Catalogue, which was promulgated and is amended from time to time by the Ministry of Commerce, or the MOFCOM and National Development and Reform Commission, or the NDRC. Pursuant to the *Catalogue of Industries for Encouraging Foreign Investment (2019)* (《鼓勵外商投資產業目錄(2019年版)》), or the 2019 Catalogue, which came to effect from July 30, 2019 *Special Administrative Measures (Negative List) for the Access of Foreign Investment in Pilot Free Trade Zones (2020)* (《自由貿易試驗區外商投資准入特別管理措施(負面清單) (2020年版)》), or the Negative List in Pilot Free Trade Zones and *Special Administrative Measures (Negative List) for the Access of Foreign Investment (2020)* (《外商投資准入特別管理措施(負面清單) (2020年版)》), or the Negative List (2020), all of which shall come into effect on July 23, 2020, industries are

divided into two categories: encouraged industries and the industries within the Negative List. The Negative List is further divided into two sub-categories: restricted industries and prohibited industries. Foreign investors are not allowed to invest in industries in the prohibited category. According to the Negative List (2020), the development and application of technologies of human stem cell and gene diagnosis and therapy remains as prohibited areas for foreign investment.

On March 15, 2019, the NPC approved the *Foreign Investment Law of the PRC* (《外商投資法》), or the Foreign Investment Law, which became effective on January 1, 2020 and replaced the three old rules on foreign investment in China, namely, the *PRC Equity Joint Venture Law* (《中外合資經營企業法》), the *PRC Cooperation Joint Venture Law* (《中外合作經營企業法》) and the *Wholly Foreign-Owned Enterprise Law* (《外資企業法》), together with their implementation rules and ancillary regulations. The *Foreign Investment Law* establishes the basic framework for the access to, and the promotion, protection and administration of foreign investments in view of investment protection and fair competition. According to the *Foreign Investment Law*, "foreign investment" refers to investment activities directly or indirectly conducted by one or more natural persons, business entities, or other organizations of a foreign country (collectively referred to as "foreign investor") within China, and "investment activities" include the following activities: (i) a foreign investor, individually or together with other investors, establishes a foreign-invested enterprise within China; (ii) a foreign investor acquires stock shares, equity shares, shares in assets, or other similar rights and interests of an enterprise within China; (iii) a foreign investor, individually or together with other investors, invests in a new construction project within China; and (iv) investments in other means as provided by the laws, administrative regulations or the State Council. The *Foreign Investment Law* grants foreign invested entities the same treatment as PRC domestic entities, except for those foreign invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the Negative List.

On December 26, 2019, the State Council promulgated the *Implementation Rules to the Foreign Investment Law* (《外商投資法實施條例》), which became effective on January 1, 2020. The implementation rules further clarified that the state encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimize foreign investment environment, and advances a higher-level opening.

On December 30, 2019, the MOFCOM and the SAMR jointly promulgated *Measures for Information Reporting on Foreign Investment* (《外商投資信息報告辦法》), which became effective on January 1, 2020. Pursuant to the Measures for Information Reporting on Foreign Investment, where a foreign investor carries out investment activities in China, the foreign investor or the foreign-invested enterprise shall submit the investment information to the competent commerce department.

M&A Rules

According to the *Provisions on the Merger or Acquisition of Domestic Enterprises by Foreign Investors* (《關於外國投資者並購境內企業的規定》), or the M&A Rules, which was jointly issued by the MOFCOM, the State Assets Supervision and Administration Commission of the State Council, the State Administration of Taxation of the PRC, or the SAT, the State Administration for Industry and Commerce, China Securities Regulatory Commission, or the CSRC and State Administration of Foreign Exchange, or the SAFE, on August 8, 2006 and latest amended by the MOFCOM on June 22, 2009, application shall be made for examination and approval of the acquisition of any company in China affiliating to a domestic company, enterprise or natural person, which is made in the name of an oversea company established or controlled by such domestic company, enterprise or natural person.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

The *PRC Foreign Exchange Administration Regulations* (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, which was latest amended on August 5, 2008, are the principal regulations governing foreign currency exchange in China. Under the *PRC foreign exchange regulations*, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, may be made in foreign currencies without prior approval from the SAFE, by complying with certain procedural requirements. In contrast, approval from or registration with appropriate government authorities or designated banks is required when RMB is to be converted into a foreign currency and remitted out of China to pay capital expenses such as the repayment of foreign currency-denominated loans.

Under current regulations, the capital of a foreign-invested enterprise and capital in RMB obtained by the foreign-invested enterprise from foreign exchange settlement must not be used for the following purposes: directly or indirectly used for the payment beyond the business scope of the enterprises or the payment prohibited by relevant laws and regulations; directly or indirectly used for investment in securities, unless otherwise provided by relevant laws and regulations; extending loans to non-related parties, unless permitted by the scope of business; and/or paying the expenses related to the purchase of real estate that is not for self-use, except for the real estate enterprises.

In 2017, new regulations were adopted which, among other things, relax the policy restriction on foreign exchange inflow to further enhance trade and investment facilitation and tighten genuineness and compliance verification of cross-border transactions and cross-border capital flows.

In 2019, SAFE promulgated *Notice by the State Administration of Foreign Exchange of Further Facilitating Cross-border Trade and Investment* (《關於進一步促進跨境貿易投資便利化的通知》), or the SAFE Circular 28, which cancelled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. If a non-investing foreign-funded enterprise makes domestic equity investment with capital funds obtained from foreign exchange settlement, the investee shall undergo registration formalities for accepting domestic reinvestment and open the "capital account — account for settled foreign exchange to be paid" to receive the corresponding funds according to relevant provisions.

SAFE Circular 37

In July 2014, SAFE promulgated the *Notice of the State Administration of Foreign Exchange on Issues concerning Foreign Exchange Administration of the Overseas Investment and Financing and the Round-tripping Investment Made by Domestic Residents through Special-Purpose Companies* (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》), or the SAFE Circular 37, which replaces the *Notice of the State Administration of Foreign Exchange on Relevant Issues concerning Foreign Exchange Administration for Domestic Residents to Engage in Financing and in Return Investment via Overseas Special Purpose Companies* (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》), or the SAFE Circular 75. SAFE Circular 37 requires PRC residents, including PRC individuals and PRC corporate entities, to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities. SAFE Circular 37 is applicable to our Shareholders who are PRC residents and may be applicable to any offshore acquisitions that we may make in the future.

Under SAFE Circular 37, PRC residents who make, or have prior to the implementation of SAFE Circular 37 made, direct or indirect investments in offshore special purpose vehicles, or SPVs, are required to register such investments with SAFE or its local branches. In addition, any PRC resident who is a direct or indirect shareholder of an SPV, is required to update its registration with the local branch of SAFE with respect to that SPV, to reflect any change of basic information or material events. If any PRC resident shareholder of such SPV fails to make the required registration or to update the registration, the subsidiary of such SPV in China may be prohibited from distributing its profits or the proceeds from any capital reduction, share transfer or liquidation to the SPV, and the SPV may also be prohibited from making additional capital contributions into its subsidiaries in China.

Regulations Relating to Employee Stock Incentive Plan

On February 15, 2012, the SAFE promulgated the *Notice of the State Administration of Foreign Exchange on Issues concerning the Foreign Exchange Administration of Domestic Individuals' Participation in Equity Incentive Plans of Overseas Listed Companies* (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計畫外匯管理有關問題的通知》), or the Stock Option Rules. In accordance with the Stock Option Rules and relevant rules and regulations, PRC citizens or non-PRC citizens residing in China for a continuous period of not less than one year, who participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with the SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain procedures. We and our employees who are PRC citizens or who reside in China for a continuous period of not less than one year and who participate in our stock incentive plan will be subject to such regulation. In addition, the SAT has issued circulars concerning employee share options or restricted shares. Under these circulars, employees working in the PRC who exercise share options, or whose restricted shares vest, will be subject to PRC individual income tax, or the IIT. The PRC subsidiaries of an overseas listed company have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold IIT of those employees related to their share options or restricted shares. If the employees fail to pay, or the PRC subsidiaries fail to withhold, their IIT according to relevant laws, rules and regulations, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC government authorities.

LAWS AND REGULATIONS RELATING TO DIVIDEND DISTRIBUTIONS

The principal laws, rules and regulations governing dividend distributions by foreign-invested enterprises in the PRC are the *PRC Company Law* (《中華人民共和國公司法》), promulgated in 1993 and latest amended in 2018 and the *Foreign Investment Law* and its Implementing Regulations. Under these requirements, foreign-invested enterprises may pay dividends only out of their accumulated profit, if any, as determined in accordance with PRC accounting standards and regulations. A PRC company is required to allocate at least 10% of their respective accumulated after-tax profits each year, if any, to fund certain capital reserve funds until the aggregate amount of these reserve funds have reached 50% of the registered capital of the enterprises. A PRC company is not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

LAWS AND REGULATIONS RELATING TO EMPLOYMENT, SOCIAL SECURITY AND HOUSE FUNDS

Labor Law, Labor Contract Law and its Implementation Regulations

Pursuant to the *PRC Labor Law* (《中華人民共和國勞動法》) promulgated by the Standing Committee of the NPC on July 5, 1994 and latest amended on December 29, 2018 and the *PRC Labor Contract Law* (《中華人民共和國勞動合同法》) promulgated by the Standing Committee of the NPC on June 29, 2007 and latest amended on December 28, 2012, employers must execute written labor contracts with full-time employees. All employers must comply with local minimum wage standards. Employers must establish a comprehensive management system to protect the rights of their employees, including a system governing occupational health and safety to provide employees with occupational training to prevent occupational injury, and employers are required to truthfully inform prospective employees of the job description, working conditions, location, occupational hazards and status of safe production as well as remuneration and other conditions. Violations of the *PRC Labor Contract Law* and the *PRC Labor Law* may result in the imposition of fines and other administrative and criminal liability in the case of serious violations.

Regulations on Social Insurance and Housing Provident Funds

In addition, according to the *PRC Social Insurance Law* (《中華人民共和國社會保險法》) promulgated on October 28, 2010 by the Standing Committee of the NPC and latest amended on December 29, 2018, the *Interim Regulations on the Collection and Payment of Social Security Funds* (《社會保險費徵繳暫行條例》) promulgated by the State Council on January 22, 1999 and latest amended on March 24, 2019, and the *Regulations on the Administration of Housing Provident Funds* (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999 and latest amended on March 24, 2019, employers like our PRC subsidiary in China must provide employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing funds. These payments are made to local administrative authorities, and any employer who fails to contribute may be fined and ordered to pay the deficit amount within a stipulated time limit.

LAWS AND REGULATIONS RELATING TO TAXATION

Regulations on Enterprise Income Tax

Pursuant to the *PRC Enterprise Income Tax Law* (《中華人民共和國企業所得税法》) effective as of January 1, 2008 and latest amended on December 29, 2018, the income tax rate for both domestic and foreign-invested enterprises is 25% with certain exceptions. To clarify certain provisions in the *PRC Enterprise Income Tax Law*, the State Council promulgated the *Implementation Rules of the Enterprise Income Tax Law* (《中華人民共和國企業所得税法實施條例》) on December 6, 2007, which was latest amended and became effective on April 23, 2019. Under the *PRC Enterprise Income Tax Law* and the *Implementation Rules of the PRC Enterprise Income Tax Law*, enterprises are classified as either "resident enterprises" or "non-resident enterprises." Aside from enterprises established within the PRC, enterprises established outside of China whose "de facto management bodies" are located in China are considered "resident enterprises" and are subject to the uniform 25% enterprise income tax rate for their global income. In addition, the *PRC Enterprise Income Tax Law* provides that a non-resident enterprise refers to an entity established under foreign law whose "de facto management bodies" are not within the PRC, but has an establishment or place of business in the PRC, or does not have an establishment or place of business in the PRC but has income sourced within the PRC.

The *Implementation Rules of the PRC Enterprise Income Tax Law* provide that since January 1, 2008, an income tax rate of 10% shall normally be applicable to dividends declared to non-PRC resident enterprise investors that do not have an establishment or place of business in the PRC, or have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC. The income tax on the dividends may be reduced pursuant to a tax treaty between China and the jurisdictions in which the non-PRC shareholders reside.

According to the *Notice of the State Administration of Taxation on Delivering the Table of Negotiated Dividends and Interest Rates to Lower Levels* (《關於下發協定股息税率情況一覽表的通知》) issued on January 29, 2008, latest revised on February 29, 2008, and the *Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and 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 Double Tax Avoidance Arrangement, the withholding tax rate in respect of the payment of dividends by a PRC enterprise to a Hong Kong enterprise may be reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the PRC enterprise and certain other conditions are met, including: (i) the Hong Kong enterprise must directly own the required percentage of equity interests and voting rights in the PRC resident enterprise; and (ii) the Hong Kong enterprise must have directly owned such required percentage in the PRC resident enterprise throughout the 12

months prior to receiving the dividends. However, based on the Circular on Certain Issues with *Respect to the Enforcement of Dividend Provisions in Tax Treaties* (《關於執行税收協定股息條款有關問題的通知》) issued on February 20, 2009 by the SAT, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment; and based on the *Announcement on Certain Issues with Respect to the "Beneficial Owner" in Tax Treaties* (《關於税收協定中"受益所有人"有關問題的公告》) issued by the SAT on February 3, 2018 and effective from April 1, 2018, if an applicant's business activities do not constitute substantive business activities, it could result in the negative determination of the applicant's status as a "beneficial owner", and consequently, the applicant could be precluded from enjoying the above-mentioned reduced income tax rate of 5% under the Double Tax Avoidance Arrangement.

Regulations on Value Added Tax

Pursuant to the *Provisional Regulations of the PRC on Value-added Tax* (《中華人民共和國增值税暫行條例》), promulgated by the State Council on November 19, 2017, *the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax* (《中華人民共和國增值税暫行條例實施細則》), promulgated by the Ministry of Finance and the SAT on December 15, 2008 and latest amended and came into effect on November 1, 2011 (collectively, the "VAT Law"), all enterprises and individuals engaged in the sale of goods, the provision of processing, repairing and replacement of services, and the importation of goods within the territory of the PRC must pay value added tax ("VAT"). On November 19, 2017, the State Council promulgated *The Decisions on Abolition of the Provisional Regulations of the PRC on Business Tax and Revision of the Provisional Regulations of the PRC on Value-added Tax* (《關於廢止〈中華人民共和國營業税暫行條例〉和修改〈中華人民共和國增值税暫行條例〉的決定》), or Order 691. According to the VAT Law and Order 691, all enterprises and individuals engaged in the sale of goods, the provision of processing, repairing and replacement of services, sales of services, intangible assets, real property and the importation of goods within the territory of the PRC must pay VAT. The VAT tax rates generally applicable are simplified as 17%, 11%, 6% and 0%, and the VAT tax rate applicable to the small-scale taxpayers is 3%. The *Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting 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》), or the Notice, was promulgated on April 4, 2018 and came into effect on May 1, 2018. According to the Notice, the VAT tax rates of 17% and 11% are changed to 16% and 10%, respectively. On March 20, 2019, the Ministry of Finance, State Taxation Administration and General Administration of Customs jointly promulgated the *Announcement on Policies for Deeping the VAT Reform* (《關於深化增值税改革有關政策的公告》), or Notice 39, which came into effect on April 1, 2019. Notice 39 further changes the VAT tax rates of 16% and 10% to 13% and 9% respectively.

LAWS AND REGULATIONS RELATING TO ENVIRONMENT 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 SCNPC, on December 26, 1989, latest amended on April 24, 2014 and effective on January 1, 2015, any entity which discharges or will discharge pollutants during 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. According to the provisions of the *Environmental Protection Law*, in addition to other relevant laws and regulations of the PRC, the Ministry of Environmental Protection and its local counterparts take charge of administering and supervising said environmental protection matters.

Pursuant to the *Environmental Protection Law*, the environmental impact statement on any construction project must assess the pollution that the project is likely to produce and its impact on the environment, and stipulate preventive and curative measures; the statement shall be submitted to the competent administrative department of environmental protection for approval. Installations for the prevention and control of pollution in construction projects must be designed, built and commissioned together with the principal part of the project.

Permission to commence production at or utilize any construction project shall not be granted until its installations for the prevention and control of pollution have been examined and confirmed to meet applicable standards by the appropriate administrative department of environmental protection that examined and approved the environmental impact statement. Installations for the prevention and control of pollution shall not be dismantled or left idle without authorization. Where it is absolutely necessary to dismantle any such installation or leave it idle, prior approval shall be obtained from the competent local administrative department of environmental protection.

Pursuant to the *Law of the People's Republic of China on Environment Impact Assessment* (《中華人民共和國環境影響評價法》), which was issued on October 28, 2002 and latest amended on December 29, 2018, the State implements a classification-based management on the environmental impact assessment, or EIA, of construction projects according to the impact of the construction projects on the environment. Construction units shall prepare Environmental Impact Report, or EIR, or Environmental Impact Statement, or EIS, or fill out the Environmental Impact Registration Form, or EIRF.

LAWS AND REGULATIONS RELATING TO FIRE PROTECTION

Fire Protection Design Approval and Filing

The *Fire Prevention Law of the PRC* (《中華人民共和國消防法》), or the Fire Prevention Law, was adopted on April 29, 1998 and latest amended on April 23, 2019. According to the Fire Prevention Law and other relevant laws and regulations of the PRC, the emergency management authority of the State Council and its local counterparts at or above county level shall monitor and administer the fire prevention affairs. The fire and rescue department of such a people's government are responsible for implementation. The Fire Prevention Law provides that the fire prevention design or construction of a construction project must conform to the national fire prevention technical standards (as the case may be). According to *Provisions on the Supervision and Administration of Fire Protection of Construction Projects* (《建設工程消防監督管理規定》), or the Fire Protection Supervision Provisions, issued on April 30, 2009 and voided on June 1, 2020, for those construction projects with more than 500 square meters, the construction entity shall apply to the fire prevention department of a public security authority for fire protection design approval. For the construction projects other than the conditions foregoing, the construction entity shall, within seven days of obtaining the construction permit of the project, submit the fire protection filing for fire protection design through the website of the fire prevention department of the public security authority at the provincial level or at the service office of the fire prevention department of the public security authority. For a construction project whose investment is less than RMB300,000 or whose construction area is less than 300 square meters, the fire protection design approval or filing is not required.

OVERVIEW

Our Group's history can be traced back to February 2016 when our principal operating entity JW Shanghai was co-founded by two global pharmaceutical research and development platforms, Juno and WXAT Shanghai. Juno is now indirectly wholly-owned by Bristol Myers Squibb after its takeover of Celgene in November 2019. WXAT Shanghai is wholly-owned by WuXi AppTec. Since inception, our Group's continued and growing success was predominantly contributed by the efforts of the management team under the leadership of our sole executive Director, chairman of the Board and CEO, Dr. Li, who has in-depth knowledge and extensive experience in the biopharmaceutical industry. For further biographical details of Dr. Li and the management team, please see the section headed the section headed "Directors and Senior Management" to this document.

Our Company was incorporated in the Cayman Islands on September 6, 2017 and is the holding company of our Group.

OUR BUSINESS MILESTONES

The following table illustrates the key milestones of our business development since our inception:

February 2016	JW Shanghai was incorporated in Shanghai, the PRC
September 2017	Our Company was incorporated in the Cayman Islands
December 2017	Our Company entered into a License and Strategic Alliance Agreement with Juno pursuant to which Juno agreed to grant us an exclusive license under certain of its intellectual property to develop and commercialize relma-cel and to form a strategic alliance relationship for the development of other cellular therapy products
	Our Company submitted and filed relma-cel IND application to CDE
June 2018	Our Company received IND approval from the NMPA for clinical studies of relma-cel in China, which was the first CD19 CAR-T IND approval in China

	Phase I clinical trial of relma-cel was initiated in China and the first patient was dosed
December 2018	Our Company established and commenced operation of the research and development center located in Shanghai
April 2019	Our Company entered into the BCMA License Agreement with Juno pursuant to which Juno granted license to our Company to research, develop, commercialize, and manufacture JWCAR129, or related diagnostic products, in China, Hong Kong and Macau
May 2019	Our Company obtained construction work commencement permit for our manufacturing facility in Suzhou with approximately 9,976 square meters
	Our Company completed the Series A financing and raised a total of approximately US$168 million, and introduced investors including Temasek, Sequoia and ARCH
June 2019	Our Company launched Phase II clinical trial of relma-cel in China for treatment of patients with diffuse large B Cell lymphoma (DLBCL) and first patient was dosed
November 2019	Our Company conducted the Series X financing with certain Series X Preferred Shares issued to Juno as part of the upfront share-based payment in respect of the BCMA License Agreement with Juno
January 2020	Our Company entered into an option and license agreement with Acepodia relating to product candidates targeting HER2 (JWACE002) and an undisclosed target (JWACE055)
May 2020	Our Company conducted the Series B financing and raised a total of US$100 million, and introduced investors including CJW Therapeutics and Mirae Asset
June 2020	Our Company completed the Syracuse Acquisition pursuant to which we acquired the entire equity interest in Syracuse Hong Kong, Syracuse Jiangsu, Aeon Beijing, Aeon Wuhan, Eureka Beijing and assumed the rights and benefits under the Eureka License Agreement

	An NDA submission relating to relma-cel as third line treatment for DLBCL was filed and accepted by the NMPA
August 2020	Our Company entered into Lyell Collaboration Agreement with Lyell pursuant to which Lyell granted a license to our Company to develop, commercialize, and manufacture the Lyell Products in the JW Territory

OUR MAJOR SUBSIDIARIES AND OPERATING ENTITIES

The principal business activities and the dates of incorporation of the major subsidiaries and operating entities of our Group that made a material contribution to our results of operation during the Track Record Period are shown below:

Name of major subsidiary	Place of incorporation	Date of incorporation and commencement of business	Principal business activities
JW Shanghai	PRC	February 18, 2016	Drug research and development and import and export handling
JW R&D Shanghai	PRC	December 5, 2018	Drug research and development
JW Suzhou	PRC	September 12, 2018	Drug research and development and manufacturing and import and export handling
Shanghai Ming Ju[(1)]	PRC	August 30, 2017	Clinical trial and CRO

Notes:

(1) Shanghai Ming Ju is one of our Consolidated Affiliated Entities. For further details, please see the section headed "Contractual Arrangements" in this document.

MAJOR CORPORATE DEVELOPMENT AND SHAREHOLDING CHANGES OF OUR GROUP

The following sets forth the major corporate history and shareholding changes of our Company and our major subsidiaries and operating entities.

Our Company

(i) Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on September 6, 2017 with an authorized capital of US$50,000 divided into 50,000 ordinary shares with a par value of US$1.00 each.

(ii) Initial Issuances of Ordinary Shares and Subdivision

On the incorporation date of our Company, September 6, 2017, our Company allotted and issued one Share to the initial subscriber, and was in turn transferred on the same day to WXAT HK.

On November 14, 2017, our Company underwent a subdivision of shares whereby each issued and unissued share of a par value of US$1.00 in the authorized share capital of the Company was subdivided into 10,000 shares of a par value of US$0.0001 each, such that following such subdivision, the authorized share capital of the Company was US$50,000 divided into 500,000,000 shares of US$0.0001 par value each. On the same day, our Company further allotted and issued 3,240,000 shares to WXAT HK for a consideration of US$3,099,999 and 2,500,000 shares to Juno for a consideration of US$2,384,520 and 750,000 shares to JDI Capital Management Limited (a company directly wholly-owned by Dr. Li, our executive Director, chairman of the Board and CEO) for a consideration of US$715,480 and thereafter an aggregate of 6,500,000 shares were in issue and held as follows:

Name of Shareholder	Number of ordinary shares
WXAT HK	3,250,000
Juno	2,500,000
JDI Capital Management Limited	750,000
Total	**6,500,000**

(iii) Series A1 and Series A2 Financing

On 13 February 2018, our Company and certain of its subsidiaries, among others, entered into the Series A Preferred Share Purchase Agreement with the Series A1 Investors and the Series A2 Investors pursuant to which Series A1 Investors agreed to subscribe from our Company an aggregate of 3,530,865 Series A1 Preferred Shares of our Company for a total consideration of US$48,888,889 at US$13.85 per Series A1 Preferred Share and the Series A2 Investors agreed to

subscribe from our Company an aggregate of 6,427,170 Series A2 Preferred Shares for a total consideration of US$114,799,153 at US$17.86 per Series A2 Preferred Share pursuant to the terms and subject to the conditions set forth therein.

The Series A1 Preferred Shares were allotted and issued on February 23, 2018 as set forth in the table below:

Name of Shareholder	Number of Series A1 Preferred Shares	Consideration
		(US$)
TLS Beta Pte. Ltd.	1,027,160	14,222,222
Juno[(1)]	641,975	8,888,889
SCC Venture VI Holdco, Ltd.	481,482	6,666,667
Yuanming Healthcare Holdings Limited	256,790	3,555,556
WXAT HK	216,667	3,000,000
King Star Med LP	178,148	2,466,667
Danqing Investment Limited[(2)]	160,494	2,222,222
Oriza Seed Fund I L.P.	160,494	2,222,222
AVICT Global Holdings Limited	160,494	2,222,222
Loyal Valley Capital Advantage Fund LP	160,494	2,222,222
Park Place Capital Management & Consulting Limited[(3)]	86,667	1,200,000
Total	**3,530,865**	**48,888,889**

Notes:

(1) The allotment of 641,975 Series A1 Preferred Shares to Juno upon exercising its warrants is part of the upfront share-based payment in respect of the License and Strategic Alliance Agreement with Juno. For further details, please see the sections headed "Business — Collaboration and License Agreements" and "Connected Transactions — Non-Exempt Continuing Connected Transactions" in this document.

(2) On April 24, 2019, Danqing Investment Limited transferred 160,494 Series A1 Preferred Shares to Danqing-JW Investment Limited for nil consideration.

(3) Park Place Capital Management & Consulting Limited is indirectly wholly-owned by Dr. Li, our executive Director, chairman of the Board and CEO.

On May 16, 2018, our Company and certain of its subsidiaries, among others, further entered into the Additional Series A Preferred Share Purchase Agreement pursuant to which the following Series A1 Investors agreed to subscribe from our Company an aggregate of 320,988 Series A1

Preferred Shares for a total consideration of US$4,444,444 at US$13.85 per Series A1 Preferred Share. The Series A1 Preferred Shares were allotted and issued on May 16, 2018 as set forth in the table below:

Name of Shareholder	Number of Series A1 Preferred Shares	Consideration
		(US$)
ARCH Venture Fund IX Overage, L.P.	240,741	3,333,333
ARCH Venture Fund IX, L.P.	80,247	1,111,111
Total	**320,988**	**4,444,444**

The Series A2 Preferred Shares were allotted and issued on May 9, 2019 as set forth in the table below:

Name of Shareholder	Number of Series A2 Preferred Shares	Consideration
		(US$)
Juno[(1)]	3,316,825	59,243,597
TLS Beta Pte. Ltd.	995,311	17,777,778
SCC Venture VI Holdco, Ltd.	466,552	8,333,333
Yuanming Healthcare Holdings Limited	248,828	4,444,444
ARCH Venture Fund IX Overage, L.P.	233,276	4,166,667
WXAT HK	209,948	3,750,000
King Star Med LP	172,624	3,083,333
Oriza Seed Fund I L.P.	155,517	2,777,778
AVICT Global Holdings Limited	155,517	2,777,778
Loyal Valley Capital Advantage LP	155,517	2,777,778
Danqing-JW Investment Limited	155,517	2,777,778
Park Place Capital Management & Consulting Limited	83,979	1,500,000
ARCH Venture Fund IX, L.P.	77,759	1,388,889
Total	**6,427,170**	**114,799,153**

Note:

(1) The allotment of 3,316,825 Series A2 Preferred Shares to Juno upon exercising its warrants is part of the upfront share-based payment in respect of the License and Strategic Alliance Agreement with Juno. For further details, please see the sections headed "Business — Collaboration and License Agreements" and "Connected Transactions — Non-Exempt Continuing Connected Transactions" in this document.

(iv) Series X Financing

On November 20, 2019, our Company and certain of its subsidiaries, among others, entered into the Series X Preferred Share Purchase Agreement with Juno, the Series X Investor, pursuant to which our Company agreed to, among others, issue to Juno an aggregate of 466,553 Series X Preferred Shares for a consideration of US$10,000,000 at US$21.43 per Series X Preferred Share pursuant to the terms and subject to the conditions set forth in the Series X Preferred Share Purchase Agreement.

Furthermore, it was agreed that if there is no product failure as defined in the BCMA License Agreement relating to JWCAR129 has occurred prior to April 11, 2022, then, on or prior to June 10, 2022, our Company will issue to Juno 4,665,530 Series X Preferred Shares (as adjusted after Share Subdivision) as further payment to Juno at nil consideration as part of the second upfront payment under BCMA License Agreement.

The Series X Preferred Shares were allotted and issued on November 20, 2019 as set forth in the table below:

Name of Shareholder	Number of Series X Preferred Shares	Consideration
		(US$)
Juno[(1)]	466,553	10,000,000

Note:

(1) In connection with the BCMA License Agreement, two warrants ("**BCMA Warrants**") as share-based upfront payment were issued to Juno in which the Company will issue preferred shares at two aggregated value of USD10,000,000 each. In November 2019, Juno exercised the first BCMA Warrant. The second BCMA Warrant has not been exercised as at the Latest Practicable Date. For further details, please see the sections headed "Business — Collaboration and License Agreements" and "Connected Transactions — Non-Exempt Continuing Connected Transactions" in this document.

(v) Series B Financing

On May 13, 2020, our Company and certain of its subsidiaries, among others, entered into the Series B Preferred Share Purchase Agreement with the Series B Investors pursuant to which Series B Investors agreed to subscribe from our Company an aggregate of 4,888,062 Series B Preferred Shares for a total consideration of US$100 million at US$20.46 per Series B Preferred Share pursuant to the terms and subject to the conditions set forth therein.

The Series B Preferred Shares were allotted and issued on May 22, 2020 as set forth in the table below:

Name of Shareholder	Number of Series B Preferred Shares	Consideration
		(US$)
CJW Therapeutics Investment Limited	1,955,225	40,000,000
Mirae Asset — Naver Asia Growth Investment Pte. Ltd.	684,329	14,000,002.68
Time Concord Holdings Limited	488,806	10,000,000
Golden Valley Global Limited	322,612	6,600,000
TLS Beta Pte. Ltd.	244,403	5,000,000
Hua Yuan International Limited	244,403	5,000,000
Mirae Asset — Celltrion New Growth Fund	195,523	4,000,009.53
Mirae Asset Growth JW Investment Company Limited	146,642	2,999,996.67
WXAT HK	146,642	3,000,000
Mirae Asset Capital Co., Ltd	146,642	3,000,002.04
Mirae Asset Securities (HK) Ltd.	97,761	1,999,994.54
Juno	97,761	2,000,000
Mirae Asset Next Korea AI Venture Investment Fund	97,761	1,999,994.54
SCC Venture VI Holdco, Ltd.	14,664	300,000
ARCH Venture Fund IX Overage, L.P.	3,666	75,000
ARCH Venture Fund IX, L.P.	1,222	25,000
Total	**4,888,062**	**100,000,000**

(vi) Syracuse Acquisition

On June 30, 2020, our Company and its wholly-owned subsidiary, JWS Therapeutics, entered into the Asset Purchase Agreement with Syracuse Cayman pursuant to which Syracuse Cayman agreed to transfer and assign to JWS Therapeutics, and JWS Therapeutics agreed to purchase and assume from Syracuse Cayman substantially all of the assets and liabilities of Syracuse Cayman in consideration for our Company issuing 4,631,374 ordinary shares of a par value of US$0.0001 each to Syracuse Cayman after arms' length negotiation with reference to our Company's Series B financing valuation. Prior to the acquisition, Syracuse Hong Kong directly or indirectly wholly-owned Syracuse Jiangsu, Eureka Beijing, Aeon Beijing and Aeon Wuhan.

4,631,374 ordinary shares of a par value of US$0.0001 each were allotted and issued on June 30, 2020 as set forth in the table below:

Name of Shareholder	Number of Ordinary Shares	Consideration
Syracuse Cayman	4,631,374	Syracuse Cayman's assets (including 100% shareholding of Syracuse Hong Kong and rights and benefits under the Eureka License Agreement)

On July 1, 2020, Syracuse Cayman transferred 293,283 ordinary shares of a par value of US$0.0001 each to Be Angels LLC for the settlement of a convertible promissory note with a principal amount of US$6 million. The conversion price was determined after arms' length negotiation with reference to our Company's post-Series B financing valuation.

Upon completion, Syracuse Hong Kong, Syracuse Jiangsu, Eureka Beijing, Aeon Beijing and Aeon Wuhan became our indirectly wholly-owned subsidiaries. Syracuse Hong Kong is the holding company of some of our subsidiaries which also held the license rights under the Eureka License Agreement. Our acquisition of product rights and platform technology rights from Eureka sets a precedent for expansion of our pipeline by means of acquisitions and in-licensing arrangements.

As part of the Asset Purchase Agreement, we set aside an initial holdback amount of US$10.5 million from Eureka for any post-completion adjustments customary for acquisition transactions, deductions such as net working capital adjustment and taxes to be paid by us in connection with the Asset Purchase Agreement. The holdback after Share Subdivision adjustment will be settled by issuance of a maximum of 5,132,467 Syracuse Holdback Shares at nil consideration (representing approximately 1.91% of our issued share capital immediately prior to the **[REDACTED]**) by June 30, 2021.

For further details, please see the section headed "Business — Collaboration and License Agreements — License Agreement with Eureka" and "Appendix III — Accountants' Report of Syracuse Biopharma (Hong Kong) Limited" to this document.

(vii) Further Share Subdivision

On [•], 2020, our Company underwent a subdivision of shares whereby each issued and unissued share of par value US$0.0001 each in our Company's authorized share capital was subdivided into 10 shares of US$0.00001 par value each, such that immediately following such

Share Subdivision, our Company's authorized share capital was US$50,000 divided into (a) 4,838,998,090 Shares; (b) 38,518,530 Series A1 Preferred Shares; (c) 64,271,700 Series A2 Preferred Shares; (d) 9,331,060 Series X Preferred Shares and (e) 48,880,620 Series B Preferred Shares.

*(viii) **Appointment of Computershare Hong Kong Trustees Limited (the "Trustee")***

On [•], 2020, the Company entered into a trust deed with the Trustee, an Independent Third Party, pursuant to which the Trustee has agreed to act as the trustee to administer the Restricted Share Unit Scheme and to hold certain Shares underlying the RSUs granted under the Restricted Share Unit Scheme. On [•], 2020, the Company allotted and issued [1,500,000] Shares to the Trustee at a nominal consideration. For details, please see "Appendix V — Statutory and General Information — D. Share Incentivization Schemes — 2. Restricted Share Unit Scheme" of this document.

For further details of the allotment and issue described above, please see "— Pre-**[REDACTED]** Investments" in this section.

Our Major Subsidiaries and Operating Entities

(1) JW Shanghai

JW Shanghai was incorporated as a limited liability company in the PRC on February 18, 2016, with an initial registered capital of US$5 million that was equally contributed by Juno and WXAT Shanghai.

On June 14, 2017, WXAT Shanghai and Park Place Capital Management & Consulting Limited, a company indirectly wholly-owned by Dr. Li, each subscribed for a registered capital of US$750,000 in JW Shanghai. Upon completion, JW Shanghai was owned by WXAT Shanghai as to 50%, Juno as to 38.46% and Park Place Capital Management & Consulting Limited as to 11.54%.

Pursuant to an equity transfer agreement entered into among WXAT Shanghai, Juno, Park Place Capital Management & Consulting Limited and JW Hong Kong dated November 14, 2017, (i) WXAT Shanghai transferred 50% of JW Shanghai to JW Hong Kong for a consideration of US$3,100,000; (ii) Juno transferred 38.46% of JW Shanghai to JW Hong Kong for a consideration of US$2,384,520 and (iii) Park Place Capital Management & Consulting Limited transferred 11.54% of JW Shanghai to JW Hong Kong for a consideration of US$715,480, which were determined on an arm's length basis. All such consideration was contributed to the subscription of the shares of our Company on the same date as part of the restructuring. For further details, please

see "— Major Corporate Development and Shareholding Changes of our Group — Our Company — (i) Incorporation of our Company" in this section. Upon completion, JW Shanghai was wholly-owned by JW Hong Kong and indirectly wholly-owned by our Company.

Through a series of share capital contributions, JW Shanghai's registered capital increased from US$6.5 million to US$40.5 million.

(2) JW R&D Shanghai

JW R&D Shanghai was incorporated as a limited liability company in the PRC on December 5, 2018, with an initial registered capital of US$2 million that was contributed by JW Hong Kong.

On May 29, 2019, JW Hong Kong further contributed to the registered capital such that the registered capital of JW R&D Shanghai increased from US$2 million to US$15 million.

(3) JW Suzhou

JW Suzhou was incorporated as a limited liability company in the PRC on September 12, 2018, with an initial registered capital of US$1.6 million that was contributed by JW Hong Kong.

On May 22, 2019, JW Hong Kong further contributed to the registered capital such that the registered capital of JW Suzhou increased from US$1.6 million to US$15 million.

(4) Shanghai Ming Ju

Shanghai Ming Ju was incorporated as a limited liability company in the PRC on August 30, 2017, with an initial registered capital of RMB1 million that was contributed by Shanghai Ju Ming.

The transfer of equity interests described above have been properly and legally completed.

REASON FOR THE [REDACTED]

Our Board is of the view that the net **[REDACTED]** of approximately HK$**[REDACTED]** from the **[REDACTED]**, after deducting the **[REDACTED]** and other estimated **[REDACTED]** expenses payable by us, and assuming the initial **[REDACTED]** of HK$**[REDACTED]** per Share, being the mid-point of the indicative **[REDACTED]** range set forth on the cover page of this document, and assuming the **[REDACTED]** is not exercised, will provide us with the necessary funding for us to further develop and commercialize our lead drug candidates as disclosed in the section headed "Business — Our Strategies" in this document.

PRE-[REDACTED] INVESTMENTS

(1) Overview

Our Company received several rounds of Pre-**[REDACTED]** Investments, including Series A1, Series A2, Series X and Series B financing and Syracuse Acquisition as described above.

The basis of determination for the consideration for the Pre-**[REDACTED]** Investments was determined based on arm's length negotiations between our Company and the Pre-**[REDACTED]** Investors after taking into account the timing of the investments and the status of our business and operating entities at the relevant time.

In connection with the Pre-**[REDACTED]** Investments, the Pre-**[REDACTED]** Investors entered into the relevant share purchase agreements or asset purchase agreement at the time of their respective investments.

(2) Capitalization of our Company

The below table is a summary of the capitalization of our Company:

		As at the Latest Practicable Date[1]						As at the [REDACTED][2]	
Name of Shareholders	Ordinary shares	Series A1 Preferred Shares	Series A2 Preferred Shares	Series X Preferred Shares	Series B Preferred Shares	Aggregate number of shares	Aggregate ownership percentage	Aggregate number of Shares	Aggregate ownership percentage
Juno	[25,000,000]	[6,419,750]	[33,168,250]	[4,665,530]	[977,610]	[70,231,140]	[26.09]%	[REDACTED]	[REDACTED]
Syracuse Cayman	[43,380,910]	–	–	–	–	[43,380,910]	[16.12]%	[REDACTED]	[REDACTED]
WXAT HK	[32,500,000]	[2,166,670]	[2,099,480]	–	[1,466,420]	[38,232,570]	[14.20]%	[REDACTED]	[REDACTED]
Temasek	–	[10,271,600]	[9,953,110]	–	[2,444,030]	[22,668,740]	[8.42]%	[REDACTED]	[REDACTED]
CJW Therapeutics Investment Limited	–	–	–	–	[19,552,250]	[19,552,250]	[7.26]%	[REDACTED]	[REDACTED]
Mirae Asset Entities[3]	–	–	–	–	[13,686,580]	[13,686,580]	[5.09]%	[REDACTED]	[REDACTED]
SCC Venture VI Holdco, Ltd.	–	[4,814,820]	[4,665,520]	–	[146,640]	[9,626,980]	[3.58]%	[REDACTED]	[REDACTED]
Dr. Li Entities[4]	[7,500,000]	[866,670]	[839,790]	–	–	[9,206,460]	[3.42]%	[REDACTED]	[REDACTED]
Loyal Valley Capital[5]	–	[1,604,940]	[1,555,170]	–	[3,226,120]	[6,386,230]	[2.37]%	[REDACTED]	[REDACTED]
ARCH Venture Entities[6]	–	[3,209,880]	[3,110,350]	–	[48,880]	[6,369,110]	[2.37]%	[REDACTED]	[REDACTED]
Yuanming Healthcare Holdings Limited	–	[2,567,900]	[2,488,280]	–	–	[5,056,180]	[1.88]%	[REDACTED]	[REDACTED]
Time Concord Holdings Limited	–	–	–	–	[4,888,060]	[4,888,060]	[1.82]%	[REDACTED]	[REDACTED]
King Star Med LP	–	[1,781,480]	[1,726,240]	–	–	[3,507,720]	[1.30]%	[REDACTED]	[REDACTED]
Oriza Seed Fund I L.P.	–	[1,604,940]	[1,555,170]	–	–	[3,160,110]	[1.17]%	[REDACTED]	[REDACTED]
Danqing-JW Investment Limited	–	[1,604,940]	[1,555,170]	–	–	[3,160,110]	[1.17]%	[REDACTED]	[REDACTED]
AVICT Global Holdings Limited	–	[1,604,940]	[1,555,170]	–	–	[3,160,110]	[1.17]%	[REDACTED]	[REDACTED]
Be Angels LLC.	[2,932,830]	–	–	–	–	[2,932,830]	[1.09]%	[REDACTED]	[REDACTED]

		As at the Latest Practicable Date[1]						As at the [REDACTED][2]	
Name of Shareholders	Ordinary shares	Series A1 Preferred Shares	Series A2 Preferred Shares	Series X Preferred Shares	Series B Preferred Shares	Aggregate number of shares	Aggregate ownership percentage	Aggregate number of Shares	Aggregate ownership percentage
Hua Yuan International Limited	–	–	–	–	[2,444,030]	[2,444,030]	[0.91]%	[REDACTED]	[REDACTED]
Trustee	[1,500,000]	–	–	–	–	[1,500,000]	[0.56]%	[REDACTED]	[REDACTED]
Investors taking part in the [REDACTED]	–	–	–	–	–	–	–	[REDACTED]	[REDACTED]
Total	[112,813,740]	[38,518,530]	[64,271,700]	[4,665,530]	[48,880,620]	[269,150,120]	100.00%	[REDACTED]	[REDACTED]

Notes:

1. Based on the assumption that each of the Preferred Shares will be converted into one Share upon the **[REDACTED]** becoming unconditional. All Preferred Shares will automatically be converted into Shares on a one-to-one basis on the **[REDACTED]**.

2. Calculated after taking into account the Shares to be issued pursuant to the **[REDACTED]**, assuming that the **[REDACTED]** is not exercised, no additional Shares are issued under the Share Incentivization Schemes and no Syracuse Holdback Shares and Juno Settlement Shares are issued.

3. Mirae Asset Entities include Mirae Asset Growth JW Investment Company Limited, Mirae Asset Securities (HK) Ltd., Mirae Asset — Naver Asia Growth Investment Pte. Ltd., Mirae Asset — Celltrion New Growth Fund, Mirae Asset Capital Co., Ltd. and Mirae Asset Next Korea AI Venture Investment Fund. As at the Latest Practicable Date, (i) Mirae Asset Growth JW Investment Company Limited held 1,466,420 Series B Preferred Shares; (ii) Mirae Asset Securities (HK) Ltd. held 977,610 Series B Preferred Shares; (iii) Mirae Asset — Naver Asia Growth Investment Pte. Ltd. held 6,843,290 Series B Preferred Shares; (iv) Mirae Asset — Celltrion New Growth Fund held 1,955,230 Series B Preferred Shares; (v) Mirae Asset Capital Co., Ltd held 1,466,420 Series B Preferred Shares and (vi) Mirae Asset Next Korea AI Venture Investment Fund held 977,610 Series B Preferred Shares.

4. Dr. Li Entities include JDI Capital Management Limited and Park Place Capital Management & Consulting Limited. As at the Latest Practicable Date, (i) JDI Capital Management Limited held 7,500,000 Shares and (ii) Park Place Capital Management & Consulting Limited held 1,706,460 shares consisting of 866,670 Series A1 Preferred Shares and 839,790 Series A2 Preferred Shares. Dr. Li is in the process of setting up a family trust with his interest in JDI Capital Management Limited and Park Place Capital Management & Consulting Limited as part of the trust assets. Dr. Li and his family will remain the beneficiaries of the interest in the share capital of JDI Capital Management Limited and Park Place Capital Management & Consulting Limited.

5. Loyal Valley Capital includes Loyal Valley Capital Advantage Fund LP and Golden Valley Global Limited. As at the Latest Practicable Date, (i) Loyal Valley Capital Advantage Fund LP held 3,160,110 shares consisting of 1,604,940 Series A1 Preferred Shares and 1,555,170 Series A2 Preferred Shares and (ii) Golden Valley Global Limited held 3,226,120 Series B Preferred Shares.

6. ARCH Venture Entities includes ARCH Venture Fund IX Overage, L.P. and Arch Venture Fund IX, L.P. As at the Latest Practicable Date, (i) ARCH Venture Fund IX Overage, L.P. held 4,776,830 shares consisting of 2,407,410 Series A1 Preferred Shares, 2,332,760 Series A2 Preferred Shares and 36,660 Series B Preferred Shares and (ii) ARCH Venture Fund IX, L.P. held 1,592,280 shares consisting of 80,247 Series A1 Preferred Shares, 777,590 Series A2 Preferred Shares and 12,220 Series B Preferred Shares.

7. Figures have been adjusted assuming Share Subdivision has been completed.

(3) Principal terms of the Pre-[REDACTED] Investments and Pre-[REDACTED] Investors' rights

The below table summarizes the principal terms of the Pre-**[REDACTED]** Investments:

	Series A1 Financing	Series A2 Financing	Series X Financing	Series B Financing	Syracuse Acquisition
Cost per Preferred Share or Share paid (approximation)[1]	US$13.85	US$17.86	US$21.43	US$20.46	US$20.46
Corresponding valuation of our Company (approximation)[2]	US$143.33 million	US$299.70 million	US$369.64 million	US$452.81 million	US$547.56 million
Date of the agreement(s)	February 13, 2018 and May 16, 2018	February 13, 2018	November 20, 2019	May 13, 2020	June 30, 2020
Funds raised by our Group (approximation)	US$53.33 million	US$114.80 million	US$10 million[4]	US$100 million	N/A, acquired assets of Syracuse Cayman
Date on which investment was fully settled	May 24, 2018	May 9, 2019	November 20, 2019	June 3, 2020	June 30, 2020
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Lock-up Period	Subject to certain exceptions, the Pre-**[REDACTED]** Investors have agreed that, if so required by the managing **[REDACTED]**, it will not during the period commencing on the date of the final document relating to the Company's **[REDACTED]** and ending on the date specified by the Company and the managing **[REDACTED]** (such period not to exceed one hundred eighty (180) days from the date of such final document) dispose of the Shares.				
Use of **[REDACTED]** from the Pre-**[REDACTED]** Investments	We utilized the **[REDACTED]** for the principal business of our Group as approved by the Board, including, but not limited to, research and development activities, the growth and expansion of our Group's business and general working capital purposes in accordance with the budget approved by the Board. As at the Latest Practicable Date, approximately 41% of the net **[REDACTED]** from the Pre-**[REDACTED]** Investments have been utilized.				
Strategic benefits of the Pre-**[REDACTED]**	At the time of the Pre-**[REDACTED]** Investments, our Directors were of the view that our Company could benefit from the additional capital and licensed patent rights that would be provided by the Pre-**[REDACTED]** Investors' investments in our Company and the Pre-**[REDACTED]** Investors' knowledge and experience.				

Notes:

1. The cost per Preferred Share or share paid is calculated based on the assumption that the Share Subvision is not completed.

2. The corresponding valuation of our Company is calculated based on the capitalization of our Company of the relevant time taking into account the funds raised assuming all underlying shares of the Share Incentivization Schemes have not been issued.

[REDACTED]

4. In consideration of the rights granted to us by Juno through BCMA License Agreement, the Company provided share-based payment to Juno. For further details, please see the sections headed "Business — Collaboration and License Agreements" and "Connected Transactions — Non-Exempt Continuing Connected Transactions" in this document.

(4) Special Rights of the Pre-[REDACTED] Investors

All Preferred Shares shall be converted into Shares of our Company immediately before the completion of the **[REDACTED]** on a ratio of 1:1. All Shareholders (including our Pre-**[REDACTED]** Investors) are bound by (i) the terms of the existing memorandum and articles of association (as amended from time to time) of our Company which will be replaced by our Memorandum and Articles of Association effective upon the **[REDACTED]** and (ii) the Shareholders' Agreement which superseded all previous agreements among the contracting parties in respect of the shareholders' rights in our Company.

Pursuant to the Shareholders' Agreement and the existing memorandum and articles of association of our Company, certain Pre-**[REDACTED]** Investors have, among other rights, (i) the right to elect Directors and the right of participation in the meetings of the Board; (ii) registration rights including demand and piggyback registration rights; (iii) information and inspection rights; (iv) redemption rights; (v) conversion rights; (vi) pre-emptive rights; (vii) liquidation rights; (viii) rights of first refusal and co-sale and (ix) protective provisions.

The relevant redemption rights ceased to be exercisable immediately upon the first filing of the **[REDACTED]** application by our Company, but shall be re-instated and become exercisable again upon the earliest of (i) withdrawal of the **[REDACTED]** application by our Company; (ii) rejection of the **[REDACTED]** application by the Stock Exchange, or (iii) failure by our Company to achieve an **[REDACTED]** before the one-year anniversary of the first filing of the **[REDACTED]** application by our Company. All other shareholders' special rights granted under the foregoing documents will be automatically terminated upon or before the **[REDACTED]** in accordance with the terms of the Shareholders' Agreement.

(5) Information about the Pre-[REDACTED] Investors

Our Pre-**[REDACTED]** Investors include certain sophisticated investors such as Temasek, Mirae Asset Securities (HK) Ltd., Mirae Asset — Naver Asia Growth Investment Pte. Ltd., Mirae Asset — Celltrion New Growth Fund, Mirae Asset Capital Co., Ltd, SCC Venture VI Holdco, Ltd., Oriza Seed Fund I L.P. and King Star Med LP. The background information of our Pre-**[REDACTED]** Investors is set out below.

1. Syracuse Cayman is one of our Substantial Shareholders and Pre-**[REDACTED]** Investors and is owned by approximately 150 individuals, including Dr. Cheng Liu, one of our non-executive Directors and other corporate entities, including Eureka. None of them is entitled to directly or indirectly control Syracuse Cayman in accordance with the SFO. Syracuse Cayman is also a party to the Asset Purchase Agreement.

2. TLS Beta Pte. Ltd. is a company incorporated in Singapore in 2005 and an indirectly wholly owned subsidiary of Temasek Holdings (Private) Limited ("**Temasek**"). Temasek, a sophisticated investor, is an investment company incorporated in 1974. Temasek's investment philosophy is anchored around four key themes of transforming economies; growing middle income populations; deepening comparative advantages; and emerging champions. Temasek's investment portfolio covers a broad spectrum of industries, which include: financial services; telecommunications, media and technology; consumer and real estate; transportation and industrials; life sciences and agribusiness; and energy and resources. Headquartered in Singapore, Temasek has 11 offices around the world.

3. CJW Therapeutics Investment Limited is a business company duly incorporated and validly existing under the laws of the British Virgin Islands and is principally engaged in private equity investment. It is held by its majority shareholder CPEChina Fund III, L.P. and minority shareholder CPE Global Opportunities Fund, L.P.

4. Founded in 1997, Mirae Asset Financial Group is one of the largest independent financial groups in Asia, providing comprehensive services to clients worldwide — including asset management, wealth management, investment banking, and life insurance. Today, Mirae Asset Financial Group has a presence in 15 markets and the group's managed assets worldwide is approximately US$400 billion (as of December, 2019). With approximately 12,800 employees, Mirae Asset Financial Group offers its clients a comprehensive suite of investment solutions from its offices in Australia, Brazil, Canada, China, Colombia, Hong Kong, India, Indonesia, Japan, Korea, Mongolia, Singapore, the U.K., the U.S., and Vietnam.

   Mirae Asset Growth JW Investment Company is a special vehicle for the target investment under Mirae Asset Global Investments HK Ltd's ("**MAGI HK**") private equity investment fund which is mainly funded by the principal money. MAGI HK is one of the major Mirae Asset Financial Group's asset management business entities taking Asia regional investment from traditional to alternative and private investments.

   Mirae Asset Securities (HK) Ltd. ("**Mirae Asset Securities**"), a wholly-owned subsidiary of Mirae Asset Daewoo Co., Ltd (KRX:006800) and a sophisticated investor, was established in Hong Kong in July 2005 with the vision of becoming the leading

Asia Pacific financial services company. Mirae Asset Securities' professional and experienced Hong Kong-based analysts, traders, and financial advisors cover the Asia market. Its customer-focused approach translates into a broad range of investment services and activities including securities trading, futures and option trading, principal investments, investment management, investment banking and wealth management.

Mirae Asset — Naver Asia Growth Investment Pte. Ltd. (the "**Asia Growth Fund**") is a sophisticated investor and a US$1bn. size Asia dedicated tech fund set up by Mirae Asset Financial Group and Naver. Since its establishment in 2018, the Asia Growth Fund had been actively investing in the region.

Mirae Asset — Celltrion New Growth Fund was established in 2017, managed by Mirae Asset Capital Co., Ltd ("**Mirae Asset Capital**"), both of which are sophisticated investors, solely dedicated to investments in biotech & healthcare sector.

Mirae Asset Capital invests in businesses worldwide to promote industries creating new growth with expertise built on investment technique and reputation of the nation's authoritative, Mirae Asset Financial Group.

Mirae Asset Venture Investment ("**MAVI**"), the general partner of Mirae Asset Next Korea AI Venture Investment Fund, is a venture capital arm of Mirae Asset Financial Group. MAVI supports start-ups in various stages and geography. MAVI is one of Korea's top venture capitals and is focused on the areas such as bio-tech, information and communication technology, advanced manufacturing and others.

5. SCC Venture VI Holdco, Ltd. is an exempted company with limited liability incorporated under the laws of the Cayman Islands and a sophisticated investor. Its sole shareholder is Sequoia Capital China Venture Fund VI, L.P., an investment fund whose primary purpose is to make equity investments in private companies.

6. JDI Capital Management Limited is a company incorporated in the BVI and Park Place Capital Management & Consulting Limited is a company incorporated in Hong Kong and they are directly and indirectly wholly-owned, respectively, by Dr. Li, our executive Director, chairman of the Board and CEO. Dr. Li is in the process of setting up a family trust with his interest in JDI Capital Management Limited and Park Place Capital Management & Consulting Limited as part of the trust assets. Dr. Li and his family will remain the beneficiaries of the interest in the share capital of JDI Capital Management Limited and Park Place Capital Management & Consulting Limited.

7. Golden Valley Global Limited and Loyal Valley Capital Advantage Fund LP are the entities established in 2016 and 2017 by Loyal Valley Capital, a private equity firm that mainly focuses on the following segments: new consumer (media, entertainment and education), healthcare and also covers specialty industrials. Loyal Valley Capital have invested in a number of healthcare companies such as Shanghai Junshi Biosciences Co., Ltd., InnoCare Pharma Limited, Shanghai Henlius Biotech, Inc and Akeso, Inc. Golden Valley Global Limited and Loyal Valley Capital Advantage Fund LP are ultimately controlled by Mr. Lijun Lin.

8. Each of ARCH Venture Fund IX, L.P. and ARCH Venture Fund IX Overage, L.P. is a venture capital fund specializing in investments in seed and early-stage technology companies with a focus on biotechnology and instrumentation. ARCH Venture Fund IX, L.P. and ARCH Venture Fund IX Overage, L.P. are limited partnerships registered in Delaware, United States. The limited partners of these partnerships are primarily institutional investors such as university endowments, foundations, sovereign wealth funds and family offices. ARCH Venture Partners IX, L.P. is the sole general partner of ARCH Venture Fund IX, L.P. and ARCH Venture Partners IX Overage, L.P. is the sole general partner of ARCH Venture Fund IX Overage, L.P. ARCH Venture Partners IX, LLC is the sole general partner of ARCH Venture Partners IX, L.P. and ARCH Venture Partners IX Overage, L.P.

9. The investment objective of Yuanming Healthcare Holdings Limited is to achieve long term capital appreciation by investing substantially all its assets in a managed portfolio of private equity investments. Yuanming Healthcare Holdings Limited holds equity securities or equity linked securities issued by target private companies, which may predominately operate in industries such as biotechnology, healthcare and other related business sectors. Yuanming Healthcare Holdings Limited is a limited independent portfolio company incorporated in the British Virgin Islands, managed by Yuanming Prudence SPC. Yuanming Prudence SPC is managed by Yuanming Capital Management Limited. Yuanming Capital Management Limited is directly and jointly owned by Yuanming Capital Group Limited and Fangyuan Financial Holdings Group 50% and 50%. Dr. Tian Yuan owns 100% equities in Yuanming Capital Group Limited. Fangyuan Financial Holdings Group is 80% owned by Prudence Financial Holdings Group Limited, which is 75% owned by Mr. Liu Qian.

10. Time Concord Holdings Limited is a private limited company incorporated in the British Virgin Islands. It is an affiliated investment entity of CR-CP Life Science Fund ("**CR-CP Fund**"). CR-CP Fund is a private equity fund jointly established by China Resources Group and Charoen Pokphand Group of Thailand with an investment focus on early-/growth-stage companies in the life science universe, with total fund size of

US$300 million. The fund invests in innovative products, technologies, and services globally that can fulfill the unmet need of Chinese patients. Leveraging the investment team's diverse experience in healthcare management and capital investment, the fund assists portfolio companies to achieve value-adding China angle.

11. Oriza Seed Fund I L.P. is a sophisticated investor. Oriza Seed Fund I L.P. was incorporated in the Cayman Islands for biotech and healthcare investment. The general partner of Oriza Seed Fund I L.P. is Oriza Seed L.P..

12. King Star Med LP is a sophisticated investor and a venture capital fund specializing in investments with a primary focus on healthcare and biotech. All of its portfolio including our Company are biotechnology companies.

13. Danqing-JW Investment Limited ("**Shiyu**") is a private equity firm focusing on investments into healthcare industry in China. Founded in September 2014, Shiyu's total AUM has exceeds RMB5 billion. Shiyu employs a focused investment strategy into areas including innovative medicine, medical services and IVD. Amid the pharmaceutical industry reform tailwinds, Shiyu continuously create great values to its investors and portfolios by fully leveraging its comprehensive industry experiences.

14. AVICT Global Holdings Limited is a company incorporated in the British Virgin Islands and is wholly owned by Hangyuan Holdings Limited. AVICT Global Holdings Limited is primarily engaged in equity investment and is primarily focused on the healthcare sector.

15. Be Angels LLC, a Delaware limited liability company formed on October 24, 2019, is solely-owned and managed by Long Wang to make investments. Long Wang is a stockholder of Syracuse Cayman.

16. Hua Yuan International Limited is a company incorporated in Hong Kong. It is a directly and wholly-owned special purpose vehicle of China Singapore Suzhou Industrial Park Ventures Co., Ltd — based on latest annual return filed in 2019 ("**CSVC**"). CSVC is an investment services flagship which is directly and wholly-owned by Suzhou Oriza Holdings Corporation (蘇州元禾控股股份有限公司)，an investment holding company whose business covers equity investment, credit finance and equity investment services.

(6) Public Float

Upon completion of the **[REDACTED]**, the following Shareholders, Juno, Syracuse Cayman and WXAT HK, will hold (directly or indirectly) approximately **[REDACTED]**%, **[REDACTED]**% and **[REDACTED]**% of the total issued Shares, respectively, and each is therefore our core connected person under the Listing Rules. As a result, such Shares will not count towards the public float. In addition, Dr. Li, our executive Director, through JDI Capital Management Limited and Park Place Capital Management & Consulting Limited, which are directly and indirectly wholly-owned by him, respectively, will in aggregate hold **[REDACTED]**% of the total issued Shares upon completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised, no additional Shares are issued pursuant to the Share Incentivization Schemes and no Syracuse Holdback Shares and Juno Settlement Shares are issued) and such Shares will not count towards the public float.

Save as disclosed above in this section, to the best of the Directors' knowledge, all other investors and Shareholders of our Company are not core connected persons of our Company. As a result, an aggregate of approximately **[REDACTED]**% of the Shares (upon completion of the **[REDACTED]**, assuming the **[REDACTED]** is not exercised, no additional Shares are issued pursuant to the Share Incentivization Schemes and no Syracuse Holdback Shares and Juno Settlement Shares are issued) with a market capitalization of approximately HK$**[REDACTED]** million (based on the **[REDACTED]** of HK$**[REDACTED]**, being the mid-point of the indicative **[REDACTED]** range) held by our Shareholders will count towards the public float. Hence, over 25% of our Company's total issued Shares will be held by the public upon completion of the **[REDACTED]** as required under 8.08(1)(a) of the Listing Rules. In addition, the market capitalization of the portion of the total number of the Company's issued Shares held by the public pursuant to the requirements under Rule 18A.07 of the Listing Rules (based on the **[REDACTED]** of HK$**[REDACTED]**, being the mid-point of the indicative **[REDACTED]** range) shall be at least HK$375 million at the time of the **[REDACTED]**.

Other than those granted under the Share Incentivization Schemes, Syracuse Holdback Shares and Juno Settlement Shares, there are no options or warrants outstanding. For further details on the principal terms of the Share Incentivization Schemes, please see the section headed "Appendix V — Statutory and General Information — D. Share Incentivization Schemes" to this document.

COMPLIANCE WITH INTERIM GUIDANCE AND GUIDANCE LETTERS

The Joint Sponsors confirm that the investments by the Pre-**[REDACTED]** Investors are in compliance with the Guidance Letter HKEX-GL29-12 issued on January 2012 and updated in March 2017 by the Stock Exchange, the Guidance Letter HKEX-GL43-12 issued in October 2012 and updated in July 2013 and in March 2017 by the Stock Exchange and the Guidance Letter HKEX-GL44-12 issued in October 2012 and updated in March 2017 by the Stock Exchange.

CONTRACTUAL ARRANGEMENTS

We conduct certain of our business and investment through our Consolidated Affiliated Entities, which hold the requisite permit and approval required for our business. In order to achieve our Group's business purposes and be in line with common practice in industries in the PRC subject to foreign investment restrictions, we have adopted the Contractual Arrangements to exercise and maintain control over the operations of the Consolidated Affiliated Entities, obtain their entire economic benefits and prevent leakage of the assets and values of the Consolidated Affiliated Entities to their shareholders in the PRC. For further details on the Contractual Arrangements, please see the section headed "Contractual Arrangements" in this document.

PRC REGULATORY REQUIREMENTS

Our PRC Legal Advisor confirms that as of the Latest Practicable Date, each of the subsidiaries in China had been duly established and all regulatory approvals and permits in respect of the incorporation of these subsidiaries had been obtained in accordance with PRC laws.

Under the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) ("**M&A Rules**"), a foreign investor is required to obtain necessary approvals when:

- a foreign investor acquires equity in a domestic enterprise (thereby converting it into a foreign-invested enterprise), or subscribes for new equity in a domestic enterprise via an increase of registered capital (thereby converting it into a foreign-invested enterprise); or

- a foreign investor establishes a foreign-invested enterprise that purchases and operates assets of a domestic enterprise, or that purchases assets of a domestic enterprise and injects those assets to establish a foreign-invested enterprise.

Furthermore, according to Article 11 of the M&A Rules, where a domestic company or enterprise, or a domestic natural person, through an overseas company established or controlled by it/them, acquires a domestic company that is related to or connected with it/them, approval from MOFCOM is required.

As advised by our PRC Legal Advisor, the MOFCOM approvals under the M&A Rules are not required because JW Shanghai, JW R&D Shanghai, JW Suzhou, Eureka Beijing, Aeon Beijing and Syracuse Jiangsu were established at the beginning as foreign-invested enterprises in the PRC, not become foreign-invested enterprises through merger or acquisition under the M&A Rules. However, there is uncertainty as to how the M&A Rules will be interpreted or implemented and whether the MOFCOM and other related government authorities would promulgate future PRC laws, regulations or rules contrary to the M&A Rules.

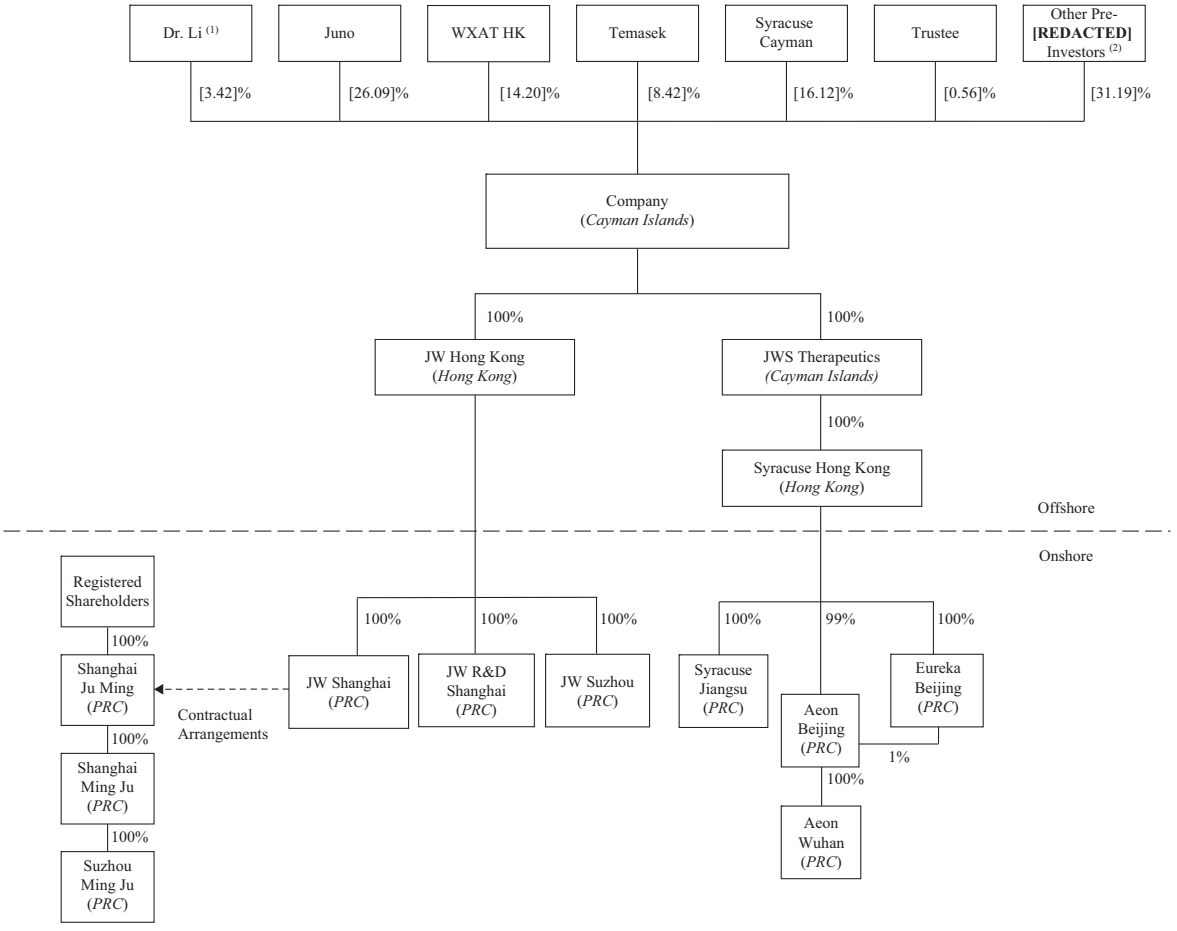
SAFE Circular 37

According to the SAFE Circular 37, PRC residents shall register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, or a special purpose vehicle, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests. The SAFE Circular 37 further requires amendment to the registration in the event of any changes with respect to the basic information of or any significant changes with respect to the special purpose vehicle. If the shareholders of the offshore holding company who are PRC residents do not complete their registration with the local SAFE branches, the PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the offshore company, and the offshore company may be restricted in its ability to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with SAFE registration and amendment requirements described above could result in liability under PRC law for evasion of applicable foreign exchange restrictions. Pursuant to the SAFE Circular 13, the power to accept SAFE registration was delegated from local SAFE branches to local banks where the assets or interests in the domestic entity are located.

As of the Latest Practicable Date, none of the direct shareholder of the Company was PRC citizen or was subject to the SAFE Circular 37.

OUR STRUCTURE IMMEDIATELY PRIOR TO THE [REDACTED]

The following chart depicts our shareholding as at the Latest Practicable Date, assuming that all of the Preferred Shares have been converted to ordinary Shares on a one-to-one basis, the **[REDACTED]** is not exercised, no shares are issued pursuant to the Share Incentivization Schemes and no Syracuse Holdback Shares and Juno Settlement Shares are issued:



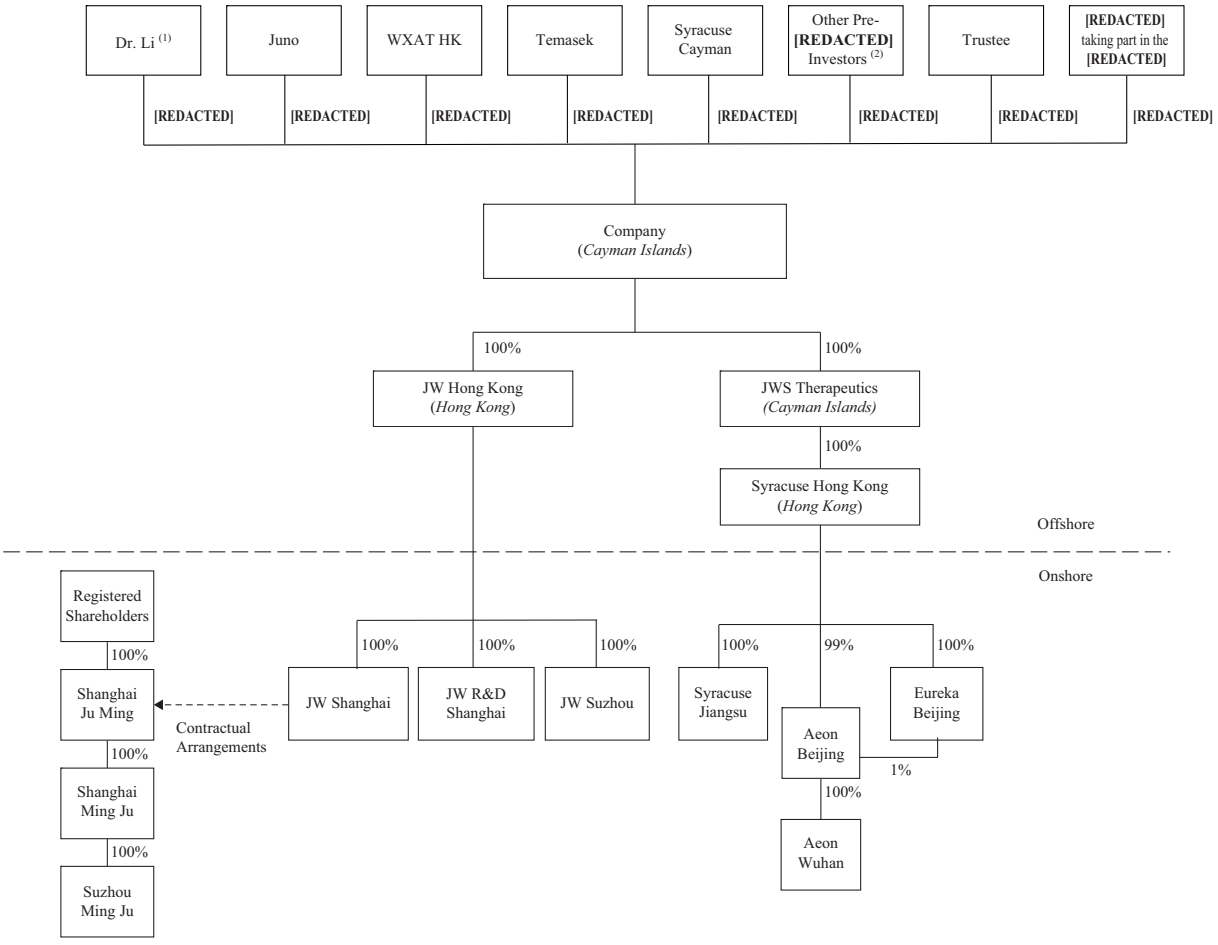
Notes:

1. Dr. Li, our executive Director, through JDI Capital Management Limited and Park Place Capital Management & Consulting Limited, in aggregate holding 7,500,000 Shares, 866,670 Series A1 Preferred Shares and 839,790 Series A2 Preferred Shares prior to **[REDACTED]**. Dr. Li is in the process of setting up a family trust with his interest in JDI Capital Management Limited and Park Place Capital Management & Consulting Limited as part of the trust assets. Dr. Li and his family will remain the beneficiaries of the interest in the share capital of JDI Capital Management Limited and Park Place Capital Management & Consulting Limited.

2. Other Pre-**[REDACTED]** Investors are Independent Third Parties including CJW Therapeutics Investment Limited, Mirae Asset Entities, SCC Venture VI Holdco, Ltd., Loyal Vally Capital, ARCH Venture Entities, Yuanming Healthcare Holdings Limited, Time Concord Holdings Limited, King Star Med LP, Danqing-JW Investment Limited, AVICT Global Holdings Limited, Be Angels LLC and Hua Yuan International Limited. For further details about the Pre-**[REDACTED]** Investors, please see "— Pre-**[REDACTED]** Investments" and "— Pre-**[REDACTED]** Investments — Capitalization of our Company" in this section.

OUR STRUCTURE IMMEDIATELY FOLLOWING THE [REDACTED]

The following chart depicts our shareholding structure immediately following the completion of the **[REDACTED]**, assuming that all of the Preferred Shares have been converted to Shares on a one-to-one basis, the **[REDACTED]** is not exercised, no shares are issued pursuant to the Share Incentivization Schemes and no Syracuse Holdback Shares and Juno Settlement Shares are issued:



Notes:

1. Dr. Li, our executive Director, through JDI Capital Management Limited and Park Place Capital Management & Consulting Limited, in aggregate holding 7,500,000 Shares, 866,670 Series A1 Preferred Shares and 839,790 Series A2 Preferred Shares prior to **[REDACTED]**.

2. Other Pre-**[REDACTED]** Investors are Independent Third Parties including CJW Therapeutics Investment Limited, Mirae Asset Entities, SCC Venture VI Holdco, Ltd., Loyal Vally Capital, ARCH Venture Entities, Yuanming Healthcare Holdings Limited, Time Concord Holdings Limited, King Star Med LP, Danqing-JW Investment Limited, AVICT Global Holdings Limited, Be Angels LLC and Hua Yuan International Limited. For further details on the Pre-**[REDACTED]** Investors, please see "— Pre-**[REDACTED]** Investments" and "— Pre-**[REDACTED]** Investments — Capitalization of our Company" in this section.

OVERVIEW

Foreign investment activities in the PRC now are mainly governed by the Industry Guidelines on Encouraged Foreign Investment (2019) (《鼓勵外商投資產業目錄(2019年版)》) and the *Special Administrative Measures (Negative List) for the Access of Foreign Investment (2020)*(《外商投資准入特別管理措施(負面清單)(2020年版)》) (the "**Relevant PRC Regulations**"), promulgated jointly by the MOFCOM and the NDRC, pursuant to which the industries listed therein are divided into three categories in terms of foreign investment, namely, "encouraged" "permitted" and "prohibited". According to the Relevant PRC Regulations, foreign investment is prohibited in the development and application of gene diagnostic and therapeutic technologies.

Our Group engages in the clinical trial of CAR-T therapies (the "**Relevant Businesses**"), which involve the development and application of gene diagnostic and therapeutic technologies, and therefore fall into the scope of the "prohibited" category of the Relevant PRC Regulations. As such, we currently do not directly or indirectly hold any equity interest in our Consolidated Affiliated Entities which are involved in the Relevant Businesses.

In order to comply with the PRC laws and regulations and maintain effective control over the Relevant Businesses, we, through our wholly-owned subsidiary, JW Shanghai, entered into the Contractual Arrangements with Shanghai Ju Ming and its relevant shareholders, pursuant to which JW Shanghai acquired effective control over the financial and operational policies of our Consolidated Affiliated Entities and has become entitled to all the economic benefits derived from their operations. In light of the foregoing reasons, we believe that the Contractual Arrangements are narrowly tailored as they are used to enable our Group to conduct businesses in the field that are subject to foreign investment prohibitions in the PRC.

Our Directors believe that the Contractual Arrangements are fair and reasonable because: (i) the Contractual Arrangements were freely negotiated and entered into among JW Shanghai, Shanghai Ju Ming, and the Registered Shareholders; (ii) by entering into the Exclusive Business Cooperation Agreements (as defined below) dated November 2, 2017 and July 29, 2020 with JW Shanghai, our Consolidated Affiliated Entities will enjoy better economic and technical support from us, as well as a better market reputation after the **[REDACTED]**; and (iii) a number of other companies use similar arrangements to accomplish the same purpose.

We, through our wholly-owned subsidiary, JW Shanghai first entered into a series of contractual arrangements, with Shanghai Ju Ming and each of its then shareholders, Ms. Jing Lv (呂晶), an employee of our Group and Ms. Wei Zhao (趙瑋), an employee of WXAT Shanghai (collectively, the "**Former Shareholders**") on November 2, 2017 (the "**Former Contractual Arrangements**"). Due to the change in one of the shareholders of Shanghai Ju Ming from Ms. Wei Zhao to Ms. Xing Gao (高星), a non-executive Director of our Company, the Former Contractual

Arrangements that relate to Ms. Wei Zhao were terminated on July 28, 2020 and we entered into a series of new contractual arrangements with Shanghai Ju Ming and Ms. Xing Gao on July 29, 2020, which their terms and conditions substantially the same as those of the Former Contractual Arrangements, save for the identity of the new shareholder of Shanghai Ju Ming and other corresponding changes made for entering into the new contractual arrangements.

In preparation for the **[REDACTED]**, we entered into a series of supplemental contractual arrangements with Shanghai Ju Ming and each of the Registered Shareholders on July 29, 2020. Key amendments made in the supplemental contractual arrangements are intended to comply with the Listing Rules which mainly include:

Former Contractual Arrangements	Supplemental Contractual Arrangements
Dispute Resolution Clause in Each Agreement(1)	
In the event of any dispute arising out of or in relation to such agreement, the parties shall first resolve such dispute through friendly negotiation, failing which the parties may submit the dispute to China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會) ("**CIETAC**") for arbitration. However, the Former Contractual Arrangements are silent on the remedies that the arbitrators may grant and the competent courts with powers to grant interim remedies.	Arbitrators may award remedies over the equity interests or assets of our Consolidated Affiliated Entities and courts of competent jurisdiction may grant interim remedies over the equity interests or assets of our Consolidated Affiliated Entities.
Exclusive Option Agreement	
JW Shanghai is entitled to an irrevocable and exclusive right to acquire the equity interests in Shanghai Ju Ming from its then registered shareholders by JW Shanghai or its designee(s).	JW Shanghai is entitled to an irrevocable and exclusive right to acquire the equity interests in our Consolidated Affiliated Entities from the Registered Shareholders and/or to acquire the assets of our Consolidated Affiliated Entities by JW Shanghai or its designee(s).

Note:

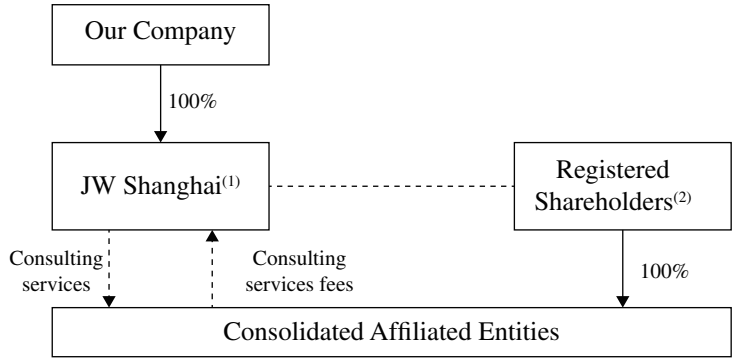
(1) Except the spouse undertaking of the relevant Former Shareholder under the Former Contractual Arrangements and the spouse undertaking of the relevant Registered Shareholder under the supplemental contractual arrangements.

Such changes are made in order to fully comply with the Listing Rules, to further strengthen our Group's control over our Consolidated Affiliated Entities and to perfect the rights conferred upon our Group over the economic benefits of our Consolidated Affiliated Entities.

We will unwind and terminate the Contractual Arrangements wholly or partially once the Relevant Businesses are no longer prohibited or restricted from foreign investment. We will directly hold the maximum percentage of ownership interests permissible under the relevant PRC laws and regulations if such businesses are allowed to be conducted by foreign investment entities under the relevant PRC laws and regulations.

CONTRACTUAL ARRANGEMENTS

The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Group stipulated under the Contractual Arrangements:



Notes:

"→" denotes legal and beneficial ownership in the equity interest.

"– →" denotes contractual relationship through the Exclusive Business Cooperation Agreements.

"– –" denotes the control by JW Shanghai over our Consolidated Affiliated Entities through (i) powers of attorney to exercise all shareholders' rights in Shanghai Ju Ming; (ii) exclusive options to acquire all or part of the equity interest and/or assets in our Consolidated Affiliated Entities; and (iii) equity pledges over the equity interest in Shanghai Ju Ming.

(1) As of the Latest Practicable Date, JW Shanghai was wholly-owned by JW Hong Kong which was in turn wholly-owned by our Company.

(2) As of the Latest Practicable Date, Shanghai Ju Ming was held by its Registered Shareholders, as to 50% by Ms. Jing Lv and 50% by Ms. Xing Gao, respectively.

Exclusive Business Cooperation Agreements

JW Shanghai and Shanghai Ju Ming entered into the exclusive business cooperation agreement on November 2, 2017 and the supplemental exclusive business cooperation agreement on July 29, 2020 (collectively, the "**Exclusive Business Cooperation Agreements**"), pursuant to which our Consolidated Affiliated Entities agreed to engage JW Shanghai as its exclusive provider

of technical support, consulting services, and other related services, including but not limited to (i) software and technology licensing, (ii) technical services, (iii) network support, (iv) human resource support, (v) collection and research of technology and market information, (vi) business and management consultation, (vii) marketing and promotional services, (viii) development and testing of new products, (ix) equipment or properties leasing and (x) other related services requested by our Consolidated Affiliated Entities from time to time to the extent permitted under PRC law.

Pursuant to the Exclusive Business Cooperation Agreements, the service fee shall be paid on annual basis or any other timing as separately agreed between JW Shanghai and our Consolidated Affiliated Entities. The annual service fees shall consist of a management fee and a fee for services provided, which shall be reasonably determined by JW Shanghai based on certain factors, including, among other things, complexity and difficulty of such services, time commitment to such services, actual service scope and the market price of the same type of services. Apart from the service fee, if JW Shanghai transfers, licenses or develops technology for our Consolidated Affiliated Entities, or leases equipment or properties to our Consolidated Affiliated Entities, such fee shall be determined by JW Shanghai and our Consolidated Affiliated Entities separately.

In addition, pursuant to the Exclusive Business Cooperation Agreements, without the prior consent of JW Shanghai, during the term of the Exclusive Business Cooperation Agreements, our Consolidated Affiliated Entities shall not directly or indirectly accept any same or similar service provided by any third party and shall not establish same or similar cooperation relationships with any third party.

The Exclusive Business Cooperation Agreements also provide that JW Shanghai has the exclusive proprietary rights and interests in any and all intellectual property rights created or developed by JW Shanghai or our Consolidated Affiliated Entities during the performance of the Exclusive Business Cooperation Agreements.

The Exclusive Business Cooperation Agreements are for an initial term of 30 years and is automatically extended for another 30 years upon expiry, unless terminated by JW Shanghai in writing before the expiration. During the term of the Exclusive Business Cooperation Agreements, they shall be terminated upon the expiration of the operation term of our Consolidated Affiliated Entities or JW Shanghai if the application for the renewal of their operation term is not approved by the competent government authorities.

Powers of Attorney

JW Shanghai, Shanghai Ju Ming and Ms. Jing Lv entered into the power of attorney on November 2, 2017. JW Shanghai, Shanghai Ju Ming and Ms. Xing Gao entered into the power of attorney on July 29, 2020. Each of JW Shanghai, Shanghai Ju Ming and the Registered Shareholders entered into the supplemental powers of attorney on July 29, 2020 (collectively, the

"**Powers of Attorney**"). Pursuant to the Powers of Attorney, each of the Registered Shareholders irrevocably and exclusively grant JW Shanghai or its designee(s) (being the directors of JW Shanghai's direct or indirect offshore parent company and liquidators and other successors replacing such directors) the power to exercise all rights of the Registered Shareholders as set out in the then-valid articles of association of Shanghai Ju Ming and relevant laws and regulations, including but not limited to the rights:

(i) to convene and attend shareholders' meeting;

(ii) to exercise all the shareholders' rights and shareholders' voting rights pursuant to the relevant PRC laws and regulations and the articles of association of Shanghai Ju Ming;

(iii) to handle the sale, transfer, pledge, or disposal of all or part of the equity interest in Shanghai Ju Ming;

(iv) to execute any resolutions and minutes as a shareholder of Shanghai Ju Ming and to file any required document to relevant government authorities;

(v) on behalf of the Registered Shareholders, to nominate, elect, designate, appoint or remove the legal representative, directors, supervisors, general managers, chief executive officer and other senior management members of Shanghai Ju Ming;

(vi) to approve the amendments to the articles of association of Shanghai Ju Ming; and

(vii) to deal with any asset of Shanghai Ju Ming, including but not limited to managing its asset-related business and accessing and acquiring its revenue and assets.

The Powers of Attorney shall remain effective from the date of signing until the Registered Shareholder ceases to be the shareholder of Shanghai Ju Ming.

The Registered Shareholders undertake that the authorization and entrustment under the Powers of Attorney will not cause any actual or potential conflict of interest with JW Shanghai and/or its trustees. If there is any conflict of interest with JW Shanghai and other members of our Group, the Registered Shareholders shall prioritize to protect and will hold harmless of JW Shanghai or any member of our Group. Where the Registered Shareholders are the directors or senior management of JW Shanghai or JW Shanghai's direct or indirect offshore parent company, the rights in relation to the Powers of Attorney will be granted to other directors or senior management of JW Shanghai or JW Shanghai's direct or indirect offshore parent company. The Registered Shareholders shall not take or omit to take any actions which may cause a conflict of

interest with JW Shanghai or its shareholders, nor the Registered Shareholders shall execute any agreement or make any relevant commitments which has the conflict of interest with any agreement signed or being preformed by Shanghai Ju Ming, JW Shanghai or its designee(s).

Exclusive Option Agreements

JW Shanghai, Shanghai Ju Ming and Ms. Jing Lv entered into the exclusive option agreement on November 2, 2017. JW Shanghai, Shanghai Ju Ming and Ms. Xing Gao entered into the exclusive option agreement on July 29, 2020. Each of JW Shanghai, Shanghai Ju Ming and the Registered Shareholders entered into the supplemental exclusive option agreement on July 29, 2020 (collectively, the "**Exclusive Option Agreements**"), pursuant to which the Registered Shareholders and Shanghai Ju Ming irrevocably and unconditionally granted JW Shanghai irrevocable and exclusive rights (the "**Exclusive Option Rights**"), provided that it is permitted under the PRC laws and regulations, to acquire the equity interest in our Consolidated Affiliated Entities from the Registered Shareholders and Shanghai Ju Ming and/or to acquire the assets of our Consolidated Affiliated Entities by JW Shanghai or its designee(s), in whole or in part at any time at the sole and absolute discretion of JW Shanghai.

The equity interest purchase price shall be equal to the amount of registered capital contributed in our Consolidated Affiliated Entities by their shareholders respectively or any other amount as separately agreed between JW Shanghai or its designee(s) and the Registered Shareholders, or the minimum price legally required under the PRC laws and regulations if such minimum price is higher than the aforementioned purchase price. The purchase price received by the Registered Shareholders shall be used to offset their respective loan due to JW Shanghai under the Loan Agreements (as defined below) (the "**Offset Debts**"). If PRC laws impose mandatory requirements on the equity interest purchase price, such that the minimum equity interest purchase price permitted under PRC laws exceeds the price already offset with the Offset Debts, the Registered Shareholders shall promptly gift all of the amount exceeding the Offset Debts they received to JW Shanghai or its designee(s) in the manner permitted under the applicable PRC laws. For further details, please see "— Loan Agreements" in this section.

The asset purchase price shall be free or at a nominal price or the minimum price legally required under the PRC laws and regulations. Upon the assets being duly transferred to JW Shanghai or its designee(s) and after deducting necessary tax expenses, JW Shanghai or its designee(s) shall pay the consideration within seven days to the designated bank accounts of our Consolidated Affiliated Entities. Our Consolidated Affiliated Entities has also undertaken that, subject to the relevant PRC laws and regulations, they will return to JW Shanghai or its designee(s) any consideration they received within seven days in the event that JW Shanghai exercises the Exclusive Option Rights to acquire the assets of our Consolidated Affiliated Entities.

If such return is not permissible under the PRC laws, the returned consideration will be in escrow by our Consolidated Affiliated Entities for JW Shanghai and our Consolidated Affiliated Entities shall cooperate with JW Shanghai to sign a custody agreement or other relevant legal documents.

Pursuant to the Exclusive Option Agreements, our Consolidated Affiliated Entities and the Registered Shareholders, covenant, among other things, that:

(i) without the prior consent of JW Shanghai, they shall not supplement, change, or amend the articles of association of our Consolidated Affiliated Entities, or increase or reduce the registered capital of our Consolidated Affiliated Entities, or otherwise change the structure of the registered capital of our Consolidated Affiliated Entities;

(ii) they shall maintain the corporate existence of our Consolidated Affiliated Entities in accordance with the good financial and business standards and practices;

(iii) without the prior consent of JW Shanghai, they shall not sell, transfer, mortgage or dispose of any material assets or legal or beneficial interest in the material business or revenues of our Consolidated Affiliated Entities, or allow to place encumbrances thereon;

(iv) without the prior consent of JW Shanghai, our Consolidated Affiliated Entities shall not incur, inherit, guarantee or suffer any debt, unless the debts incurred in the ordinary course of business other than through loans;

(v) they shall operate our Consolidated Affiliated Entities in the ordinary course of business so as to maintain our Consolidated Affiliated Entities' asset value, and shall not take or omit to take any actions which may adversely affect the operating status and asset value of our Consolidated Affiliated Entities;

(vi) without the prior consent of JW Shanghai, our Consolidated Affiliated Entities shall not enter into any material contracts other than in the ordinary course of business;

(vii) without the prior consent of JW Shanghai, our Consolidated Affiliated Entities shall not provide any person with any loan or credit;

(viii) upon request of JW Shanghai, they shall provide JW Shanghai with information regarding the operations and financial condition of our Consolidated Affiliated Entities;

(ix) our Consolidated Affiliated Entities shall purchase and maintain insurance over the assets and business of our Consolidated Affiliated Entities from an insurance carrier acceptable to JW Shanghai, at an amount and type of coverage typical for companies carrying on similar businesses;

(x) without the prior written consent of JW Shanghai, our Consolidated Affiliated Entities shall not merge, consolidate with, acquire or invest in any person;

(xi) they shall immediately inform JW Shanghai if assets, business, revenue or equity interest of our Consolidated Affiliated Entities involve in any litigation, arbitration or administrative proceeding;

(xii) our Consolidated Affiliated Entities shall sign all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints, and raise necessary and appropriate defenses against all claims to maintain the ownership of their assets;

(xiii) without the prior written consent of JW Shanghai, they shall not distribute any dividend to its shareholders. However, upon request of JW Shanghai, our Consolidated Affiliated Entities shall immediately distribute all distributable profits to their shareholders;

(xiv) at the request of JW Shanghai, they shall appoint any persons designated by JW Shanghai as the director or executive director of our Consolidated Affiliated Entities;

(xv) without the prior consent of JW Shanghai, they shall not engage in any business in competition with JW Shanghai or its affiliates;

(xvi) without written consent of JW Shanghai, our Consolidated Affiliated Entities shall not be dissolved or liquidated, unless otherwise mandatorily required by the PRC laws;

(xvii) once foreign investors are permitted to invest in the principal business of our Consolidated Affiliated Entities in China, and the competent government authorities of China begin to approve such investments, upon JW Shanghai's exercise of this option, the Registered Shareholders shall immediately transfer to JW Shanghai or its designee(s) the equity interest in our Consolidated Affiliated Entities held by them; and

(xviii) they shall procure the subsidiary and any subsidiary subsequently established, acquired or actually controlled by our Consolidated Affiliated Entities to exercise rights and perform the same obligations as our Consolidated Affiliated Entities and comply with covenants made by our Consolidated Affiliated Entities in accordance with the Exclusive Option Agreements.

The Exclusive Option Agreements shall remain effective from the date of signing until the transfer of the entire equity interest held by the Registered Shareholders and/or the transfer of all the assets of our Consolidated Affiliated Entities to JW Shanghai and/or its designated person.

Loan Agreements

As part of the Contractual Arrangements, JW Shanghai entered into the loan agreement with Ms. Jing Lv on November 2, 2017. JW Shanghai entered into the loan agreement with Ms. Xing Gao on July 29, 2020. JW Shanghai entered into the supplemental loan agreement with each of the Registered Shareholders on July 29, 2020 (collectively, the "**Loan Agreements**"), pursuant to which JW Shanghai agreed to lend each Registered Shareholder RMB500,000 (the "**Loans**") for capital contribution to Shanghai Ju Ming or for the payment of the consideration of the equity interest of Shanghai Ju Ming. Such Loans will become immediately due and payable under any of the following circumstances: (i) 30 days after the Registered Shareholders receives a written notice from JW Shanghai requesting repayment of the Loan (and all interest thereon); (ii) death, lack or limitation of civil capacity of the Registered Shareholders; (iii) the Registered Shareholders cease to be a shareholder of Shanghai Ju Ming; (iv) the Registered Shareholders engage in criminal act or is involved in criminal activities; (v) once foreign investors are permitted to invest in the Relevant Businesses in China, with a controlling stake and/or in the form of wholly foreign-owned enterprises, and the competent government authorities of China begin to approve such investments; or the Registered Shareholders or Shanghai Ju Ming breach of the representations, warranties, covenants or other obligations under the Exclusive Option Agreements; and (vi) Shanghai Ju Ming failed to obtain or renew any governmental approval or license necessary for the operation of its core business.

Equity Interest Pledge Agreements

JW Shanghai, Shanghai Ju Ming and Ms. Jing Lv entered into the equity interest pledge agreement on November 2, 2017. JW Shanghai, Shanghai Ming Ju and Ms. Xing Gao entered into the equity interest pledge agreement on July 29, 2020. Each of JW Shanghai, Shanghai Ju Ming and the Registered Shareholders entered into the supplemental equity interest pledge agreement on July 29, 2020 (collectively, the "**Equity Interest Pledge Agreements**"), pursuant to which each of the Registered Shareholders agreed to pledge all of their respective equity interest in Shanghai Ju Ming to JW Shanghai as a security for their and Shanghai Ju Ming's performance of the contractual obligations under the Contractual Arrangements.

Under the Equity Interest Pledge Agreements, the Registered Shareholders agree that, the rights of JW Shanghai with respect to the pledge thereunder shall not be interrupted or harmed by the Registered Shareholders or their successors, heirs or representatives, or any other persons through any legal proceedings. If Shanghai Ju Ming declares any dividend during the term of the pledge, JW Shanghai is entitled to receive all such dividends distributed on the pledged equity

interest, if any. In addition, pursuant to the Equity Interest Pledge Agreements, each of the Registered Shareholders has undertaken to JW Shanghai, among other things, not to transfer the interest in their respective equity interest in Shanghai Ju Ming or allow any encumbrance to be placed thereon without the prior written consent of JW Shanghai.

The equity pledge takes effect upon the completion of registration with the relevant administration for industry and commerce and shall remain valid until after all the contractual obligations of the Registered Shareholders and Shanghai Ju Ming under the Contractual Arrangements have been fully performed and all the losses suffered by JW Shanghai arising as a result of any event of default of the Registered Shareholders and/or Shanghai Ju Ming under the Contractual Arrangements has been fully paid. As of the Latest Practicable Date, we have registered the equity pledges under the Equity Interest Pledge Agreements of Ms. Jing Lv and Ms. Xing Gao with the relevant PRC governmental authority in accordance with PRC laws and regulations.

Upon the occurrence and during the continuance of an event of default (as defined in the Equity Interest Pledge Agreements), JW Shanghai shall have the right to exercise all remedy measure under the applicable PRC laws, the Contractual Arrangements and the Equity Interest Pledge Agreements, including without limitations, being paid in priority with the equity interest based on the monetary valuation that such equity interest are converted into or from the proceeds from auction or sale of the equity interest upon written notice to the Registered Shareholders.

Spouse Undertaking

The spouse of the Relevant Registered Shareholders has executed an undertaking (the "**Spouse Undertaking**"), to the effect that (i) he acknowledges and consents the execution of the Contractual Arrangements by the respective Registered Shareholder, and the performance, amendments and termination of the Contractual Arrangements do not require his further authorization or consents; (ii) he undertakes not to make any assertions in connection with the equity interest of Shanghai Ju Ming held by the respective Registered Shareholder; (iii) he undertakes to execute all necessary documents and to take all necessary actions to ensure the proper performance of the Contractual Arrangements; and (iv) in the event that he obtains any interests in Shanghai Ju Ming, he shall be bound by the Contractual Arrangements and comply with the obligations thereunder as a shareholder of Shanghai Ju Ming, and upon JW Shanghai's request, he shall sign any document in the form and content substantially same as the Contractual Arrangements.

Dispute Resolution

In the event of any dispute with respect to the construction and performance of the provisions, each of the Contractual Arrangements (except the Spouse Undertaking) stipulates that:

(i) the parties shall first resolve the dispute through friendly negotiations;

(ii) in the event the parties fail to reach an agreement on the dispute within 30 days following a negotiation request, any party may submit the relevant dispute to the CIETAC (Shanghai International Arbitration Center) (中國國際經濟貿易仲裁委員會(上海國際仲裁中心)), in accordance with the then effective arbitration rules of the arbitration commission. The arbitration shall be conducted in Shanghai. The arbitration award shall be final and binding on all parties;

(iii) the arbitral tribunal may award remedies over the equity interest, assets or property rights of our Consolidated Affiliated Entities, injunctive relief or order the winding up of our Consolidated Affiliated Entities; and

(iv) upon the request by any party, the courts of competent jurisdictions shall have the power to grant interim remedies before making a final ruling on the dispute. The courts of Hong Kong, the Cayman Islands or other courts with jurisdiction, including but not limited to the place where our Consolidated Affiliated Entities established or the place where the principal assets of JW Shanghai and our Consolidated Affiliated Entities are located shall be considered as having jurisdiction for the above purposes.

In connection with the dispute resolution method as set out in the Contractual Arrangements and the practical consequences, we are advised by our PRC Legal Advisor that:

(i) a tribunal has no power to grant such injunctive relief, nor will it be able to order the winding up of our Consolidated Affiliated Entities pursuant to current PRC laws; and

(ii) in addition, interim remedies or enforcement orders granted by overseas courts such as Hong Kong may not be recognizable or enforceable in the PRC.

As a result of the above, in the event that our Consolidated Affiliated Entities or the Registered Shareholders breach any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over our Consolidated Affiliated Entities and conduct our business could be materially and adversely affected. For further details, please see the section headed "Risk Factors — Risks Relating to Contractual Arrangements" in this document.

Succession

Pursuant to the Contractual Arrangements, the Registered Shareholders undertake to JW Shanghai that, in the event of death, incapacity, marriage, divorce or other circumstances which may affect the Registered Shareholder's equity interest in Shanghai Ju Ming, the Registered Shareholder's respective successor will be deemed as the signing party to the Contractual Arrangements and be obliged to the rights and liabilities under the Contractual Arrangements.

Liquidation

Pursuant to the Exclusive Option Agreements, in the event of a dissolution or liquidation of our Consolidated Affiliated Entities required by the PRC laws, the Registered Shareholders shall give the proceeds they received from the dissolution or liquidation to JW Shanghai or its designee(s) as part of the service fee under the Exclusive Business Cooperation Agreements to the extent permitted by the PRC laws.

Conflicts of Interests

Each of the Registered Shareholders has given their irrevocable undertakings in the Powers of Attorney which address potential conflicts of interests that may arise in connection with the Contractual Arrangements. For further details, please see "— Powers of Attorney" in this section.

Loss Sharing

None of the agreements constituting the Contractual Arrangements provide that our Company or JW Shanghai, is obligated to share the losses of our Consolidated Affiliated Entities or provide financial support to our Consolidated Affiliated Entities. Further, our Consolidated Affiliated Entities are companies with limited liabilities and shall be solely liable for their own debts and losses with assets and properties owned by them.

Under PRC laws and regulations, our Company or JW Shanghai, is not legally required to share the losses of our Consolidated Affiliated Entities or provide financial support to our Consolidated Affiliated Entities. Despite the foregoing, given that our Group conducts the Relevant Businesses in the PRC through our Consolidated Affiliated Entities, and that their financial position and results of operations are consolidated into our Group's financial information under the applicable accounting principles, our Company's business, financial condition and results of operations would be adversely affected if our Consolidated Affiliated Entities suffer losses.

Insurance

Our Company does not maintain any insurance policy to cover the risks relating to the Contractual Arrangements.

Company's Confirmation

As of the Latest Practicable Date, our Company had not encountered any interference or encumbrance from any PRC governing bodies in operating its businesses through our Consolidated Affiliated Entities under the Contractual Arrangements.

EFFECT OF THE CONTRACTUAL ARRANGEMENTS

We believe that the Contractual Arrangements provide a mechanism that enables us to exercise effective control over our Consolidated Affiliated Entities, and is narrowly tailored to achieve our business purposes and to protect and safeguard the interests of our Company and our future public shareholders in the event of any dispute between us, our Consolidated Affiliated Entities and the Registered Shareholders on the following bases:

(i) the arrangement under the Exclusive Business Cooperation Agreements will ensure that all economic benefits generated from the operations of our Consolidated Affiliated Entities will flow to JW Shanghai whilst ensuring compliance with applicable PRC laws and regulations and to operate such Relevant Businesses which are prohibited to be conducted by foreign investors or foreign owned or invested entities, and hence, is in the best interest of our Group as a whole. The delineation of the assets and staffing between JW Shanghai, which shall be responsible for driving key business decision-making process and provide overall business advice and consulting services, and our Consolidated Affiliated Entities, which shall be responsible for the operations of the Relevant Businesses in compliance with relevant PRC laws and regulations, would allow a proper discharge of the respective responsibilities of JW Shanghai and our Consolidated Affiliated Entities under the Contractual Arrangements and also ensure sound and effective operation of our Relevant Businesses in compliance with the Contractual Arrangements and applicable laws and regulations;

(ii) under the Exclusive Option Agreements, the Registered Shareholders have granted JW Shanghai irrevocable and exclusive right to purchase from the Registered Shareholders all or any part of their equity interest or assets of our Consolidated Affiliated Entities. For further details, please see "— Exclusive Option Agreements" in this section. These provisions enable JW Shanghai or its designee(s) to act as the shareholder(s) of its choice to take over the equity interest or assets in our Consolidated Affiliated Entities at

any time and thereby ensuring that our Group will continue to maintain our interest in our Consolidated Affiliated Entities upon the exercise of the right pursuant to the Exclusive Option Agreement;

(iii) under the Equity Interest Pledge Agreements, the Registered Shareholders have applied for pledging all of their respective equity interest in Shanghai Ju Ming to JW Shanghai. As of the Latest Practicable Date, the equity pledges under the Equity Interest Pledge Agreements of Ms. Jing Lv and Ms. Xing Gao have been registered with the relevant PRC governmental authority. The registered pledges effectively prevent the Registered Shareholders from impeding JW Shanghai's control over Shanghai Ju Ming by transferring their equity interest in Shanghai Ju Ming to bona fide third parties without JW Shanghai's knowledge or approval;

(iv) under the Powers of Attorney, the Registered Shareholders unconditionally and irrevocably appoint JW Shanghai or its designee(s) the power to exercise all the rights that they have as the shareholders of Shanghai Ju Ming. These provisions provide JW Shanghai with the powers to determine or change the composition of the board of directors and management team of Shanghai Ju Ming at any time, which in turn provides JW Shanghai with the power to control Shanghai Ju Ming without the need for any further action or cooperation from the Registered Shareholders and thereby conferring the management control of Shanghai Ju Ming on our Company and our legally-owned subsidiaries;

(v) under the Spouse Undertaking, the spouse of the relevant Registered Shareholder undertakes not to take any actions to prevent the performances under the Contractual Arrangements; and

(vi) we, through JW Shanghai, will only approve and consent to our Consolidated Affiliated Entities carrying out such Relevant Businesses, which would otherwise be prohibited to be carried out by foreign invested entities under the Relevant PRC Regulations so as to ensure that the Contractual Arrangements are narrowly tailored for our business purpose.

LEGALITY OF THE CONTRACTUAL ARRANGEMENTS

Our PRC Legal Advisor conducted an interview with the officer of Shanghai Medical Products Administration ((上海市藥品監督管理局), the "**SMPA**") on August 4, 2020 and August 7, 2020, who has provided confirmation that (i) the SMPA is the competent government authority for the Relevant Businesses carried out by Consolidated Affiliate Entities; (ii) the Relevant Businesses involve the development and application of gene diagnostic and therapeutic technologies; and (iii) the execution and performance of the Contractual Arrangements do not require any approval or authorization by it.

Our PRC Legal Advisor conducted an interview with the officer of Shanghai Municipal Commission of Commerce ((上海市商務委員會), the "**SMCC**") on July 13, 2020, who has provided confirmation that (i) the SMCC is the competent government authority regulating the foreign investment in Shanghai; (ii) foreign investors are not allowed to invest in the business falling into "prohibited" category within Negative List 2020 in the PRC according to the Foreign Investment Law (the "**FIL**"); and (iii) the FIL and its implementing rules do not provide any express provisions on contractual arrangements.

Our PRC Legal Advisor are of the view that:

(i) each of JW Shanghai and Shanghai Ju Ming is an independent legal entity which is duly established and validly existing under the PRC laws;

(ii) all parties to each of the Contractual Arrangements have qualifications and abilities to duly execute and perform the Contractual Arrangements;

(iii) none of the agreements under the Contractual Arrangements would be deemed as "concealment of illegal intentions with a lawful form" and void under the Contract Law of the People's Republic of China (《中華人民共和國合同法》) (the "**PRC Contract Law**"), or violates any provisions of the articles of association of JW Shanghai or Shanghai Ju Ming;

(iv) according to the interviews with the SMPA and the SMCC, the execution and performance of the Contractual Arrangements do not require any approvals or authorizations from them; and

(v) each of the Contractual Arrangements is valid, legally binding and enforceable under the PRC laws, except that:

    (a) the exercise of the option by JW Shanghai of its rights under the Exclusive Option Agreements to acquire all or part of the equity interest in or assets of our Consolidated Affiliated Entities may be subject to the approvals of and/or registrations with the PRC regulatory authorities under the PRC laws and regulations (if applicable) in force then; and

    (b) the Contractual Arrangements provide that the arbitral tribunal may award remedies over the equity interest or assets of our Consolidated Affiliated Entities, injunctive relief (e.g. to compel the transfer of related business or assets) or order

the winding up of our Consolidated Affiliated Entities, and that competent courts of the PRC, Hong Kong, the Cayman Islands and other jurisdictions (being the places where the principal assets of our Consolidated Affiliated Entities or JW Shanghai are located) also have jurisdiction for the grant or enforcement of the arbitral award and the interim remedies against the equity interest or property interest of our Consolidated Affiliated Entities. However, our PRC Legal Advisor have advised that the interim remedies or enforcement orders granted by overseas courts such as those of Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC. For further details, please see "— Dispute Resolution" in this section.

Based on the foregoing, we believe that the Contractual Arrangements are narrowly tailored to minimize the potential conflict with relevant PRC laws and regulations.

We have been advised by our PRC Legal Advisor, however, that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations. Accordingly, there can be no assurance that the PRC regulatory authorities will not take a view that is contrary to the above opinion of our PRC Legal Advisor. We have been further advised by our PRC Legal Advisor that if the PRC regulatory authorities find that the Contractual Arrangements do not comply with PRC governmental restrictions on foreign investment in the prohibited businesses, we could be subject to several legal liability as follows and without limitation:

(i) the relevant competent department may order JW Shanghai, Shanghai Ju Ming and its Registered Shareholders to cease the Contractual Arrangements;

(ii) our Consolidated Affiliated Entities may be ordered to dispose the shares or assets thereof or to take any other necessary measures within a prescribed time limit, and to restore the status before the Contractual Arrangements; and

(iii) the illegal gains (if any) may be confiscated by the relevant competent department.

The above-mentioned legal liability could have a material adverse effect on our ability to conduct our business. For further details, please see the section headed "Risk Factors — Risks Relating to Contractual Arrangements" in this document.

Given that the Contractual Arrangements will constitute non-exempt continuing connected transactions of our Company following the completion of the **[REDACTED]**, a waiver has been sought from and [has been granted] by the Stock Exchange. For further details, please see the section headed "Connected Transactions" in this document.

DEVELOPMENT IN THE PRC LEGISLATION ON FOREIGN INVESTMENT

The Foreign Investment Law

The FIL was adopted at the Second Session of the Thirteenth National People's Congress of the PRC on March 15, 2019 and came into force on January 1, 2020. The FIL replaced the Sino-Foreign Equity Joint Venture Enterprise Law (《中外合資經營企業法》), the Sino-Foreign Cooperative Joint Venture Enterprise Law (《中外合作經營企業法》) and the Wholly Foreign-Invested Enterprise Law (《外資企業法》), and became the legal foundation for foreign investment in the PRC. For further details, please see the section headed "Regulatory Overview — Laws and Regulations Relating to Foreign Investment in the PRC" in this document.

The FIL stipulates the implementation of the management systems of pre-establishment national treatment and "negative list" for foreign investment. The "negative list," issued by or upon approval by the State Council, refers to special administrative measures for access of foreign investment in specific fields in the PRC. A foreign investor shall not invest in any field in the "negative list" which is prohibited from foreign investment. A foreign investor shall meet the investment conditions stipulated under the "negative list" for any field in the "negative list" which is restricted from foreign investment. Concerning fields not mentioned in the "negative list," management shall be conducted under the principle of consistency between domestic and foreign investment. The FIL does not contain or quote the stipulation of the "negative list."

The definition of "foreign investors" in FIL includes foreign natural persons, enterprises and other organizations.

Moreover, the FIL does not stipulate that the "foreign investment" as defined thereunder shall include contractual arrangements. Instead, it adds a catch-all provision to the definition of foreign investment so that foreign investment, by its definition, includes "investments through other means stipulated under laws or administrative regulations or by the State Council" without elaboration on "other means."

Impact of FIL on Contractual Arrangements

Conducting operations through contractual arrangements has been adopted by many PRC-based companies, and has been adopted by our Company in the form of the Contractual Arrangements, to establish control of our Consolidated Affiliated Entities, through which we operate the Relevant Businesses in the PRC. The FIL stipulates four forms of foreign investment, but does not mention concept "actual control", nor does it explicitly stipulate the contractual arrangements as a form of foreign investment. Besides, it does not explicitly prohibit or restrict a foreign investor to rely on contractual arrangements to control the majority of its business that is subject to foreign investment restrictions or prohibitions in the PRC. Provided that no additional

laws, administrative regulations, departmental rules or other regulatory documents on contractual arrangements has been issued and enacted, the coming into effect of the FIL does not, by itself, have any material adverse operational and financial impact on the legality and validity of our Contractual Arrangements.

If the operation of our Relevant Businesses is not on the "negative list" and we can legally operate such businesses under PRC laws, JW Shanghai will exercise the option under the Exclusive Option Agreement to acquire the equity interest of our Consolidated Affiliated Entities and unwind the contractual arrangements subject to re-approval by the relevant authorities.

Furthermore, the FIL stipulates that foreign investment includes "foreign investors invest in China through any other methods under laws, administrative regulations or provisions prescribed by the State Council". Although its implementing rules do not expressly stipulate the contractual arrangements as a form of foreign investment, there are possibilities that future laws, administrative regulations or provisions prescribed by the State Council may regard contractual arrangements as a form of foreign investment, at which time it will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how the above-mentioned Contractual Arrangements will be handled. Therefore, there is no guarantee that the Contractual Arrangements and the business of the Consolidated Affiliated Entities will not be materially and adversely affected in the future due to changes in PRC laws and Regulations. In the event that such measures are not complied with, the Stock Exchange may take enforcement actions against us which may have a material adverse effect on the trading of our Shares. For further details, please see the section headed "Risk Factors — Risks Relating to Contractual Arrangements" in this document.

Sustainability of our Relevant Businesses

If any ancillary regulations or implementation rules of the FIL and the negative list subsequently issued mandates further actions for us to retain the Contractual Arrangements, we will take all reasonable measures and actions to comply with the FIL or such ancillary regulations or implementation rules then in force and to minimize the adverse effect of such laws on our Company. However, there is no assurance that we can fully comply with such law. In the event that such measures are not complied with, the Stock Exchange may take enforcement actions against us which may have material adverse effect on the trading of our Shares. If, after the **[REDACTED]**, we fail to comply with the new foreign investment law as finally promulgated, we may be required to dispose of our Relevant Businesses operated through our Consolidated Affiliated Entity under the Contractual Arrangements or make necessary corporate structure adjustments so as to comply with the new foreign investment law as finally promulgated.

In the worst case scenario, if any new foreign investment law subsequently promulgated is refined or deviates from the FIL, resulting in the Contractual Arrangements becoming invalid and illegal, we may not be able to operate the Relevant Businesses through the Contractual Arrangements and may lose our rights to receive the economic benefits of the Consolidated Affiliated Entities and the financial results of the Consolidated Affiliated Entities may no longer be consolidated into our Group's financial results and we would have to derecognize their assets and liabilities according to the relevant accounting standards. If our Group does not receive any compensation, an investment loss would be recognized as a result of such derecognition.

Nevertheless, considering that a number of existing entities are operating under contractual arrangements and some of which have obtained listing status abroad, our Directors are of the view that it is unlikely, if any ancillary regulations or implementation rules of the FIL is promulgated, that the relevant authorities will take retrospective effect to require the relevant enterprises to remove the contractual arrangements. However, there is no guarantee that the PRC government will not take a relatively cautious attitude towards the supervision of foreign investments and the enactment of laws and regulations impacting them and make decisions according to different situations in practice.

Our Company will, after the **[REDACTED]**, timely announce (i) any updates or material changes to any ancillary regulations or implementation rules of the FIL that will materially and adversely affect us as and when they occur and (ii) in the event that any ancillary regulations or implementation rules of the FIL or any new foreign investment law has been promulgated, a clear description and analysis of law, specific measures adopted by our Company to comply with the law (supported by advice from PRC legal advisor), as well as its material impact on our business operation and financial position.

ACCOUNTING ASPECTS OF THE CONTRACTUAL ARRANGEMENTS

According to IFRS 10 — Consolidated Financial Statements, a subsidiary is an entity that is controlled by another entity (known as the parent). An investor controls an investee when it 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. Although our Company does not directly or indirectly own our Consolidated Affiliated Entities, the Contractual Arrangements as mentioned above enable our Company to exercise control over our Consolidated Affiliated Entities.

Consolidation of financial results of our Consolidated Affiliated Entities

Under the Exclusive Business Cooperation Agreements, it was agreed that, in consideration of the services provided by JW Shanghai, our Consolidated Affiliated Entities will pay services fees to JW Shanghai. The services fees shall be reasonably determined by JW Shanghai based on certain factors, including, among other things, complexity and difficulty of such services, time

commitment to such services, actual service scope and the market price of the same type of services. Apart from the service fee, if JW Shanghai transfers, licenses or develops technology for our Consolidated Affiliated Entities, or leases equipment or properties to our Consolidated Affiliated Entities, such fee shall be determined by JW Shanghai and our Consolidated Affiliated Entities separately. JW Shanghai also has the right to periodically receive or inspect the accounts of our Consolidated Affiliated Entities. Accordingly, JW Shanghai has the ability, at its sole discretion, to extract substantially all of the economic benefit of our Consolidated Affiliated Entities through the Exclusive Business Cooperation Agreements.

In addition, under the Exclusive Option Agreements, JW Shanghai has absolute contractual control over the distribution of dividends or any other amounts to the equity holders of our Consolidated Affiliated Entities as JW Shanghai's prior written consent is required before any distribution can be made. In the event that the Registered Shareholders receive any profit distribution or dividend from our Consolidated Affiliated Entities, the Registered Shareholders must immediately pay or transfer such amount to our Company.

As a result of these Contractual Arrangements, our Company has obtained control of our Consolidated Affiliated Entities through JW Shanghai and, at our Company's sole discretion, can receive substantially all of the economic interest returns generated by our Consolidated Affiliated Entities. Accordingly, our Consolidated Affiliated Entities' results of operations, assets and liabilities, and cash flows are consolidated into our Company's financial information.

In this regard, our Directors consider that our Company can consolidate the financial results of our Consolidated Affiliated Entities into our Group's financial information as if it was our Company's subsidiary.

COMPLIANCE WITH THE CONTRACTUAL ARRANGEMENTS

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

(i) as part of the internal control measures, major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;

(ii) our Board, particularly our independent non-executive Directors, will review the overall performance of and compliance with the Contractual Arrangements at least once a year, and the confirmation from our independent non-executive Directors will be disclosed in our annual report;

(iii) our Company will disclose the overall performance and compliance with the Contractual Arrangements in our annual reports and interim reports to update the Shareholders and potential investors;

(iv) our Company and our Directors undertake to provide periodic updates in our annual and interim reports regarding (a) our status of compliance with the FIL, and (b) the latest regulatory development in relation with the FIL;

(v) our Company will engage external legal advisors or other professional advisors, if necessary, to assist our Board to review the implementation of the Contractual Arrangements, review the legal compliance of JW Shanghai and our Consolidated Affiliated Entities to deal with specific issues or matters arising from the Contractual Arrangements;

(vi) because the Contractual Arrangements will constitute continuing connected transactions of our Group following the completion of the **[REDACTED]**, our Company has applied to the Stock Exchange, and the Stock Exchange [has agreed to grant] a waiver, details of which are set out in the section headed "Connected Transactions — Non-exempt Continuing Connected Transactions — Contractual Arrangement" in this document. Our Company will comply with the conditions to be prescribed by the Stock Exchange under the waiver given; and

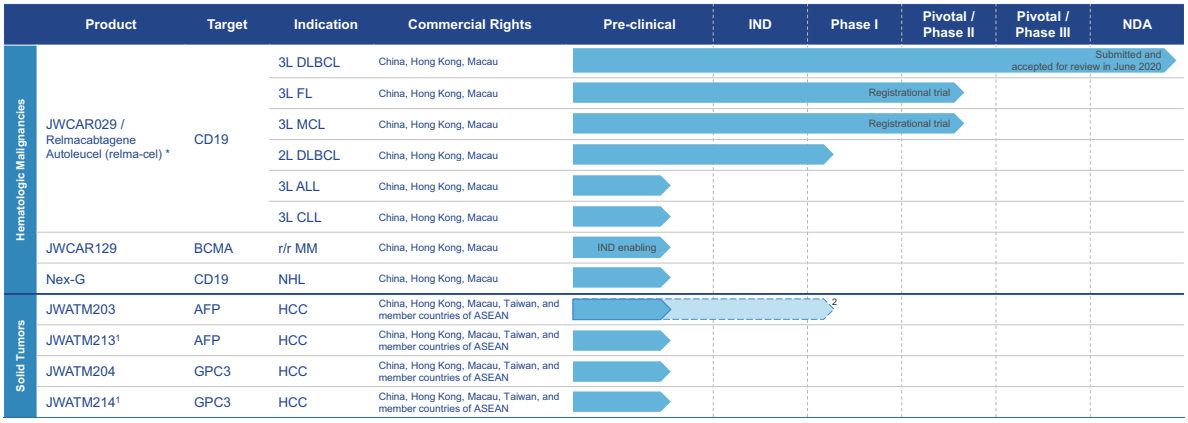
(vii) our Group will adjust or unwind (as the case may be) the Contractual Arrangements as soon as practicable in respect of the operation of the Relevant Businesses to the extent permissible and we will directly hold the maximum percentage of ownership interests permissible under relevant PRC laws and regulations which allow the Relevant Businesses to be conducted and operated by owned subsidiaries of our Company without such arrangements in place.

OVERVIEW

We are a global leading clinical stage cell therapy platform company. Our vision is to develop best-in-class and/or first-in-class cell therapies for the China market to transform the treatment of cancer for Chinese patients. Since our founding in 2016 by Juno and WuXi AppTec (through its wholly-owned subsidiary WXAT Shanghai), we have built an integrated platform focused on developing, manufacturing and commercializing breakthrough cell-based immunotherapies for hematological cancers and solid tumors. Relmacabtagene autoleucel ("**relma-cel**"), our lead product candidate, is an anti-CD19 CAR-T therapy for relapsed or refractory ("**r/r**") B-cell lymphoma, and in June 2020 the NMPA accepted for review our NDA relating to relma-cel as a third-line treatment for DLBCL. Relma-cel is expected to be the first CAR-T therapy to be approved as a Category 1 biologics product in China, and has potential to be a best-in-class CAR-T therapy.

We are a pioneer in China for the development of cell-based immunotherapy, a field which represents a paradigm shift and the latest advancement in the treatment of cancer. Cell-based immunotherapies, including CAR-T treatments, are an innovative treatment method that uses human immune cells to fight cancer. Supported by multiple clinical studies, cell-based immunotherapies could lead to long-lasting remissions of B-cell lymphomas and leukemias which are refractory to other treatments. Given the unmet medical needs that can be effectively addressed by CAR-T therapies, according to Frost & Sullivan, the market for CAR-T therapies in China is expected to grow from RMB0.6 billion in 2021 to RMB5.4 billion in 2024, and to RMB24.3 billion in 2030. We believe that we are well positioned to take advantage of this rapidly growing market.

The following chart summarizes the development status of each of our cell-based immunotherapy product candidates to treat hematological cancers and solid tumors as at the Latest Practicable Date:



Abbreviations: DLBCL = diffuse large B-cell lymphoma; FL = follicular lymphoma; MCL = mantle cell lymphoma; ALL = acute lymphoblastic leukemia; CLL = chronic lymphocytic leukemia; MM = multiple myeloma; NHL = non-Hodgkin lymphoma; HCC = hepatocellular carcinoma; NSCLC = non-small cell lung cancer; r/r = relapsed or refractory; 3L = third-line; 2L = second-line

* Denotes a Core Product Candidate.

[1] Developing using Lyell technology.

[2] JWATM203 is currently in Phase I/II trial in the U.S. conducted by Eureka under an IND.

We have developed a comprehensive and differentiated cell-based immunotherapy pipeline, with a risk-balanced approach that has shown clear benefit in the field of cell therapies for hematological cancers and provides an opportunity to expand into the nascent field of cell therapies for solid tumors. Our product pipeline features a mix of product candidates targeting both proven and novel tumor antigens. We have strategically designed and are developing a cell-based immunotherapy product pipeline of autologous cell therapy candidates, covering both hematological cancers and solid tumors, and we also have an option to acquire two allogeneic cell therapy candidates for treatment of hematological cancers and solid tumors.

Our cell-based immunotherapy product candidates for treatment of hematological cancers include the following:

- **Relma-cel**, our lead product candidate, is a potential best-in-class autologous CAR-T product for the treatment of various B-cell malignancies. The registrational clinical trial for relma-cel for treatment of heavily pre-treated, poor prognosis r/r DLBCL patients, demonstrated efficacy results of best ORR of 75.9% and best CRR of 48.3%. Relma-cel demonstrated a potentially superior safety profile relative to CAR-T therapies currently approved for treatment of DLBCL based on reported data. In the registrational trial, sCRS or sNT were observed in 5.1% or fewer of treated patients, and no

treatment-related deaths were reported. The NDA for relma-cel for the third-line treatment for DLBCL was submitted and accepted for review by the NMPA in June 2020. If our NDA is approved on the timeline that we currently anticipate, relma-cel is expected to be the first CAR-T therapy approved as a Category 1 biologics product in China, and has potential to be a best-in-class CAR-T therapy. To fully explore the clinical potential of relma-cel, we intend to develop relma-cel for a number of other hematological indications, including FL, MCL, CLL, second-line DLBCL and ALL.

We have developed relma-cel using our own optimized processes, which we originally established in collaboration with Juno, a global leader in cell therapy and our largest shareholder; and relma-cel is based on a CAR construct that we have in-licensed from Juno for China, Hong Kong and Macau.

- **JWCAR129** is an autologous CAR-T therapy we are developing for the treatment of multiple myeloma ("**MM**"). JCAR129 targets B-cell maturation antigen ("**BCMA**"), a protein which is highly expressed in a number of hematological malignancies including MM. MM is a highly aggressive disease representing approximately 10 percent of all hematological malignancies. There is a significant unmet medical need for the treatment of MM since patients eventually become refractory to existing treatments after relapse. We are conducting IND-enabling pre-clinical pharmacology and toxicology studies as well as manufacturing process development studies for this candidate, with the intention of commencing clinical studies as early as the first half of 2021.

In addition to being a leader in hematological cancer treatments in China, we adopt a differentiated approach to address the unmet medical needs in solid tumors. Based on our collaborations with Eureka and Lyell Immunopharma, Inc. ("**Lyell**"), we are developing T-cell therapy candidates that are designed to enhance T-cell functions, persistence and infiltration into solid tumors with an improved safety profile. Our cell-based therapy product candidates for the treatment of solid tumors include the following:

- **JWATM203**, a potentially first-in-class T-cell receptor mimic T-cell therapy targeting alpha-fetoprotein ("**AFP**") for the treatment of hepatocellular carcinoma ("**HCC**"). Treatment of HCC represents a huge unmet medical need in China. We believe JWATM203 has the potential to be a promising treatment option for patients with AFP-positive HCC. Eureka has advanced its AFP TCRm T-cell therapy product candidate into a Phase I/II clinical trial in the United States. Through our collaboration with Lyell, we are developing another TCRm T-cell therapy targeting AFP for the treatment of HCC, **JWATM213**, which may further enhance T-cell function and improve efficacy.

- **JWATM204**, a novel T-cell therapy product candidate targeting glypican-3 ("**GPC3**"). We believe JWATM204 has the potential to be a promising treatment option for patients with GPC3-positive HCC. Similar to JWATM203 and JWATM213, we will use the Lyell technology to develop another GPC3-targeting T-cell therapy product candidate, **JWATM214**.

These product candidates are based on novel technology platforms, which form the foundation of our differentiated approach to address the significant unmet needs in solid tumors in China:

- Eureka's **ARTEMIS platform** is the basis for JWATM203 and JWATM204. It is a novel technology platform that is intended to create potentially more effective and safer T-cell therapies than are currently available. As part of our agreement with Eureka in June 2020, we acquired the rights to develop, manufacture and commercialize JWATM203 and JWATM204 for China, Hong Kong, Macau, Taiwan and the member countries of ASEAN, the right to use the ARTEMIS platform in connection with our improvements to those products, as well as exclusive rights to commercialize in those jurisdictions all products that Eureka develops using the ARTEMIS Platform. For further details, please see "— Collaboration and License Agreements — License Agreement with Eureka" in this section.

- **Lyell's technology** is designed to increase T-cell functionality and reduce T-cell exhaustion in the tumor micro-environment to potentially improve the anti-tumor effects. We obtained access to the Lyell technology to develop novel product candidates based on JWATM203 and JWATM204. For further details, please see "— Collaboration and License Agreements — Lyell Collaboration Agreement" in this section.

In addition to our China, Hong Kong, Macau, Taiwan and the member countries of ASEAN rights to commercialize products that Eureka develops using the ARTEMIS platform, we have opportunities to in-license additional product candidates from Juno and product candidates from Acepodia. These opportunities, together with our strong business development capabilities, will support further expansion of our pipeline. Our opportunities to in-license include the following next generation cell-based therapy product candidates:

- **Juno Pipeline**: We have a right of first negotiation to develop and commercialize five Juno engineered T-cell products in China, Hong Kong and Macau. These highly novel candidates target promising pathways including CD22, WT1, CD171, MUC16 and ROR1. These candidates cover a wide range of hematological cancer and solid tumor indications.

- **Acepodia Pipeline**: We have an option to acquire from Acepodia the right to develop and commercialize in China, Hong Kong and Macau an allogeneic natural killer ("**NK**") cell therapy product that targets HER2. This novel candidate is designed to treat certain types of breast cancer and other malignancies, including gastric cancer, which have a significant unmet medical need in China. JWACE002 is designed as an allogeneic product, an "off-the-shelf" ready-made cell therapy that is manufactured from cells of a "cell line" unrelated to the patient.

In the field of cellular immunotherapy, the manufacturing process significantly influences product characteristics, and accordingly we believe that in cellular immunotherapy, even more than in other contexts, "the process is the product." We have proven translational research, analytical development and manufacturing process development capabilities. We have developed a proprietary commercial-scale manufacturing process for relma-cel which has been proven during the registrational clinical trials of relma-cel, with a 100% manufacturing success rate of the relma-cel products used in the Phase II registrational clinical trial. Moreover, we are developing a set of new technologies and platforms to enable the next generation CAR-T product and manufacturing processes with a shorter production cycle time, higher quality, better product characterization and improved product efficacy and safety profile, at a lower cost. We believe that this will establish a foundation for our next-generation anti-CD19 CAR-T product, as well as other products in our pipeline.

Our cell therapy development platform also includes robust clinical development capabilities. Having completed Phase I clinical trials and a registrational Phase II clinical trial in ten hospitals across China relating to relma-cel, we have involved more sites in our clinical trials in China than any other CAR-T company, according to Frost & Sullivan. In addition, we believe we have enrolled more patients in our IND anti-CD19 CAR-T trials in China than any other company. Moreover, we have a proven track record in clinical execution, having progressed relma-cel from IND to NDA filing to NDA acceptance in a short time frame.

Our industry-leading commercial manufacturing infrastructure is centered on our newly constructed manufacturing facility in Suzhou, which provides approximately 9,976 square meters for commercial-scale manufacturing. The Suzhou facility is designed to house four independent modules, of which two are currently constructed, qualified and operating in compliance with international cGMP and QMS standards. It can support a wide range of cell platforms, including those using gene-modified autologous T-cells and NK cells, gene-modified or non-gene-modified tumor-infiltrating lymphocytes ("**TIL**") and gene-modified allogeneic immune cells, as well as facilities to produce clinical grade viral vectors that are used to genetically modify these cells. Our current design has estimated capacity to support treatment of up to 5,000 patients per year. The

degree of automation and in-process control designed into our commercial manufacturing processes lead to reliable product supply, and our manufacturing operations are optimized for high capacity and labor utilization, allowing cost-effective manufacturing.

Our plan to commence revenue generation centers on the commercialization of relma-cel. Having achieved NMPA acceptance of our NDA for relma-cel, we intend to drive full-scale commercialization of relma-cel upon approval. We plan to establish a focused in-house sales force to market relma-cel to the top hematology hospitals in China, including a specialized team in medical affairs to build on our strong existing relationships with physicians and KOLs in the field of hematology in China and to provide the necessary site support for healthcare providers and patients to manage all steps in the safe delivery of this product.

Our history can be traced back to 2016, when our principal operating subsidiary, JW Shanghai, was co-founded by two global pharmaceutical research and development companies, Juno and WuXi AppTec, through its wholly-owned subsidiary WXAT Shanghai. Since inception, our success has been guided predominantly by the efforts of the management team under the leadership of our executive Director, chairman of the Board and CEO, Dr. Li. Our management team has expertise gained from extensive experience in the international biopharmaceutical industry as well as in-depth local knowledge of the China market including access to top-tier hospitals, PIs and KOLs in the field of immuno-oncology.

OUR STRENGTHS

Potential best-in-class anti-CD19 CAR-T product

Relma-cel has potential to be a best-in-class third-line treatment for certain hematological cancers in China. It targets an antigen called CD19, which is expressed in a broad range of B-cell hematological cancers including DLBCL, FL, MCL and CLL. All of these indications are types of a broader category of cancers known as "B-cell non-Hodgkins lymphoma" or "**NHL**"), which is a market estimated to include approximately 513.7 thousand patients in China in 2020 and is expected to increase to approximately 729.5 thousand patients in China by 2030, according to Frost & Sullivan.

We believe that relma-cel is a potential best-in-class third-line treatment for DLBCL, with a potentially superior safety profile and comparable efficacy relative to other currently approved anti-CD19 CAR-T products globally. In our Phase II registrational trial involving heavily treated, poor prognosis patients with r/r DLBCL, relma-cel produced a best ORR of 75.9% and a best CRR of 48.3%, with sCRS or sNT observed in 5.1% or fewer of treated patients, and no

treatment-related deaths were reported. While head-to-head clinical comparisons have not been conducted, the safety data achieved in this clinical trial are superior to those achieved by other approved anti-CD19 CAR-T products globally, and the efficacy data are comparable.

In June 2020, the NMPA accepted and agreed to review our NDA relating to relma-cel as a third-line or greater treatment for DLBCL. If approved by the NMPA for marketing in China on the timeline that we currently anticipate, relma-cel would be the first CAR-T therapy approved as a Category 1 biologics product in China, and has potential to be a best-in-class CAR-T therapy. To fully explore the clinical potential for relma-cel, we are also developing relma-cel for a number hematological indications, including FL, MCL, CLL and ALL, and as a second-line treatment for DLBCL.

Comprehensive and differentiated cell therapy pipeline covering both hematological cancers and solid tumors

As a first mover in cell therapy in China, we have built a pipeline of product candidates intended to treat hematological cancers, an area in which CAR-T has proven to be effective, and to treat solid tumors, which represents substantial potential given the significant unmet medical needs and relative market size. Our product portfolio has also been strategically developed to cover various next-generation approaches that improve the benefit to risk ratio of our products, including allogeneic approaches, combination strategies with small molecules and other CAR-T products with new gene modifications. We believe that our product candidates have the potential to become groundbreaking treatments in their respective indications.

Hematological cancers

In addition to relma-cel as a prospective treatment for FL, MCL, CLL, second-line DLBCL and ALL, we are strategically developing our product pipeline to cover broader hematological cancer indications such as multiple myeloma ("**MM**"). JWCAR129 is a CAR-T product targeting BCMA, which is expressed in MM and is a promising target for CAR-T therapies. As with relma-cel, we have in-licensed the CAR construct for JWCAR129 from Juno and have used our own processes in its development.

Solid tumors

Based on our collaborations with Eureka and Lyell, we are developing T-cell therapy candidates that are designed to have enhanced T-cell functions, persistence and infiltration into solid tumors with an improved safety profile. Our pipeline of product candidates for the treatment of solid tumors is centered on JWATM203 and JWATM204, which are cell therapy products intended for the treatment of HCC:

- **JWATM203**, a potentially first-in-class TCRm T-cell therapy targeting AFP for the treatment of HCC. Treatment of HCC represents a huge unmet medical need in China. We believe JWATM203 has the potential to be a promising treatment option for patients with AFP-positive HCC. Our in-licensing partner Eureka has advanced its AFP TCRm T-cell therapy product candidate into a Phase I/II clinical trial in the United States. Through our collaboration with Lyell, we are developing **JWATM213**, another TCRm T-cell therapy targeting AFP for treatment of HCC, which may further enhance T-cell function and improve efficacy.

- **JWATM204**, a novel T-cell therapy product candidate targeting GPC3. We believe JWATM204 has the potential to be a promising treatment option for patients with GPC3-positive HCC. Similar to JWATM203 and JWATM213, we will use the Lyell technology to develop another GPC3-targeting T-cell therapy product candidate, **JWATM214**.

Next Generation Candidates through Dual Source of Innovation

We expect to continue to enrich our pipeline by bringing novel next generation cell therapy candidates through in-house research capability, as well as opportunities to in-license and our strong business development capabilities. Our industry leadership in China regarding cell therapy manufacturing and clinical development has allowed us to be viewed as a valued partner in this market, increasing business development partnership, licensing and acquisition opportunities. Our acquisition of product rights and platform technology rights from Eureka establishes a strong precedent for expansion of our pipeline by means of acquisitions and in-licensing arrangements. Moreover, we believe we have strong business development capabilities to forge collaborations with leading global cell therapy players, focusing on solid tumors and cutting edge science.

Our product candidates addressing solid tumors are based on novel technology platforms, which form the foundation of our differentiated approach to bring future candidates to our pipeline:

- Eureka's **ARTEMIS platform** is the basis for JWATM203 and JWATM204. It is a novel technology platform that is intended to create potentially more effective and safer T-cell therapies than are currently available. ARTEMIS T-cells have γδ TCR-based effector domains coupled to antibody-based antigen-binding domains, which allow the engineered T-cells to recognize either surface proteins or peptide fragments of proteins inside the tumor cells presented by MHC. The ARTEMIS platform utilizes intrinsic T-cell responses and regulatory mechanisms, which we believe can limit excessive T-cell expansion and classic toxicities associated with CAR-T therapies, such as CRS. Unlike other TCR-T approaches that utilize αß TCR chains, ARTEMIS effector domain utilizes γδ TCR chains which we believe would avoid unwanted cross-reactivity and associated toxicities due to mispairing.

  As part of our agreement with Eureka in June 2020, we acquired exclusive rights to develop, manufacture and commercialize JWATM203 and JWATM204 for China, Hong Kong, Macau, Taiwan and the member countries of ASEAN and to use the ARTEMIS platform in connection with our improvements to those products, as well as exclusive rights to commercialize in those jurisdictions all other products that Eureka develops using the ARTEMIS Platform, subject to separate license agreements to be entered into between us.

- **Lyell's technology** is designed to increase T-cell functionality and reduce T-cell exhaustion in the tumor micro-environment to potentially improve the anti-tumor effects. We obtained access to the Lyell technology to develop novel product candidates based on JWATM203 and JWATM204.

In addition to our rights to commercialize products that Eureka develops using the ARTEMIS platform, our opportunities to in-license include the following:

- **Juno Pipeline**: Five engineered T-cell products that Juno is currently developing. These highly novel candidates target promising pathways including CD22, WT1, L1CAM, MUC16 and ROR1. These candidates cover a wide range of hematological cancer and solid tumor indications. These candidates provide us an option to further broaden our pipeline to cover more cancer indications/enrich our cell therapy pipeline mix for the development of combo therapies. Under our strategic alliance with Juno, we possess a right of first negotiation to develop and commercialize these candidates in China, Hong Kong and Macau.

- **Acepodia Pipeline**: A natural killer cell ("**NK**") cell therapy product that targets HER2, an antigen that is expressed in some cancers, including 20-30% of breast cancers and 10-15% of gastric cancers. This novel candidate is developed under an allogeneic approach which would create an inventory of off-the-shelf cell therapy drugs to deliver readily available treatment faster, more reliably, at greater scale and to more patients. We have an option to acquire from Acepodia the right to develop and commercialize JWACE002 and JWACE005 in China, Hong Kong and Macau.

Fully integrated cell therapy development platform

We seek to ensure our products are developed at the highest quality by applying our unique and fully integrated in-house cell therapy development capabilities, and by leveraging Juno's CAR-T process development know-how. Our uniquely designed and fully integrated development capabilities range from translational research and analytical development through process development and clinical development to regulatory affairs. These capabilities provide us with a platform that helps us ensure that we continue to maintain operational excellence and that each of our treatments are produced at the highest quality. We believe our robust and fully integrated development platform enables seamless collaboration among different functional groups throughout the development lifecycle of a new product candidate and helps us increase the efficiency of development and the likelihood of success. Moreover, we believe we have unique and highly differentiated capabilities to develop a product candidate through the clinical development process to obtain regulatory approval in China.

Analytical and process development

In the field of cellular immunotherapy, the manufacturing process significantly influences product characteristics, and accordingly we believe that in cellular immunotherapy, even more than in other contexts, "the process is the product." Variations in the manufacturing process can lead to significant variations in the characteristics of the final product. Moreover, because different patients have different characteristics, such as the number and distribution of different types of cells with different phenotypes, the starting material for the cell therapy manufacturing process is more variable than for the biologics or small molecule manufacturing processes, and such variability in starting material is a major challenge for reliable and consistent production of cell therapies.

Through process development, we have designed a manufacturing process designed to allow us to optimize cell characteristics and cellular conditions and increase production consistency. We generated our process development capabilities based on internal development and optimization of

technology in-licensed from Juno. By the time we locked down our clinical manufacturing process for relma-cel, the process was able to accommodate the significant variability in starting material to generate products that have consistent attributes and meet clinical dosing requirements.

Our fully integrated processes consist of a full suite of analytical development, process development and quality control and quality assurance functions:

- Our *process development capabilities* include process transfer-in/out; process development and optimization; process and product characterization; and development of new technologies and platforms for plasmids, viral vector and cell therapy products.

- Our *analytics development capability* consists of a PCR/qPCR lab, flow cytometry lab, biochemical and physical-chemical lab and cell-based assay platform, aiming to support in-process testing and product characterization of plasmids, vector and cell therapy as well as to bring in new characterization measurement for better understanding of the process and our product.

- Our established *quality system* meets requirements of Chinese health authorities and the ICH. We implement a holistic quality control strategy including raw material control, in-process, and release testing designed for gene and cell therapy products with high specificity, sensitivity and fast turnaround.

Based on our analytical and process development capabilities, we were able to achieve a 100% success rate during clinical manufacturing of relma-cel for our Phase II registrational trial. We have a robust process to account for variability in starting material due to patient characteristics and to generate reliable product, with consistent product attributes a wide range of cell doses and capacity to deliver prescribed product over wide dosing range. Moreover, our cell therapy process platform is designed based on autologous T-cell process as a basic platform, with the flexibility to adapt to other processes.

Moreover, we are developing a set of new technologies and platforms to enable the next generation CAR-T product and manufacturing processes with a shorter production cycle time, higher quality, better product characterization and improved product efficacy and safety profile, at a lower cost. We believe that this will establish a foundation for our next-generation anti-CD19 CAR-T product, as well as other products in our pipeline.

Clinical development

We conduct all of our clinical operations in-house to ensure quality and execution efficiency. We were the first company to have an IND approved by the NMPA for clinical trials of an anti-CD19 CAR-T therapy in China, according to Frost & Sullivan. Having completed Phase I clinical trials and a registrational phase II trial in ten hospitals across China relating to relma-cel, we have involved more sites in our clinical trials in China than any other CAR-T company, according to Frost & Sullivan. In addition, we believe we have enrolled more patients in our IND clinical trials in China than any other anti-CD19 CAR-T company, and that this contributed substantially to the NMPA's rapid acceptance of our initial NDA for relma-cel. Moreover, because we have worked with a larger number of clinical trial centers, we believe that relma-cel is relatively better known to a number of physicians who may play pivotal roles in determining treatment plans for patients who are eligible to use relma-cel.

Regulatory affairs

We believe that we are viewed by regulators as an expert on the development of China's cell therapy regulatory environment from a commercial perspective. We provided input on the development of cell therapy regulatory guidance by the NMPA's Center for Drug Evaluation ("**CDE**"), and we regularly communicate with the CDE on issues related to cell therapy. We also provided feedback to the CDE on the Drug Administration Law and the CAR-T GMP inspection guide. We have conducted workshops with the CDE on various aspects of CAR-T therapy quality, manufacturing and regulation. Moreover, as founding chair of the Shanghai CAR-T Alliance and as a member of the China Pharmaceutical Innovation and Research Development Association (PhIRDA), we are a leader in building the CAR-T industry in China.

Leading commercial manufacturing infrastructure and supply chain

We manufacture in China with a commercial-ready, highly automated, single train process to select, activate, transduce and expand CAR T-cells with consistent product attributes at a wide range of cell doses with capacity to deliver prescribed product over a wide dosing range.

Learning from our extensive clinical manufacturing experience, we designed a modular, multi-product cell therapy manufacturing facility. In June 2020, we received a production license approval from the Jiangsu Province FDA. The Suzhou facility provides approximately 9,976 square meters for commercial and clinical manufacturing and quality in compliance with cGMP and QMS standards and currently has estimated design capacity to support treatment of up to 5,000 patients per year. It is designed to include four independent modules, of which two are currently constructed, qualified and operating in compliance with international cGMP and QMS standards. Moreover, it can support a wide range of cell platforms, including those using gene-modified

autologous T-cells and NK cells, gene-modified or non-gene-modified TIL and gene-modified allogeneic immune cells, and includes facilities to produce clinical grade viral vectors that are used to genetically modify these cells.

We have promoted operational excellence at our manufacturing facilities through a variety of means. We believe the degree of automation that we have designed into our commercial manufacturing processes improves production efficiency and lowers manufacturing costs. The manufacturing process is based on a unit operations concept with an automated and standardized device for each unit operation. Such automation minimizes human error and improves efficiency. We adopt closed processing manufacturing, which prevents contamination and allows concurrent processing of multiple patient samples in a large "ballroom" with a lower grade of classified cleanroom requirements. Our implementation of a computerized manufacturing execution system ensures a robust chain of identity, which further prevents error and lowers production costs.

Seasoned management and strong shareholders' support

Management and Directors

We have assembled a well-known team of industry executives with extensive experience in multinational pharmaceutical companies. Our success is, to a large extent, the product of our management's leadership and expertise, which cover the full spectrum of the cell therapy development process, from pre-clinical studies through design and execution of clinical studies to regulatory processes, as well as extensive prior experience in manufacturing processes.

Dr. James Li, M.D., brings nearly 30 years of leadership experience in the pharmaceutical industry to our Company. Dr. Li was formerly the founding General Manager for Amgen in China and a partner in the life science practice of Kleiner Perkins Caulfield & Byers. From 1991 to 2006, Dr. Li held leadership roles in clinical research, regulatory affairs, new product development and franchise development at Merck & Co. Inc.

We also have assembled a team of experienced industry veterans with extensive collective experience in the biopharmaceutical industry, including Harry Lam, Ph.D., Executive Vice President and Chief Technology Officer; Mr. Xin Fu, Senior Vice President and Chief Financial Officer; Dr. Hongxia Zheng, M.D., Ph.D., Senior Vice President for Clinical Development, executive director of Clinical Research Operations; Mr. Wen-jun Sun, MBA, Vice President and Head of Business Development; and Dr. Sophia Yang, executive director of Clinical Research Operations. Our management team has expertise gained from extensive experience in the international biopharmaceutical industry as well as in-depth local knowledge of the China market including access to top-tier hospitals, PIs and KOLs in the field of immuno-oncology.

Our Board of Directors also brings world-leading expertise in cell therapy to our Company. Members of our Board include: Mr. Hans Bishop, currently Chief Executive Officer of Grail, Inc., who among other things co-founded Juno in 2013 and acted as its Chief Executive Officer until 2018; Dr. Ann Lee, currently Senior Vice President and head of cell therapy development operations at Celgene; Dr. Krishnan Viswanadhan, currently Senior Vice President and global cell therapy franchise lead at Bristol Myers Squibb; and Dr. Cheng Liu, founder and Chief Executive Officer of Eureka.

Shareholders and Partners

Strong support from our founding shareholders endows us with the best of both worlds. Juno brings excellence in the science of CAR-T therapies and the related technology platform, including its revolutionary engineered T-cell products and its experience and expertise in process development and manufacturing framework for CAR-T products. WuXi AppTec brings excellence in manufacturing processes (including vectors and supply chain) as well as strong knowhow, infrastructure, reputation, relationships and network of stakeholders in China.

OUR STRATEGIES

Drive full-scale commercialization of relma-cel and build upon our significant first mover advantage

Following the NMPA's acceptance of our NDA relating to relma-cel, we intend to drive full-scale commercialization of relma-cel, with a specific focus on manufacturing, sales and marketing/academic education functions ahead of relma-cel's upcoming launch:

Manufacturing. Our Suzhou manufacturing facility was approved by the Medical Product Administration of Jiangsu Province for cGMP manufacturing in June 2020. Based on our estimation, the facility is expected to service up to 5,000 patients annually, with capacity to expand further as needed. Quality is a key focus of our manufacturing approach, and we aim to translate our strong manufacturing record in the clinical setting, where we recorded a 100% success rate for the manufacture of relma-cel throughout the Phase II registrational clinical trial, into our commercial manufacturing efforts. We also plan to optimize our production protocols by leveraging our extensive clinical and CMC data derived from a single version of manufacturing process, building a proprietary data integration platform, and deploying machine learning approaches to develop critical insights for our autologous CAR-T therapy platform. In parallel, we are also developing our next-generation process to simultaneously improve our cost of goods, manufacturing cycle times, and potentially clinical outcomes.

Sales. We plan to build a focused in-house sales and marketing team to market relma-cel across China. Our initial target is to create, at the initial commercialization of relma-cel, a sales team of approximately 60-70 people to cover approximately 50 of the top hospitals in China with the best hematological and transplantation centers, which are equipped with the technology and physicians to administer our CAR-T therapies. A significant number of these hospitals have acted as clinical trial centers for relma-cel, as a result of which many relevant physicians in those hospitals will already be familiar with relma-cel. As our business grows over the next three years, we anticipate expanding our sales force to approximately 100-120 people in order to support the administration of our CAR-T therapies across the top 100 oncology hospitals in China.

Marketing/Academic education. CAR-T therapies are a new and comprehensive treatment process that is unlike any other treatment currently approved in the market. As such, we expect significant efforts will be necessary to educate physicians and patients on the potential benefits of CAR-T therapies, and to demonstrate the proper process for administering and monitoring the treatment (including timely and proportionate measures to mitigate adverse effects).

Because physicians are expected to play a key role in this process, not only in administering CAR-T therapies but also in educating patients about their potential benefits, we intend to design our marketing and academic education strategy around close and continued engagement with physicians. We believe that we have established strong relationships with a significant number of physicians and other KOLs across China through the extensive clinical trials that we have conducted, both in gaining recognition of the merits of relma-cel and in enhancing physicians' familiarity with the product, and we plan on continuing to work with those physicians to optimize our product and processes even after we have commenced commercialization of relma-cel.

We plan to enhance our existing collaboration with these physicians and other KOLs through the establishment of a specialized team for medical affairs, which will oversee the training and support that we provide to physicians. In addition, we plan to develop a specialized, standardized training program that will allow us to onboard and train physicians and treatment centers that have not been involved in our clinical trials, with the ultimate goal of gaining widespread acceptance of relma-cel across the medical community and the general public.

Solidify our leadership in hematological cancers by progressing and expanding clinical development of relma-cel for earlier lines of treatment and additional indications, as well as clinical development of JWCAR129

Having achieved NMPA acceptance of our NDA relating to relma-cel as a third-line treatment for DLBCL, we intend to further expand our hematological portfolio by conducting additional clinical trials for relma-cel for other indications and pursuing clinical trials for JWCAR129.

Our approach to expand relma-cel's indications involves two key pillars: advancing relma-cel into earlier lines of DLBCL treatment and developing relma-cel as a potential therapy for other hematological cancers that express the CD19 antigen.

- *Our earlier-line strategy:* As relma-cel has demonstrated strong efficacy and safety results during the clinical trials for third-line treatment of DLBCL, we believe relma-cel has the potential to be accepted for use in earlier lines of treatment where we are able to treat and benefit a broader population of patients with DLBCL. Our earlier-line strategy currently revolves around progressing relma-cel as a second-line treatment for DLBCL, in which we have commenced clinical trials in the third quarter of 2020.

- *Our indication expansion strategy:* As relma-cel has demonstrated strong efficacy and safety results in treating third-line DLBCL by targeting the CD19 antigen, we believe that relma-cel has the potential to treat and benefit a broader population of patients with other hematological cancers that also similarly express the CD19 antigen. We currently intend to conduct further clinical research with the goal of filing additional NDAs with the NMPA for approval of relma-cel for other hematological cancers, including FL, MCL, CLL and ALL. We believe that our unique CAR construct and manufacturing excellence potentially enable relma-cel to produce strong efficacy results and potential best-in-class safety results for treatment of other hematological cancers aside from DLBCL.

Furthermore, to expand our product portfolio and solidify our leadership in hematological cancers, we expect to file an IND in China for JWCAR129 as early as first half of 2021. As patients with MM are afflicted by frequent complications, for which there continues to be no viable cure, we believe that MM is a market with significant untapped potential. Our approach in tackling MM revolves around the BCMA, which is a proven and as such de-risked cellular target for the treatment of MM. In addition to our unique CAR technology, we believe our capabilities in process improvements and our manufacturing expertise potentially allow us to produce a differentiated product for the treatment of MM. In addition, we intend to explore novel approaches such as combination therapies with gamma secretase inhibitors and with other CAR-T products to further enhance the overall efficacy and safety of JWCAR129.

Leverage our integrated cell therapy platform to expand into the emerging solid tumor market

We intend to complement our leading hematological franchise with a pipeline of innovative cell therapies for solid tumors. Our vision is to bring the latest cutting-edge cell therapies across all oncological indications for the benefit of Chinese patients, and we plan to continuously introduce new and novel technologies into our platform while leveraging our unique developmental capabilities to enhance our position in the emerging solid tumor segment.

Our solid tumor portfolio is headlined by the JWATM203 and JWATM204 platforms, two pre-clinical stage assets that are potential first-in-class T-cell therapies for the treatment of HCC. We are currently in the process of conducting technology transfer for the two products, after which we plan to leverage our proprietary strengths in process development to further develop the JWATM203 and JWATM204 assets into potential novel treatments in HCC. We currently anticipate initiating IND-enabling studies as early as the first half of 2021, with a view to advance JWATM203 and JWATM204 into clinical trials and eventually widespread commercialization in China.

We also expect our expansion into the solid tumor market to benefit from our collaboration agreement with Lyell signed in August 2020. Lyell provides an approach to improving T-cell function to enhance initial response rates in solid tumors and to prevent relapses due to loss of T-cell functionality. We believe there is an opportunity to use these technologies as a platform for multiple new cell therapies that can be applied across a broad range of rare and prevalent solid cancers, including HCC as well as others.

In addition, our solid tumor portfolio is further augmented by our option to acquire from Acepodia a novel allogeneic NK product that targets the antigen HER2, which is expressed in some breast and gastric cancers. While the current CAR-T therapy landscape has focused on primarily on treatments within the hematological cancer space, we believe that solid tumors represent a significant, untapped market opportunity for cell therapies in China.

The market for cell therapies targeting solid tumors represents a key part of our future growth strategy. As such, in addition to our existing and potential pipeline, we intend to continuously seek out new and novel approaches to solid tumors, both internally through our discovery platforms and externally through potential in-licensing and acquisitions opportunities.

Continuously enhance our manufacturing and supply chain through innovation and scale

Our manufacturing facilities in Suzhou are equipped with the technology to support a full range of cell platforms including those using autologous T-cells and NK cells, TILs, allogeneic immune cell approaches, as well as a facility for clinical grade viral vector production. Given the specific technical and personalization requirements in manufacturing CAR-T therapies, we intend to manufacture all of our treatments in-house, where we have control over the quality consistency, technology and execution of the entire manufacturing process.

Our current manufacturing processes have so far demonstrated a 100% success rate for the manufacture of relma-cel throughout the Phase II registrational clinical trial. However, we intend to invest in further optimizing our manufacturing processes through technological enhancements and achieving economies of scale, with the ultimate goal of making the production of our cell therapies better, faster and more cost-effective.

One of our key initiatives in optimizing our manufacturing has been our "Nex-G" strategy, which is aimed at reducing manufacturing costs, in order to make cell therapies accessible to a broader segment of the population. Through our "Nex-G" strategy, we aim to significantly lower the cost of our cell therapies, while maintaining and enhancing the efficacy, safety and overall quality of our products. This strategy includes:

- Leveraging our extensive clinical and CMC data derived from a single version of manufacturing process, we are building a proprietary data integration platform, and deploying machine learning approaches to develop critical insights for our autologous CAR-T therapy platform. We are developing our next-generation process to simultaneously improve cost of goods, manufacturing cycle time, and potentially clinical outcomes.

- Significantly reducing cost of raw materials by eliminating wastes and scraps; as well as pursuing substitutions by lower cost materials and elimination where feasible.

- Securing a world-class, high-quality and cost-effective supply network; and establishing long-term supply agreements in order to simultaneously achieve lower costs and increase reliability.

- Leveraging economies of scale by expanding our scale through opening up additional modules for commercial use within our existing facilities.

Grow our business through in-licensing opportunities, partnerships and selective acquisitions, as well as in-house research and development

Since the establishment of our Company, we have utilized a mix of in-licensing opportunities from our partners, selective acquisitions sourced through our business development capabilities and in-house R&D to fuel our growth into a leading cell therapy player in China. We intend to continue our three-pronged approach to expand into new frontiers in cell therapy, as we believe our strategy combines the ability to leverage from our trusted, reputable partners with an established track record in the cell therapy industry, identify and develop a select group of cell therapies which we believe has the potential disrupt existing standards of care and discover novel approaches to cell therapy using our proprietary know-how.

Our in-licensing approach. We have leveraged our exclusive licenses of certain China rights from Juno to introduce relma-cel and JWCAR129 into our pipeline, and we intend to explore other opportunities with Juno through our right of first negotiation on Juno's engineered T-cell products.

Our selective acquisitions approach. Additionally, we intend to continue to accelerate our business growth through in-licensing of suitable product rights and selective acquisition of suitable companies. Our recent acquisition of Syracuse Hong Kong and our recent collaboration agreement with Lyell exemplify this approach. We believe we have established a reputation in China as a preferred partner in cell therapy due to our proprietary platform and clinical track record, and we plan to leverage our global platform and network to focus on potential opportunities in the cell therapy space that we deem to possess high growth or breakthrough technology potential that is currently outside our platform. These potential opportunities include but are not limited to growth opportunities in alternative allogeneic approaches and new cellular targets which we believe represent novel and groundbreaking approaches to the treatment of cancer.

Our in-house R&D approach. In-house research and development is a core part of our platform. Since the establishment of our Company, research and development with respect to our processes as well as our products has played an instrumental role in our growth. We intend to continue to invest in our R&D capabilities to further fortify our end-to-end cell therapy platform. Given that we believe we possess differentiated strengths in product development, we plan to continue focusing a significant part of our R&D efforts on the clinical development and execution of our in-licensed products, and on enhancing our manufacturing capabilities to deliver affordable, high-quality treatments to patients. However, we also have significantly enhanced our discovery platform through acquisition in June 2020 of certain rights to use Eureka's ARTEMIS and E-ALPHA platforms, and we intend to leverage on our enhanced discovery platform to potentially identify and develop the next groundbreaking solution in cell therapy.

Finally, in addition to our three-pronged approach, we plan to continue to leverage our network of strategic partners including Juno and WuXi AppTec, leaders in the cell therapy field and the CRO field, respectively, as we continue to advance into new, undiscovered cellular targets and treatments.

BACKGROUND ON CANCER AND THE IMMUNE SYSTEM

Cancer is characterized by the uncontrolled proliferation of abnormal cells and is the second leading cause of death worldwide. Cancer cells contain mutated proteins and may overexpress other proteins normally found in the body at low levels. For decades, nearly all forms of cancer have been treated with surgical resection, radiation therapy, systemic chemotherapy or other anti-tumor agents. While these treatment modalities and their combinations, have led to incremental improvements in the survival of cancer patients, many patients still have cancer that does not respond or does not respond well to these traditional approaches. Furthermore, each of these treatment modalities is associated with significant adverse events that can also result in significant patient morbidity and mortality. Over the past decade, cancer immunotherapy, a new pillar of cancer therapy has emerged that focuses on the patient's own immune system to treat cancer. Cancer immunotherapy includes checkpoint inhibitors, therapeutic cancer vaccines and cytokines, and cellular immunotherapies, which use a patient's own immune cells themselves to fight cancer.

The immune system recognizes danger signals and responds to threats at a cellular level. It is often described as having two arms. The first arm is known as the innate immune system, which recognizes non-specific signals of infection or abnormalities as a first line of defense. The innate immune system is the initial response to an infection, and in some cases cancer cells, and the response is the same every time regardless of prior exposure to the infectious agent. One key part of the innate immune system is the NK cell. The second arm is known as the adaptive immune system, which is composed of highly specific, targeted cells that can provide long-term recognition and protection not only from infectious agents but also from abnormal processes such as cancer. The adaptive immune response is further subdivided into humoral, or antibody-based, and cellular, which includes T-cell-based immune responses. Both NK cells and T-cells have the ability to kill tumor cells and can be used to target and treat cancers in patients.

The most significant components of the cellular aspect of the adaptive immune response are T-cells, so called because they generally mature in the thymus. T-cells are involved in both sensing and killing infected or abnormal cells, as well as coordinating the activation of other cells in an immune response. These cells can be classified into two major subsets, CD4+ T-cells and CD8+ T-cells, based on cell surface expression of CD4 or CD8 glycoprotein. Both subsets of T-cells have specific functions in mounting an immune response capable of clearing an infection or eliminating cancerous cells. CD4+ T-cells, or helper T-cells, are generally involved in coordinating the immune

response by enhancing the activation, expansion, migration, and effector functions of other types of immune cells. CD8+ T-cells, or cytotoxic T-cells, can directly attack and kill cells they recognize as infected or otherwise abnormal, and are aided by CD4+ T-cells. Both types of T-cells are activated when their T-cell receptor recognizes and binds to a specific protein structure expressed on the surface of another cell. This protein structure is composed of the major histocompatibility complex ("**MHC**") and a small protein fragment, or peptide, derived from proteins either inside the cell or on the cell surface. Circulating CD4+ and CD8+ T-cells survey the body differentiating between MHC/peptide structures containing "foreign" peptides and those containing "self" peptides. A foreign peptide may signal the presence of an immune threat, such as an infection or cancer, causing the T-cell to activate, recruit other immune cells, and eliminate the targeted cell.

Unlike the adaptive immune response involving T-cells, the innate immune system, involving NK cells, is ready-made to kill foreign cells without prior exposure to an infectious agent or a cancer cell. These cells are present in blood, bone marrow and tissues, and survey the body looking for general signals of abnormal or infected cells, such as a lack of some normal cell surface proteins. Fundamentally, NK cells have evolved to kill a cell unless it expresses proteins that inhibit the NK cells' killing machinery. Most viral infections and cancer cells tend to down regulate these inhibitory cell surface proteins because these same surface proteins are needed to allow the adaptive immune response to recognize and kill the abnormal cell. Therefore, NK cells are a complementary defense mechanism to the adaptive immune response.

Although the immune system generally is able to identify foreign or abnormal proteins expressed on tumor cells, this process often turns out to be defective in cancer patients. The defective process sometimes occurs when the cancer cells closely resemble healthy cells and go unnoticed, or if tumors lose the expression of the protein being targeted by the immune system. Additionally, cancer cells employ a number of mechanisms to escape immune detection or to suppress the function of these immune cells. Some tumors also encourage the production of regulatory T-cells that block cytotoxic T-cells that would normally attack the cancer.

To override some of these processes, the novel technology of CAR-T was developed over the past ten years. CAR-T are T-cells that have been genetically engineered to express a receptor made up of parts of several proteins (a so-called chimeric antigen receptor or "**CAR**"), which re-direct the T-cell to attack a target protein on tumor cells through a stronger activation signal provided by the CAR. These CAR-T have been demonstrated to be effective in specific r/r patients with hematological malignancies with high rates of durable complete responses, suggesting these patients may be cured. As a result, several CAR-T products, such as axicabtagene ciloleucel, tisagenlecleucel, lisocabtagene maraleucel and idecabtagene vicleucel, have been approved or are

expected to be approved by regulatory authorities in the US and EU to treat many types of lymphoma, leukemia or myeloma. Therefore, CAR-T therapies in these settings have been a revolutionary advance for patients.

However, despite the hope in cancer treatment provided by CAR-T, there remains unmet medical need. For example, not all eligible patients have access to these therapies either due to limited manufacturing capabilities or to a lack of appropriate clinical evaluation in specific regions, such as Asia. In particular, these early commercial manufacturing processes were not fully optimized to produce functional and robust T-cell products, in part, because the relationships between manufacturing changes and key clinical outcomes were not known even though the processes had to maintain short production time and low production failure rates.

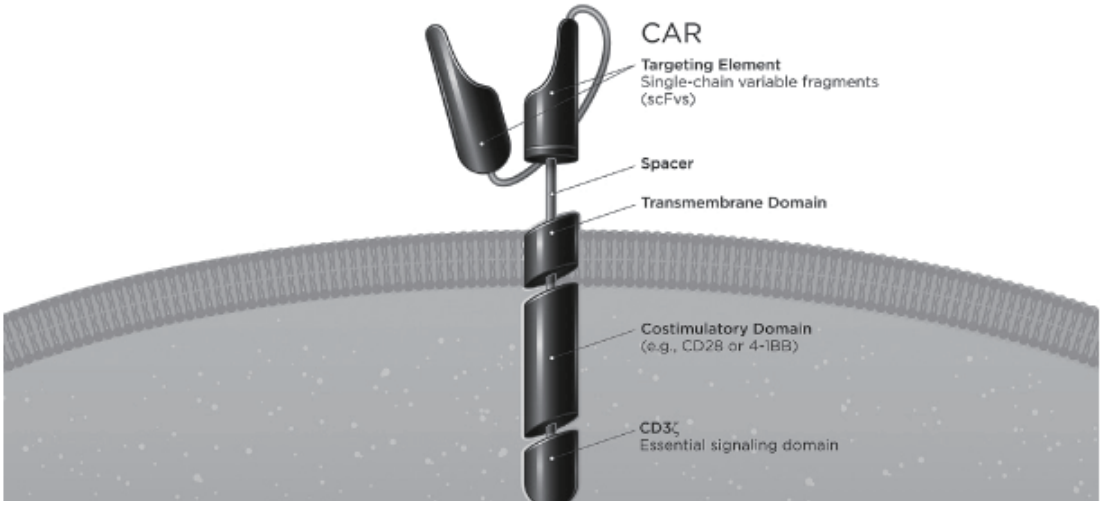
Furthermore, we believe existing CAR-T therapies can be further improved. For example, FDA- and EU-approved CAR-T therapies are associated with potentially fatal adverse effects during the first month after treatment, requiring the treatment to take place only at specialized centers and limiting their access to a broader range of patients. For example, registrational studies of axicabtagene ciloleucel and tisagenlecleucel in patients with DLBCL had between 15-25% ICU utilization due mostly to CAR-T toxicities, and early real-world experience with axicabtagene ciloleucel reported a 30-35% rate of ICU use in a similar population. Hospital or ICU utilization as a result of these toxicities can be a significant added cost to a healthcare system. Newer CAR-T products, such as relma-cel, have demonstrated lower levels of these common toxicities, reducing the risk to patients and reducing the cost of care, and, in some cases, even permitting broader sites of delivery (such as outpatient settings or hospitals without previous experience with CAR-T therapies), which improves access to these novel agents. We believe that such improvements in the safety profile of CAR-T therapies may be driven by advancements in the methods of manufacturing processes and controls.

While there are many unique clinical benefits associated with CAR-T therapies, there is room for improvement. In studies of T-cell therapies against solid tumor targets, attempts to treat a wider range of cancers with CAR-Ts directed against novel solid tumor targets have failed to show significant treatment effects beyond anecdotal cases. These shortcomings are likely to be the result of immune evasion mechanisms associated with tumors that have not been fully characterized and CARs targeting proteins that are not expressed at high enough levels. Attempts to re-engineer CAR-T to either avoid or overcome these mechanisms are now being identified and tested in animal models and early phase clinical trials and we anticipate that some of these will be the key to the next generation of CAR-T therapies, and immune cell therapies, in general. The health of CAR-T in the manufacturing process may also be important in providing a product that can overcome these barriers with sufficient persistence in the body to clear a patient's cancer. Thus, both manufacturing technology and biological innovation are fundamental to the next generation of immune cell therapy products for cancer.

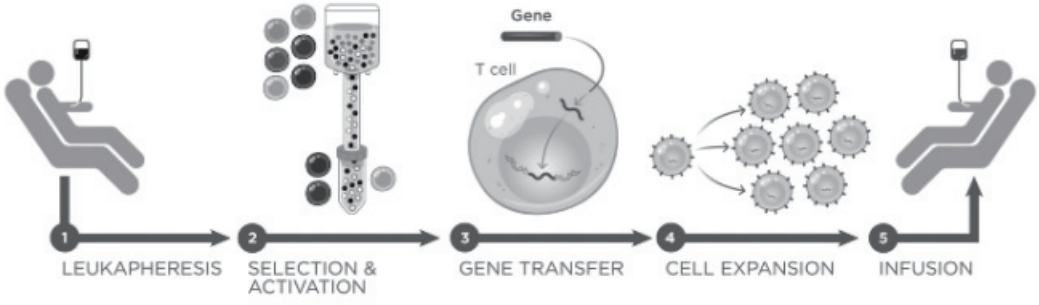
OUR T-CELL AND IMMUNE CELL TECHNOLOGIES

Overview

CAR-T therapy involves genetically modifying T-cells *ex vivo* to better recognize tumor-associated surface proteins (i.e., glycoproteins or glycolipids that are expressed abundantly on the surface of tumor cells but in relatively small quantities on the surface of normal cells) or normal cell surface proteins that are also expressed on tumors but if eliminated pose no significant health risk to the patient (such as B cells). After transduction, purification and large-scale expansion, CAR-T can specifically identify tumor-associated antigens so that the ability to target, antitumor activity and durability of effector T-cells are significantly enhanced as compared to unmodified T-cells. The extracellular portion of a CAR protein usually consists of mouse-derived single-chain variable fragments (scFv) that recognize target antigens (e.g., CD19). The intracellular portion of a CAR protein contains a T-cell signal transduction (CD3-ζ) domain and a costimulatory domain (e.g., CD28 or 4-1BB). Each intracellular domain plays an important role in T-cell expansion, CAR-T survival *in vivo*, and T-cell activation required for antitumor activity *in vivo*. Once the CAR protein binds to the target antigen on the cell surface, the intracellular domain can promote CAR-T expansion and trigger subsequent effector functions that eliminate tumor cells. These T-cells have an "auto-regulatory" capability that stimulates their multiplication in the presence of the target protein and a reduction in the number of such cells as the target protein declines.



Our current portfolio of product candidates comprises novel cell therapies against hematological malignancies and solid tumors. Our CAR-T technologies provide personalized therapy for patients by altering T-cells *ex vivo*, or outside the body, so that the T-cells can recognize specific proteins on the surface of cancer cells or other diseased cells in order to kill those cells. As depicted below, (1) we harvest a patient's white blood cells in a process called leukapheresis, and (2) while *ex vivo* we select and activate certain T-cells of interest. (3) Gene sequences for the CAR construct are transferred into the T-cell DNA using a viral vector, such as a lentivirus. (4) The number of cells is expanded until it reaches the desired dose. (5) These genetically engineered cells are then infused back into the patient.



In our clinical trials with our lead product candidate, relmacabtagene autoleucel or "relma-cel," after a patient goes through leukapheresis, the patient is administered chemotherapeutic agents before infusion of the engineered T-cells in order to provide an environment for the engineered T-cells to thrive. We refer to this process as conditioning chemotherapy or lymphodepletion. It is an active area of research to determine the optimal lymphodepletion regimen to use in conjunction with engineered T-cell therapy, in terms of dose, duration, and type or combinations of chemotherapeutic agents, such as cyclophosphamide or fludarabine. Currently, we effectively utilize what we believe to be the lowest intensity lymphodepletion in the field that is effective, while seeking to minimize potential toxicity from this chemotherapy. This regimen is a modification of doses used for pediatric patients and administered over three days.

We believe that optimizing immune cell attributes and preserving cell function and homing of cell products used in treatment may have a significant impact on cell persistence, efficacy, and/or tolerability, particularly when addressing the use of these cell therapies with solid tumors. We are investing significant resources in understanding the optimal cells and cell conditions for treatment. Animal study data have shown that specific cell attributes or genetic modifications can improve the frequency, robustness, and duration of an anti-tumor response. Animal data have also shown that certain genes, when introduced, allow T-cells to persist without exhaustion of their function, which may lead to a longer duration of the therapeutic effect in patients.

Keys to Further Advances in CAR-T Therapies

Despite the advancements in the field, there remain a number of keys to further advances in the development of CAR-T therapy.

- ***Selecting an appropriate tumor antigen target and having access to quality targeting elements ("binders"):*** the antigen targets that are recognized by CAR-T are membrane-bound cell surface proteins/complexes. Limited distribution in normal tissue, over- or homogeneous expression in tumors, and lack of shedding or internalization are critical factors related to the target antigen that need to be considered for target selection for developing CAR-T therapies. While expression of target antigens on normal tissues increases the risk of on-target/off-tumor toxicity, reduced or loss of expression due to shedding or internalization on tumor cells can decrease the treatment efficacy. The most important key is having access to binders that can be used with any number of unique CAR or TCR approaches. Few cell therapy companies have the internal capability or access through partnerships to both (1) the means to efficiently screen binders of a specific target and (2) a broad and robust library of binders from which to select lead and back up development candidates for their CAR constructs against tumors. Without this capability or access, companies would not be able to easily expand their portfolio into new indications or against novel targets.

- ***Designing and selecting CAR constructs to optimally activate T-cells, preserve T-cell function, and infiltrate tumors to promote tumor cell killing:*** the properties of the CAR construct are crucial to the overall success of CAR-T therapy. The affinity and flexibility of the antigen binding domain(s) are important in enhanced tumor-specific recognition as noted above, however the co-stimulation during CAR-T activation regulates metabolism, survival and functions of T-cells. A common side effect with CAR-T therapy is excessive T-cell activation when encountering its target antigen that can result in toxicities known as cytokine release syndrome (or "**CRS**"), a life-threatening condition caused by high levels of inflammatory cytokines, or a range of neurological toxicities that can range from confusion to potentially fatal seizures and coma. These adverse events may result either from the manufacturing process or from the CAR construct used.

  Moreover, while CAR-T therapies have been effective in treating hematological malignancies, this approach has been rarely effective against solid tumors. Much of the challenge in treating solid tumors appears to result from a lack of CAR-T "homing" to the site of the tumor, as well as the ability of these tumors to render the CAR-T dysfunctional due to chronic but incomplete activation signaling. This process, often referred to as T-cell "exhaustion," is believed to be part of the reason a patient's

immune system cannot clear their tumor. Both of these mechanisms are likely important in developing effective CAR-T therapies for solid tumors. Recently, it has been discovered that use of specific novel CAR co-stimulatory signals can significantly increase T-cell infiltration into tumors in animal model systems. Further, other studies have shown that specific internal cell signals can override the mechanisms of T-cell exhaustion and potentially also increase tumor infiltration. Therefore, to develop potentially effective and safe T-cell therapies against solid tumors, it is important to have an optimal genetic modification of a T-cell product through the right CAR construct and internal cell signaling.

- ***Having experience and capabilities to produce commercial and clinical products for timely clinical development and regulatory approval:*** Manufacturing of CAR-T therapies is difficult due to the variability of cells collected from individual patients. Limited economies of scale can be realized given the bespoke nature of autologous CAR-T manufacturing. A robust manufacturing process is important to account for variability in patient characteristics and ensure consistent product quality.

- ***Having commercial-ready manufacturing infrastructure:*** We manufacture in China with a commercial-ready, highly automated, single train process to select, activate, transduce and expand CAR-T with consistent product attributes and to manufacture any specified cell dose with capacity to deliver a prescribed product over a wide dosing range. Key challenges with CAR-T manufacturing today include maintaining consistent quality across different batches. We have designed our manufacturing processes to optimize these factors for our products and to ensure high consistency of product attributes, and have achieved a 100% manufacturing success rate throughout the DLBCL registrational clinical trial of relma-cel. Our manufacturing process is based on a unit operations concept with an automated and standardized device for each unit operation, which minimizes human error and improves efficiency. We adopt closed processing manufacturing, which prevents contamination and allows concurrent processing of multiple patient samples in a large "ballroom" with lower grade cleanroom requirements. We have also implemented a computerized manufacturing execution system which ensures a robust traceability/chain of identity, and further prevents error and lowers production costs.

- ***Having experienced site support and robust product supply chain infrastructure to maintain chain of identity and ensure proper and safe product administration to conduct high quality multi-center clinical trials and commercialize approved products:*** Individualized cell therapy products require the robust processes to schedule, collect, and securely ship patient derived materials collected during apheresis as a raw material for the manufacturing process. Equally robust processes are needed to securely ship and track cryopreserved product back to the patient since the product can only be used for

that individual. Collectively, these process steps and the tracking of patient material and cell product is known as the chain of identity. A manufacturer must have these processes in place, and must also have systems that can track multiple patients at different points in the process, to not only permit proper monitoring but also allow for coordination with treatment centers to arrange for patient preparation and care. These processes and systems are a large up-front investment in the T-cell therapy field, especially when manufacturing is required for more than one site of delivery. We have not only established these processes but also conducted large multicenter trials in China to validate these systems.

- ***Having clinical, translational, regulatory support experienced in T-cell therapy of cancer to both properly train site personnel, effectively manage T-cell therapy product development in oncology and minimize potential toxicities of CAR-T therapies, including those that may arise in patients with solid tumors:*** CAR-T therapy is unlike most cancer therapeutic agents in that it is (1) an individualized therapy — i.e., an individual lot product is made for only one specific patient, (2) a living therapy — i.e., the cells expand after infusion into the patient from the administered dose to hundreds or thousands of times the original dose, and (3) a novel therapy — i.e., to date, not many hospitals or clinics have managed these products. The need to have experienced staff to manage sites, help manage administration and potential adverse events, to conduct translational research with quality sample collection and analytical assays is critical to the success of a CAR-T development program as well as having the ability to translate that experience into medical support for sites using commercial products in the future.

In addition, in China specifically, but also in other parts of the world, the regulatory landscape is still being developed, including key regulatory requirements as well as engaging with regulators having only an early foundational understanding of the potential risks, benefits, use and manufacture of these novel products, including knowledge of the potential differences between CAR-T products. In China today, this expertise cannot be reliably contracted and most often needs to be built as internal capabilities as there is limited cell therapy expertise within the country. We have built our internal clinical, translational and regulatory capability and fostered an early and active engagement with Chinese regulatory authorities to educate, guide and establish relevant and necessary standards in this field for China. As a result, we have conducted clinical studies under IND involving more sites in China than any other CAR-T company as of the Latest Practicable Date, according to Frost & Sullivan, and had our NDA submission of the data from the study accepted for review in days following submission. China offers a unique setting to develop T-cell therapy for both early and late phase development through mechanisms that allow both single institution pilot trials under the auspice of the IRB and the classic registrational pathway through NMPA and CDE. This opportunity can benefit cell therapy greatly, but only if the quality of trial

conduct and data collection is maintained at a robust and verifiable level for both pathways. We have insisted from the beginning that all trials be conducted under the standards of good clinical practice ("**GCP**") as codified in international guidelines.

Finally, cell therapy by its nature requires the capability to integrate and analyze data from multiple separate sources — including manufacturing, clinical and translational data sets, even though data from these different functions are rarely analyzed for associations or correlations between them. In cell therapy, this capability is essential to both understand the T-cell product, and improve on platform and future technologies.

Components of our Technology

We believe that our technology distinguishes us from many other cell therapy companies based on our ability to enable current generation CAR-T in hematological malignancies, advance novel platforms to overcome hurdles in treating solid tumors with immune cell therapies and leverage our knowledge, and our experience and know-how in manufacturing, to continually improve our cell therapy products. There are several key components to our technology, each of which may have a significant impact on its utility in cancer immunotherapy:

- ***Targeting Elements and Their Selection.*** Targeting elements, also referred to as a binding domain, are used to recognize a target protein of interest. Our targeting elements can be used either as a single chain variable fragment ("**scFv**") in a classic CAR design or as a split or two chain variable fragments for attaching to each TCR subunit transmembrane element. These targeting elements are derived from the portion of an antibody that specifically recognizes a target protein, and when they are expressed on the surface of a T-cell and subsequently bind to a target protein on a cancer cell, are able to activate the T-cell. For example, our lead CAR-T program uses a scFv from a mouse-derived antibody to target the B-cell surface protein CD19, but others have human-derived sequences. Our pipeline currently contains T-cell therapies using targeting elements to CD19, BCMA, AFP and GPC3. While most of our targeting elements recognize cell surface proteins, some are TCRms, which can recognize small peptide fragments of proteins inside the tumor cell presented on the cell surface by a specific tissue protein (known as MHC) through a natural cell process.

- ***Classic Constructs.*** Upon recognition and binding of the targeting element to the cancer cell, there is a conformational change that leads to an activation signal to the CAR-T through CD3-zeta, an intracellular signaling protein. We intend to use both classic and next generation CAR/TCR mimic constructs. Our initial CAR constructs are classic CAR constructs based on Juno design. Our classic CAR constructs contain the targeting element CD3-zeta and a co-stimulatory domain all together in the same chimeric

protein. These classic CAR constructs include the 4-1BB costimulatory signaling domain used to mimic a "second signal" that amplifies the activation of the CAR-T. There are other co-stimulatory domains that have been used in classic CAR-T, such as CD28; however, while head-to-head clinical comparisons have not been conducted, in some disease settings some pre-clinical and early clinical evidence has suggested that 4-1BB has some advantages over CD28 as a costimulatory domain, including increased persistence and a metabolic profile supporting gradual expansion, as opposed to rapid expansion often associated with severe CRS and NT. Our early clinical data with our lead anti-CD19 CAR-T candidate supports this view. We have incorporated the 4-1BB costimulatory domain into our first two cell therapy products, relma-cel and JWCAR129. These two classic constructs for CD19 and BCMA, respectively, have been evaluated in the clinic, and for relma-cel, these data were submitted to NMPA as part of our NDA application. For further information on relma-cel and JWCAR129, please see "— Our Product Pipeline — Our Core Product Candidate — relmacabtagene autoleucel ("relma-cel")" and "— Our Product Pipeline — JWCAR129" in this section.

- ***Novel Constructs.*** We have licensed Eureka Technologies' novel construct platform consisting of the ARTEMIS antibody TCR and solid tumor technology. This platform has two core functional components: (1) antibody-based antigen-binding domain and (2) TCR-based effector domain. The design of the ARTEMIS receptor allows it to engage intrinsic cellular response and regulatory mechanisms normally employed by endogenous TCRs. Use of the endogenous activation through the TCR/CD3 complex is thought to limit excessive T-cell expansion associated with CRS. Because the design does not directly couple intracellular signaling domains to co-stimulatory domains, such structure has the potential to avoid T-cell hyperactivation and classic CAR-T associated toxicities, such as CRS.

  ARTEMIS receptors are designed to provide a potentially more effective T-cell therapy. Specifically, the ARTEMIS platform has been shown to enhance the functionality of T-cells to fight cancer cells in solid tumor models, in part through a novel co-stimulatory domain that has been associated with greater tumor infiltration of T-cells. T-cell products manufactured using the ARTEMIS platform have been used in early phase clinical trials and demonstrated preliminary safety profile.

- ***Self-activating lentiviral vectors.*** Gene-modification of T-cells has primarily been done with the use of a retroviral vector. All of our retroviral vectors are self-activating lentiviral vectors which provide a potentially safer cell product with regards to genotoxicity and infection from replication competent retrovirus ("**RCR**"). Lentiviral vectors have been used in a number of clinical trials of gene-modified T-cells and pluripotent stem cells without any case of cell product transformation or RCR. Given

the limited amount of retroviral genetic material to integrate into cells with the use of these vectors, patients who may otherwise harbor other RNA viruses, such as the hepatitis C virus, may also be candidates for future cell therapies.

- ***Technologies to improve the function of our T-cell products***

  Lyell provides an approach to improving T-cell function to enhance initial response rates in solid tumor cancers and to prevent relapses due to loss of T-cell functionality. Lyell's technology, in combination with the AFP and GPC3 ARTEMIS T-cell products, is intended to create a potentially differentiated treatment for HCC by enhancing T-cell infiltration into tumor regions, increasing T-cell functionality, and reducing T-cell exhaustion in the tumor micro-environment to improve anti-tumor therapeutic effects. For further information on Lyell's technology, please see "— Our Product Pipeline — Our Solid Tumor Platform — Lyell Technology" in this section.

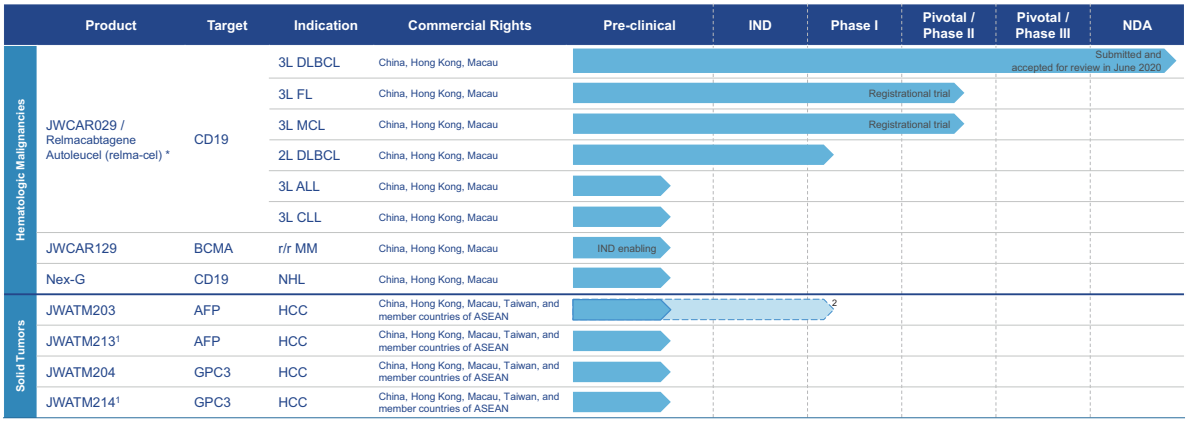
Next-Generation CAR Technology

We are investing significant resources in business development to leverage our expertise and capabilities to secure additional technologies, as we believe these will be the key determinants to ensure the long-term ability to create novel CAR-T products with improved patient benefit. One such technology extends our pipeline beyond autologous T-cell therapy candidates. We have the option to acquire from Acepodia the rights in China, Hong Kong and Macau to develop, manufacture and commercialize an allogeneic NK product ("**JWACE002**") that targets an antigen called HER2, which is expressed in some cancers, including 20 to 30% of breast cancers and 10 to 15% of gastric cancers. Unlike other allogeneic approaches, JWACE002 does not require time-consuming and expensive genetic editing of the allogeneic immune cells extracted from the patient to manufacture the final product. In addition, it utilizes a unique proprietary method which uses a binding element to re-direct NK cells against a tumor target that does not require a viral vector transduction and may be used with binding elements against tumor targets beyond HER2. JWACE002 has demonstrated enhanced tumor cell killing activities both *in vitro* and *in vivo*, while maintaining a favorable safety profile in GLP toxicology studies. In pre-clinical studies JWACE002 has shown enhanced tumor kill efficacy against HER2 IHC 1+, 2+ and 3+ cancer cells, which may have broader coverage on different HER2 expression level compared to Herceptin. JWACE002 is an innovative product that just entered early phase clinical trials in the US which are expected to provide near-term data to support our development of this platform.

OUR PRODUCT PIPELINE

Overview

The following chart summarizes the development status of each of our cell-based immunotherapy product candidates to treat hematological cancers and solid tumors as at the Latest Practicable Date:



Abbreviations: DLBCL = diffuse large B-cell lymphoma; FL = follicular lymphoma; MCL = mantle cell lymphoma; ALL = acute lymphoblastic leukemia; CLL = chronic lymphocytic leukemia; MM = multiple myeloma; NHL = non-Hodgkin lymphoma; HCC = hepatocellular carcinoma; NSCLC = non-small cell lung cancer; r/r = relapsed or refractory; 3L = third-line; 2L = second-line

* Denotes a Core Product Candidate.

[1] Developing using Lyell technology.

[2] JWATM203 is currently in Phase I/II trial in the U.S. conducted by Eureka under an IND.

Our Core Product Candidate — relmacabtagene autoleucel ("relma-cel")

Overview

Relma-cel is a potential best-in-class CAR-T therapy that targets the CD19 antigen, which is expressed in a broad range of B-cell hematological cancers including DLBCL, FL, MCL, CLL and ALL. While head-to-head clinical comparisons have not been conducted, available clinical data as of the Latest Practicable Date suggest that relma-cel has the potential to achieve best-in-class safety results, with comparable efficacy results relative to peers in China. We have developed relma-cel using our own optimized processes, which we originally established in collaboration with Juno; and relma-cel is based on a CAR construct that we have in-licensed from Juno for China, Hong Kong and Macau. For further information on the terms of our in-licensing arrangements relating to relma-cel, please see "— Collaboration and License Agreements — License Agreements with Juno — Relma-cel" in this section.

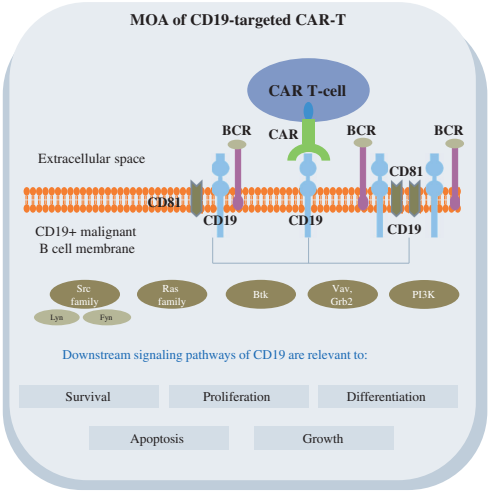
Through relma-cel, we are a first mover in the cell therapy industry in China. In June 2018, with our IND for relma-cel, we became the first company to have an IND approved by the NMPA for clinical trials of an anti-CD19 CAR-T therapy in China. In June 2020, our NDA for relma-cel as a third-line treatment for DLBCL was submitted to and accepted for review by the NMPA. If approved by the NMPA for marketing in China on the timeline that we currently anticipate, relma-cel would be the first CAR-T therapy approved as a Category 1 biologics product in China, and has potential to be a best-in-class CAR-T therapy.

Additionally, to fully explore the clinical potential of relma-cel, we are also developing relma-cel for a number of hematological indications, including third-line treatment for FL, and pediatric ALL, a third-line treatment for MCL and as a second-line treatment for DLBCL.

From acceptance of our NDA for relma-cel by the NMPA in June 2020 through and including the Latest Practicable Date, we have not received any concerns or objections from the NMPA on our clinical development plans, nor have any material unexpected or adverse changes occurred since the date of issue of the relevant regulatory approval for relma-cel.

Mechanism of Action

As a target for immunotherapies, CD19 has been validated through regulatory approval of three anti-CD19 products globally. It is a cell surface protein expressed on normal and malignant B lymphocytes that is involved in regulating B cell activation. CD19 is highly expressed on B cell lymphoma and leukemia, and its expression varies between different types of these malignancies. Importantly, CD19 is not expressed by hematopoietic stem cells or normal non-hematopoietic cells. Thus, with the exception of B-cell aplasia, which is generally managed without significant risks to a patient, early phase clinical studies suggest that toxicity associated with on-target/off-tumor interactions is not expected to be a concern with agents targeting CD19. Relma-cel T-cells express a CAR that binds to the extracellular domain of CD19, causing the intracellular domain of the CAR to promote T-cell expansion and triggering subsequent effector functions that eliminate tumor cells.



Source: Literature Review, Frost & Sullivan Analysis

Market Opportunity and Competition

Target Indication

Relma-cel is intended primarily for the treatment of B-cell NHL, a type of cancer that starts in white blood cells called lymphocytes, which are part of the immune system. NHL includes a number of different subtypes of lymphomas that all share some of the same characteristics, including the fact that these cancers originate in the lymph nodes. According to Frost & Sullivan, B-cell NHL represents more than 85% of all NHL.

Cancer of B-cell lymphocytes can also originate in blood or bone marrow, and in these cases it is referred to as B-cell leukemia. CLL/SLL is the chronic type, involving cancer cells called "small lymphocytes," and acute lymphoblastic leukemia ("**ALL**") is the acute type, involving an uncontrolled proliferation of lymphoblasts, or immature white blood cells.

Market Opportunity

According to Frost & Sullivan, the prevalence of NHL in China reached 485.0 thousand in 2019 representing a CAGR of 5.4% between 2015 and 2019. The prevalence of NHL in China is expected to grow to reach approximately 610.4 thousand patients in 2024, representing a CAGR of 4.7% between 2019 and 2024, and to further increase to approximately 729.5 thousand patients in 2030, representing a CAGR of 3.0% between 2024 and 2030.

Among the types of NHL in China, DLBCL is the most common, accounting for approximately 41.0%, while FL, MCL and CLL account for 6.1%, 3.4% and 4.6% of all patients, respectively.

- ***DLBCL***: In China, DLBCL prevalence reached 199.1 thousand in 2019, and is expected to grow to approximately 250.5 thousand in 2024, and to approximately 299.3 thousand in 2030.

- ***FL***: In China, FL prevalence reached 29.6 thousand in 2019, and is expected to grow to approximately 37.3 thousand by 2024, and to approximately 44.5 thousand in 2030.

- ***MCL***: In China, MCL prevalence reached 16.5 thousand in 2019, and is expected to grow to approximately 20.8 thousand by 2024, and to approximately 24.8 thousand in 2030.

- ***CLL/SLL***: In China, CLL/SLL prevalence reached 22.3 thousand in 2019, and is expected to grow to approximately 28.1 thousand by 2024, and to approximately 33.6 thousand in 2030.

Current Treatment Options and Limitations

There are many challenges and unmet needs regarding the current treatment of NHL in China, including disease-related, treatment-related and other challenges:

- *Disease-related*. In China, the prevalence of NHL reached 485.0 thousand patients in 2019, with an overall 5-year survival rate of NHL of 37.0%, slightly lower than that of cancer in general in China. Some aggressive types of NHL, such as DLBCL, can involve organs other than the lymph nodes, progressing rapidly and becoming fatal due to invasion across all areas of the body if treatment is not administered at an early stage. Only early-stage detection and treatment can lead to a higher chance of survival. On the other hand, indolent subtypes of NHL, such as FL, despite slow progression, can be long-standing over years and are less likely to be cured with current treatment methods. The current treatment paradigm and survival rate have demonstrated the difficult nature of NHL, indicating significant unmet clinical needs.

- *Treatment-related*. Currently, major treatment options for NHL in China vary by patient condition and NHL subtypes, but generally comprise a monoclonal antibody (rituximab) in combination with chemotherapies. Such options generally have limited efficacy due to drug resistance and therefore lead to high relapse rates. While emerging targeted drugs, such as BTK inhibitors, provide wider treatment options for MCL and CLL patients and potentially patients of other NHL subtypes in the future, it typically leads to drug resistance eventually, which is a common limitation shared by targeted therapies. About half of all NHL patients will eventually experience disease progression due to drug resistance. Another limitation of current treatments is the severe systemic adverse effects that result from off-target toxicity, such as vomiting, nausea and hair loss. All of these factors may exert a heavy economic and physiological burden on patients, creating an urgent need for new treatment options that have a better safety and efficacy profile. In particular, around 15% of DLBCL patients (the most common subtype of NHL) are characterized as primary refractory after first-line R-CHOP treated therapy. For these patients, treatment options with new modalities are more necessary.

  In addition, unlike CAR-T, which generally only requires single dosing, traditional chemotherapy or monoclonal antibody drugs typically require several months of treatment through a number of treatment cycles (typically 6-8 cycles) and extended hospital stays to facilitate monitoring by physicians. The toxicity increases both in incidence and severity with each additional cycle, which leads to certain patients having to stop the treatment due to tolerability issues.

- *Other*. The risk of NHL increases with age. In China, due to a rapidly aging population, the number of individuals above 65 years old has grown to 176.0 million in 2019, and is expected to continue its growth momentum into the future. The aging population, including elderly NHL patients, will increase correspondingly, making the treatment of NHL even more challenging. In particular, elderly patients are relatively more fragile, and also are not eligible for some standard treatment options.

Approved anti-CD19 CAR-Ts

The following table sets forth certain information concerning Kymriah, Yescarta and Tecartus, the anti-CD19 CAR-T products that have received regulatory approval for marketing to the public in a major market to date, according to Frost & Sullivan. As of the Latest Practicable Date, no CAR-T product has received regulatory approval in China.

Company	Generic Name	Brand Name	Product	Target	Approved Indications	Status	Region and Year of Approval
Kite / Gilead	Brexucabtagene Autoleucel	Tecartus ®	CAR-T	CD19	R/R MCL	Approved*	US (2020)
Kite / Gilead	Axicabtagene Ciloleucel	Yescarta ®	CAR-T	CD19	R/R LBCL (3rd Line)	Approved	US (2017) EU (2018)
Novartis	Tisagenlecleucel	Kymriah®	CAR-T	CD19	R/R B -cell ALL (2nd Line) R/R LBCL (3rd Line)	Approved	US (2017) EU (2018)

Note: *Tecartus was approved under accelerated approval in the US; R/R = Relapsed or refractory; MCL = Mantle Cell Lymphoma; R/R LBCL = R/R Large B-cell Lymphoma, including DLBCL NOS, high grade LBCL, and DLBCL arising from FL; ALL = Acute Lymphoblastic Leukemia =ALL.

Note: Market information as of July 31, 2020.
Source: *FDA, Frost & Sullivan*

Competitive Advantage

We believe that relma-cel has a significant competitive advantage in the CAR-T market in China, due to its potential best-in-class safety profile with competitive efficacy, physicians' familiarity with our product due to the large number of clinical sites we have engaged in China with respect to relma-cel's clinical trials, and our manufacturing quality.

Improved Safety Profile

The following tables set forth certain efficacy and safety data relating to relma-cel, Yescarta and Kymriah in r/r DLBCL and Tecartus in MCL. Although head-to-head studies have not been conducted, we believe these data indicate the competitive efficacy and potential best-in-class safety profile of relma-cel, according to Frost & Sullivan:

Product Information			Efficacy			Safety (Adverse Events)				
Drug Name	Trial Name	Indications	Evaluable Patients	ORR	CR	Evaluable Patients	NT (Any)	NT (≥Grade 3)	CRS (Any)	CRS (≥Grade 3)
Relma-cel	/	r/r DLBCL	58	75.9%	48.3%	59	20.3%	3.4%	47.5%	5.1%

Note: Clinical data for relma-cel is not from a head-to-head comparison study with other CAR-T product; NT = Neurologic Toxicities, CRS = Cytokine Release Syndrome.

Product Information			Efficacy			Safety (Adverse Events)				
Drug Name	Trial Name	Indications	Evaluable Patients	ORR	CR	Evaluable Patients	NT (Any)	NT (≥Grade 3)	CRS (Any)	CRS (≥Grade 3)
Yescarta	ZUMA - 1	r/r LBCL	101	72%	51%	108	87%	31%	94%	13%
Kymriah	JULIET	r/r LBCL	68	50%	32%	106	58%	18%	74%	23%
Tecartus	ZUMA - 2	r/r MCL	60	87%	62%	82	81%	37%	91%	18%

Note: Clinical data for each product is obtained independently from the label, but not from head-to-head comparison study; The medium follow-up is 7.9 months for Yescarta, 9.4 months for Kymriah, and 8.6 months for Tecartus with respect to duration of response; r/r LBCL = r/r Large B-cell Lymphoma, including DLBCL NOS, high grade LBCL, and DLBCL arising from FL; NT = Neurologic Toxicities, CRS = Cytokine Release Syndrome.

Source: FDA, Frost & Sullivan

Manufacturing Success Rate

We have had a 100% success rate for the manufacture of relma-cel during our DLBCL registrational clinical trial, which we believe compares favorably to other approved anti-CD19 CAR-Ts. The following table set forth information concerning the manufacturing success rates of Yescarta, Kymriah and Tecartus, respectively in their registrational clinical trials, according to Frost & Sullivan.

Manufacturing Success Rate of Commercialized CAR T Products

CAR T Product	Company	Manufacturing Success Rate*
Yescarta	Gilead/Kite	99%[1]
Kymriah	Novartis	91%[2] - 93%[3]
Tecartus	Gilead/Kite	96%[4]

Note: *Calculated from registrational clinical trial data in the label and not from head to head comparison study. 1. for patients with r/r LBCL; 2. for patients with r/r ALL; 3. for patients with r/r LBCL; 4. for patients with r/r MCL; LBCL includes DLBCL NOS, high grade LBCL, and DLBCL arising from FL.

Source: *FDA, Frost & Sullivan Analysis*

Clinical Data Related to Relma-cel

We have administered relma-cel to more than 80 Chinese patients as of March 18, 2020 across two trials, a Phase I trial (n=32) that enrolled patients with r/r B-cell NHL and a Phase II trial (n=48) that enrolled patients with r/r B-cell DLBCL. Data from these two trials served as the basis for our NDA submission relating to relma-cel as a third line treatment for DLBCL in June 2020 with 59 patients (11 patients from Phase I and 48 patients from Phase II) and were included in the key safety and efficacy analyses for NMPA review. Details of these trials are provided below.

Relma-cel shares the same CAR construct with Juno's product lisocabtagene maraleucel ("**liso-cel**"), the experience from which served as a basis for the clinical studies that we have conducted with respect to relma-cel. Liso-cel has been administered to more than 300 r/r B-cell NHL patients in the U.S. and the EU, and data from 268 r/r B-cell DLBCL patients were submitted to regulatory authorities in the U.S. and the EU as part of Juno's BLA, with most receiving a single dose of 100 million CAR+ T after lymphodepletion with 30mg/m^2/day of fludarabine and 300mg/m^2/day cyclophosphamide over three days. Top-line results for liso-cel in r/r B-cell DLBCL were presented at ASH 2019 and included an ORR of 73% and a CRR of 53% with relatively low rates of CRS (42%, any grade; 2% severe grades) and neurotoxicity (30%, any grade; 10% severe grades). The median OS was 19.9 months. Juno has conducted and reported promising results from clinical trials in the U.S. using liso-cel in third line CLL, third line MCL and second line DLBCL.

Phase I Clinical Studies of Relma-cel

Our Phase I trial data were published in two abstracts at ASH 2019. The primary objective of this trial was definition of a preliminary safety profile of relma-cel. Secondary objectives included determination of a recommend Phase II dose and preliminary anti-tumor activity. A total of 32 NHL patients were enrolled and treated, and 29 were evaluable for response. Enrolled patients had a median age of 52 years (ranging from 29 to 68 years) and were heavily pre-treated with a median of four prior salvage therapies, and some (34%) had rapidly progressing disease that required bridging chemotherapy after T-cell collection. NHL subtypes included 20 DLBCL patients, 6 FL patients, 2 MCL patients and one mucosa-related lymphoid tissue ("**MALT**") patient. Enrolled patients received a single dose of either 25 million, 50 million, 100 million or 150 million CAR+ T after lymphodepletion with 25mg/m^2/day of fludarabine and 250mg/m^2/day cyclophosphamide over three days.

Efficacy Data. Among the 29 evaluable patients, the best ORR was 89.7% (85% for DLBCL patients). The ORR of all evaluable patients at 1, 3 and 6 months were 86.2%, 69%, 58.6% respectively, and for the 20 DLBCL patients the ORR was 80%, 55% and 45% respectively. The CR of all evaluable patients at 1, 3 and 6 months were 65.5%, 62.1% and 55.2% respectively, and for the 20 DLBCL patients the CR was 60%, 55% and 45%, respectively.

Safety Data. No dose-limiting toxicities ("**DLTs**") or treatment-related deaths were reported. CRS was reported in 17 patients, 16 with grade 1 or 2 severity and one with grade 3 severity. No grade 4 or 5 CRS was observed. Main symptoms were fever, fatigue and muscle soreness. The rate of CRS was similar across dose level groups. NT was observed in 5 patients, all grade 1 or grade 2 severity. Most common AEs included leukopenia, lymphopenia and neutropenia.

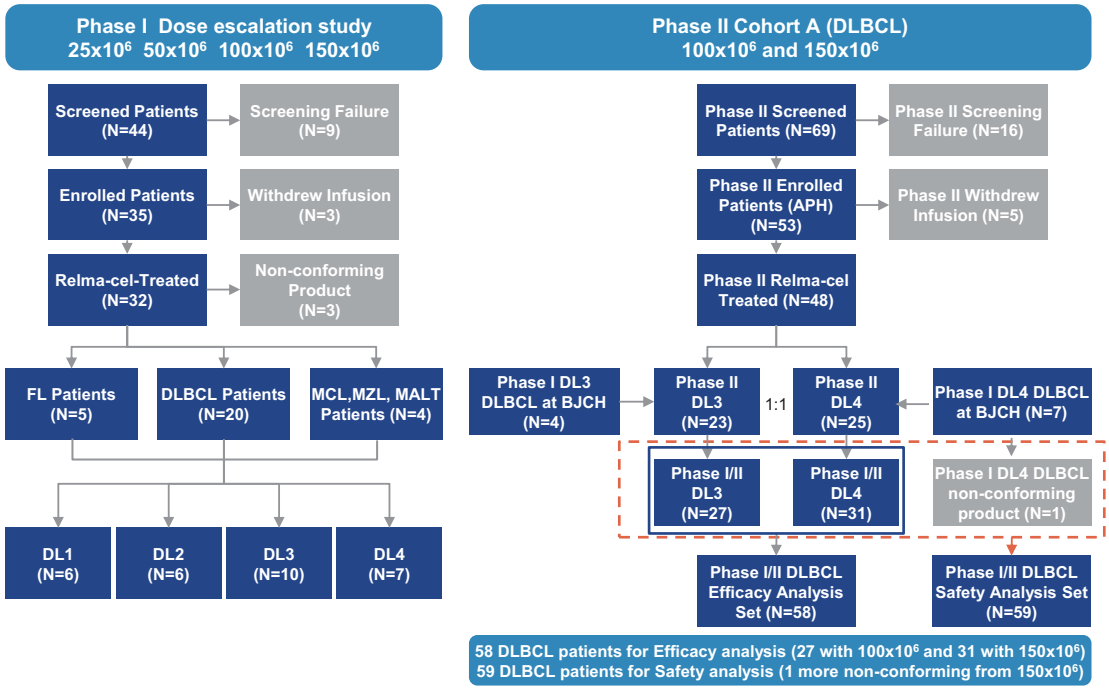
PK, PD and Biomarker Data. PK parameters for relma-cel (including median Cmax, Tmax and AUC0-28) demonstrated significant CAR-T expansion post-infusion, but did not differ significantly across the four dose levels tested. These data also showed that relma-cel persisted at least 3 months, with 82% and 48% of patients having detectable CD8+ and CD4+ CAR+ T, respectively. Relma-cel expansion post-infusion was higher in patients with disease response and in those experiencing CRS or neurotoxicity. Anti-therapeutic antibodies were identified in 28% of patients, but there was no clear association between the presence or development of these antibodies and PK parameters, response rates or toxicity rates. Of note, CD4/CD8 ratio of cryopreserved relma-cel products (range of 0.23 to 5.50, or a CD4% range of 19% to 84%) was not associated with response.

Conclusion. This Phase I trial defined the preliminary efficacy and safety profile of relma-cel, demonstrating low rates and severity of CAR-T associated toxicities and relatively high rates of disease response in heavily pre-treated, r/r NHL patients. These data supported further testing in registrational trials in the NHL subtypes treated, in particular DLBCL and FL with a recommended Phase II dose between 100 million and 150 million CAR-T in these indications.

Phase II Registrational Clinical Study of Relma-cel

The results of our Phase I r/r B-cell NHL trial led to the initiation of a registrational single arm Phase II trial, which enrolled 48 patients with r/r B-cell DLBCL using the same general study design as the Phase I trial except patients were randomly assigned to one of two recommended Phase II doses (100 million or 150 million CAR+ T). The primary endpoint for the Phase II agreed by the CDE was 3-month ORR. For the final datasets submitted to the CDE, 11 DLBCL patients who were treated at the dose levels of 100 million cells or 150 million cells in the Phase I trial were added to the 48 patients treated in the Phase II trial, resulting in final analysis sets of 58 patients for the efficacy analysis set and 59 patients for the safety analysis set. One patient was excluded from the efficacy analysis because the cell product infused as part of the Phase I trial did not meet the viability release specifications (see below).

The following diagram illustrates the design of our Phase I trial and pivotal Phase II trial:



Abbreviations: DL= Dose level; FL = Follicular Lymphoma; DLBCL = Diffuse Large B-Cell Lymphoma; MCL = Mantle Cell Lymphoma; MZL= Marginal Zone Lymphoma; MALT = Mucosa Associated Lymphoid Tissue; BJCH = Beijing Cancer Hospital

The primary endpoint was ORR at 3 months post-CAR-T infusion as evaluated by primary investigators ("**PIs**") at each site. In addition, patient response data, including restaging scans, were assessed by an independent review committee ("**IRC**") as a sensitivity analysis to corroborate the findings of the PIs. A high degree of concordance was observed in the re-staging assessments between the PIs and the IRC. Additional key endpoints included CRR, DOR, PFS and OS.

The 59 patients in the DLBCL analysis group were treated with either 100 million or 150 million CAR-T cells. These r/r patients had a median age of 56.0 years (ranging from 18 to 75 years) and were heavily pre-treated with a median of two prior salvage therapies. 81.4% of the patients were refractory to last therapy, and 42.4% of the patients had rapidly progressing disease that required bridging chemotherapy after T-cell collection.

Efficacy Data — The pre-specified efficacy analysis set from the Phase I and Phase II trials (n=58) met the pre-defined endpoint with a 3 months ORR of 58.6%. The excluded patient had cell product infused as part of the Phase I trial did not meet viability release specifications, but achieved CR at Day 29 that is ongoing for >1 year. The best overall response was 75.9% and 48.3% for ORR and CR, respectively. At time of data cut off March 18, 2020, median DOR, median DOCR, median PFS and median OS have not been reached. Although efficacy data were pooled across the two dose levels for statistical analyses, ad hoc analysis of response at each dose level did not demonstrate an improved ORR or CR at the higher dose level (150 million cells).

Safety Data — When relma-cel was administered to r/r DLBCL patients, AEs were generally manageable, and most were of low grade (grades <3) severity. Severe (grades ≥3) AEs occurring in more than 5% of patients are shown in the table below. Overall rates of AEs commonly associated with CD19 CAR-T therapy, such as CRS and NT, were observed in less than half of all treated patients (47.5% and 20.3%, respectively), and severe grades of CRS and NT (defined as grade 3 or higher) were observed in approximately 5% or less of all treated patients (5.1% and 3.4%), respectively. Anti-cytokine therapy and/or steroids were used in 28.8% and 15.3% of the 59 patients in the safety analysis set, respectively. All cases of CRS and neurotoxicity were resolved in those treated at the 100 million cell dose level. For those treated with the 150 million cell dose level, as of March 18, 2020, all CRS and NT events had resolved except two CRS events, one with unresolved sequelae of CRS and one ongoing Grade 4 CRS event at the time of death on Day 8 post-infusion from sepsis and one ongoing Grade 3 NT event. As of March 18, 2020, seven patients (11.9%) had died during the trial, six from disease progression, and one from sepsis. None of these deaths was considered related to relma-cel.

Severe Adverse Events Reported in >5% of Patients*	All Grade (n=59) N (%)	Grade ≥3 (n=59) N (%)
Hematological AEs		
Leukopenia	17 (29%)	7 (12%)
Neutropenia	13 (22%)	7 (12%)
Anemia	10 (17%)	3 (5%)
Lymphopenia	7 (12%)	3 (5%)
Thrombocytopenia	9 (15%)	3 (5%)
CAR-T-associated AEs**		
CRS	28 (47%)	3 (5%)
Non-hematological AEs		
Lung infection	4 (7%)	3 (5%)
Febrile neutropenia	3 (5%)	3 (5%)
Hypotension	11 (19%)	3 (5%)

* Source: clinical study report; For all AE preferred terms reported in >5% of patients, excluding laboratory investigations

** Severe grades of NT were observed in 3 treated patients (3.4% of all treated patients)

Dose Considerations — Given the overall high best ORR rates, and that the higher dose appeared to have more frequent or severe toxicity without clear improvement in response rates, we are recommending in our NDA filing that relma-cel be used at the lowest effective dose of 100 million CAR+ T for r/r B-cell DLBCL patients.

Plan for Further Clinical Development of Relma-cel

We are conducting or planning to commence trials of relma-cel in several other B-cell malignancy indications, including third-line FL, third-line MCL, third-line CLL, third-line pediatric and adult ALL and second-line DLBCL.

- *3rd line FL* — FL is the second most common type of NHL, which has historically been treated with chemotherapy or chemoimmunotherapy for multiple rounds before the lymphoma either becomes resistant to standard therapy or transforms into DLBCL. We are conducting a single arm Phase II registrational trial in China that will evaluate relma-cel in certain FL patients. We anticipate that trial follow up will be completed in mid-2021.

- *3rd line MCL* — MCL is a unique type of NHL that has historically been resistant to standard therapy, or therapies have provided only short periods of response. We have started a single arm Phase I/II registrational trial in China. Patient enrollment is expected to begin by the fourth quarter of 2020. The study will evaluate relma-cel in MCL patients for whom the use of BTK inhibitors has failed.

- *3rd line CLL* — CLL is a chronic type of leukemia that has historically been effectively treated for long periods of time with conventional therapies, but ultimately transforms into aggressive forms of leukemia or lymphoma. Several subtypes of CLL, principally those containing certain cytogenetic or cell biology markers, have a much worse prognosis even without transformation. We intend to conduct a single arm Phase I/II trial in China that we expect will begin by the second quarter of 2021. The study will evaluate relma-cel in high risk CLL patients for whom the use of BTK inhibitors has failed.

- *3rd line ALL* — ALL is an acute type of leukemia that occurs in both children and adults. While children tend to have high durable remission rates with frontline therapy, the length (3 years) and intensity of the multi-drug chemotherapy can take a toll on their long term development and cognitive abilities. For both children and adults, relapse after initial induction chemotherapy carries a very poor prognosis with median survival rates in adults being less than one year. We intend to conduct a single arm Phase I/II registrational trial in China that we expect will begin by the second quarter of 2021. The study will evaluate relma-cel in pediatric and young adult patients with r/r ALL after at least two lines of therapy.

- *2nd line DLBCL* — We intend to conduct a single arm trial in China that is expected to begin by the third quarter of 2020. The study will evaluate relma-cel in DLBCL patients who are refractory to primary treatment. We anticipate that data from this trial will be used to establish a multi-center trial in 2nd line DLBCL patients, such as those with primary progressive disease, and expanded to sufficient patient numbers to support registration of relma-cel in this indication.

The following table sets forth the clinical status of relma-cel and other CD19 candidates in China, according to Frost & Sullivan:

Company	Product	Target	Indications	Status	Date
JW Therapeutics	**CAR-T**	**CD19**	**R/R B-cell NHL**	**NDA**	**2020-6-30**
Fosun Kite	CAR-T	CD19	R/R B-cell NHL	NDA	2020-2-26
Novartis	CAR-T	CD19	R/R B-cell NHL	Phase III	2020-6-15
Carsgen Therapeutics	CAR-T	CD19	R/R B-cell NHL	Phase II	2019-6-13
Immunochina Medical	CAR-T	CD19	R/R B-cell NHL	Phase I/II	2020-6-30
Hrain Biotech	CAR-T	CD19	R/R B-cell NHL	Phase I	2018-8-19
			R/R ALL	Phase I	2019-1-4
Galaxy Biomedical	CAR-T	CD19	R/R B-cell NHL	Phase I	2019-3-14
Shanghai Cell Therapy	CAR-T	CD19	R/R B-cell NHL	Phase I	2019-8-23
Precision Biotech	CAR-T	CD19	R/R B-cell ALL	Phase I	2019-11-25
Huadao CAR T	CAR-T	CD19	R/R ALL R/R B-cell NHL	Phase I	2019-12-2
Juventas Biotech	CAR-T	CD19	R/R B-cell NHL	Phase I	2020-1-13
			R/R ALL	Phase I	2020-1-16

Note: Pipeline information as of July 31, 2020; for NDA candidates, date refers to the NDA acceptance date while for clinical-stage candidates, date refers to CDE initial public date (首次公示信息日期).

Source: *CDE, Frost & Sullivan Analysis*

Cautionary Statement required by Rule 18A.05 of the Listing Rules of the Hong Kong Stock Exchange: WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET RELMA-CEL SUCCESSFULLY.

JWCAR129

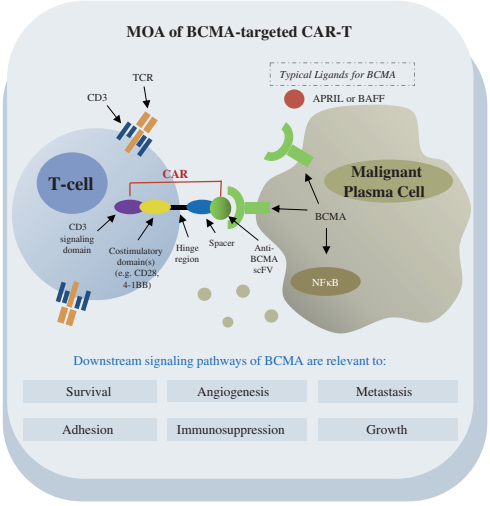
Overview

JWCAR129 is a CAR-T product that targets BCMA, which is expressed in multiple myeloma ("**MM**") and is a promising target for CAR-T therapies. Other anti-BCMA CAR-T therapies have demonstrated high response rates and manageable toxicity profiles in patients with r/r MM who have failed up to ten prior lines of therapy. As with relma-cel, we have developed JWCAR129 using our own optimized processes, which we originally established in collaboration with Juno; and JWCAR129 is based on a CAR construct that we have in-licensed from Juno for China, Hong Kong and Macau. We intend to file an IND in China for use of JWCAR129 in clinical trials as early as the first half of 2021. For further information on the terms of our in-licensing

arrangements relating to JWCAR129, please see "— Collaboration and License Agreements — License Agreements with Juno — BCMA License Agreement" in this section. JWCAR129 is currently in the pre-clinical phase of development.

Mechanism of Action

B-cell maturation antigen (BCMA), a member of the TNF receptor superfamily, is a cell surface protein expressed on normal and malignant plasma cells that is involved in regulating the maturation of B cells and differentiation into plasma cells, the cell type from which myeloma derives. BCMA is induced during differentiation of plasma cells in parallel with the loss of expression of a related receptor for B-cell activation factor (BAFF-R). Binding of BCMA to its ligands, BAFF and/or APRIL, leads to survival of plasma cells, resulting in enhanced antibody production, also known as humoral immunity. BCMA is highly expressed in MM cell lines and in cells from patients with MM, and expression appears to increase with progression of the disease. Importantly, BCMA is not expressed by hematopoietic stem cells, naïve B cells, or normal non-hematopoietic cells. Thus, with the exception of B-cell aplasia, which is generally managed without significant risks to a patient, early phase clinical studies suggest that toxicity associated with on-target/off-tumor interactions is not expected to be a concern with agents targeting BCMA.



Source: Literature Review, Frost & Sullivan Analysis

Market Opportunity and Competition

Indication

MM is a cancer of plasma cells. Normal plasma cells are found in the bone marrow and are an important part of the immune system. When B cells respond to an infection, they mature and change into plasma cells. Plasma cells make immunoglobulins, which are antibodies that help the body to attack and kill germs. MM is a condition in which plasma cells become cancerous and grow out of control. Although there are many therapies that have been approved to treat MM either alone or in combinations of two, three or four drugs, none of these regimens has consistently demonstrated the ability to cure this disease. BCMA specific CAR-T have demonstrated high levels of disease response in a significant portion of MM patients. However, they have not yet demonstrated their potential to produce long-term disease remissions.

Market Opportunity

According to Frost & Sullivan, the prevalence of MM in China reached 101.9 thousand in 2019, having increased at a CAGR of 14.1% between 2015 and 2019, and is expected to increase at a CAGR of 10.4% from 2019 through 2024 to reach 167.2 thousand, and further at a CAGR of 8.1% from 2024 through 2030 to reach approximately 266.3 thousand.

Current Treatment Options and Limitations

There are many challenges and unmet needs regarding the current treatment of MM in China, including disease-related, treatment-related and other challenges:

- *Disease-related*. MM prognoses are quite heterogeneous, influenced by genetics, treatment plans and other factors, which make MM hard to manage. Moreover, as MM progresses, it is often accompanied by various, often serious, complications, described as CRAB (hypercalcemia, renal failure, anemia and bone disease). These symptoms may also require corresponding medical interventions.

- *Treatment-related*. Currently, primary treatment options for MM generally comprise small molecule targeted therapy in combination with chemotherapy, and such options generally have limited efficacy due to drug resistance leading to high relapse rates. While emerging monoclonal antibody drugs, such as CD38 inhibitors, provide a new option for MM patients, they also eventually lead to drug resistance, which is a common limitation shared by targeted therapies. Another limitation of current treatments is the severe systemic adverse effects that result from off-target toxicity, potentially leading to

side effects such as vomiting, nausea and hair loss. All of these factors may exert a heavy economic and physiological burden on patients, creating an urgent need for new treatment methods that have a better safety and efficacy profile.

- *Other*. The risk of MM increases with age. In China, due to a rapidly aging population, the number of individuals above 65 years old has grown to 176.0 million in 2019, and is expected to continue its growth momentum into the future. The aging population, including elderly MM patients, will increase correspondingly, making the treatment of MM even more challenging. In particular, elderly patients are relatively more fragile, and also are not eligible for certain standard treatment options.

Competitive Landscape

As at the Latest Practicable Date, there are no approved MM CAR-T products globally. There are four ongoing clinical trials for r/r MM in China, all of which target BCMA. The following table sets forth the clinical status of the four BCMA CAR-T product candidates in clinical trials in China, according to Frost & Sullivan:

Company	Product	Target	Indications	Clinical Trial Status	Date
Legend Biotech	CAR-T	BCMA	R/R MM	Phase II	2018/8/13
Carsgen Therapeutics	CAR-T	BCMA	R/R MM	Phase I	2019/6/6
Hrain Biotech	CAR-T	BCMA	R/R MM	Phase I	2019/6/13
IASO Biotherapeutics/ Innovent Biologics	CAR-T	BCMA	R/R MM	Phase I	2020/1/14

Note: Pipeline information as of July 31, 2020; for clinical-stage candidates, date refers to CDE initial public date (首次公示信息日期).

Source: *CDE, Frost & Sullivan Analysis*

Relevant Clinical and Pre-clinical Data

*Juno's Clinical Data relating to JCARH125 ("**orva-cel**")*

Our product candidate JWCAR129 is based on a CAR construct that we have in-licensed from Juno. Juno's product JCARH125 (or "**orva-cel**") is based on the same CAR construct, although we are using and will continue to use our processes for the development of JWCAR129. Orva-cel is an investigational, BCMA-directed CAR-T product with a human binder.

Orva-cel has been administered to at least 90 r/r MM patients in the US, most of whom had received multiple prior lines of therapy (ranging from 3-18), often including autologous stem cell transplant. Orva-cel has been evaluated in a Phase I/II trial, primarily as a single dose of between 300 million and 600 million CAR+ T after lymphodepletion with 30mg/m^2/day of fludarabine and 300mg/m^2/day cyclophosphamide over three days. Top-line results for 51 r/r MM patients treated with higher doses of orva-cel were presented at ASCO 2020 and included an ORR (sCR, CR, VGPR and PR) of 91% and a CR/sCR rate of 39% with relatively low rates of severe CRS (2%) and severe neurotoxicity (4%). Severe anemia, thrombocytopenia and infections were observed in less than half of these patients (21%, 44% and 14%, respectively). We expect to use the relma-cel manufacturing platform to manufacture JWCAR129, which we believe may allow us to deliver JWCAR129 at the highest doses tested with orva-cel, including the orva-cel RP2D dose of 600 million CAR+ T.

Our Pre-clinical Data relating to JWCAR129

We have successfully conducted pre-clinical trials and plan to file an IND for JWCAR129 with the CDE. Our pre-clinical IND-enabling studies comprised 3 sections: (1) in vitro pharmacology, including target binding characterization, functional assay (cytolytic activity, activation, proliferation, cytokine release assays), tissue cross-reactivity analysis, integration site analysis, as well as assessment of ScFv-Fc binding profile using membrane protein arrays; (2) in vivo pharmacology study combined PK/biodistribution study in tumor-bearing immune compromised mice for 13 weeks; and (3) in vivo pivotal toxicology study (GLP) in tumor-bearing immunocomprised mice for 8 weeks.

In addition, to support late phase trials and to monitor long term toxicity of JWCAR129, a long-term (26 weeks) toxicity study will be conducted.

Summary of Pre-clinical data (in vivo) from our Version 1 process

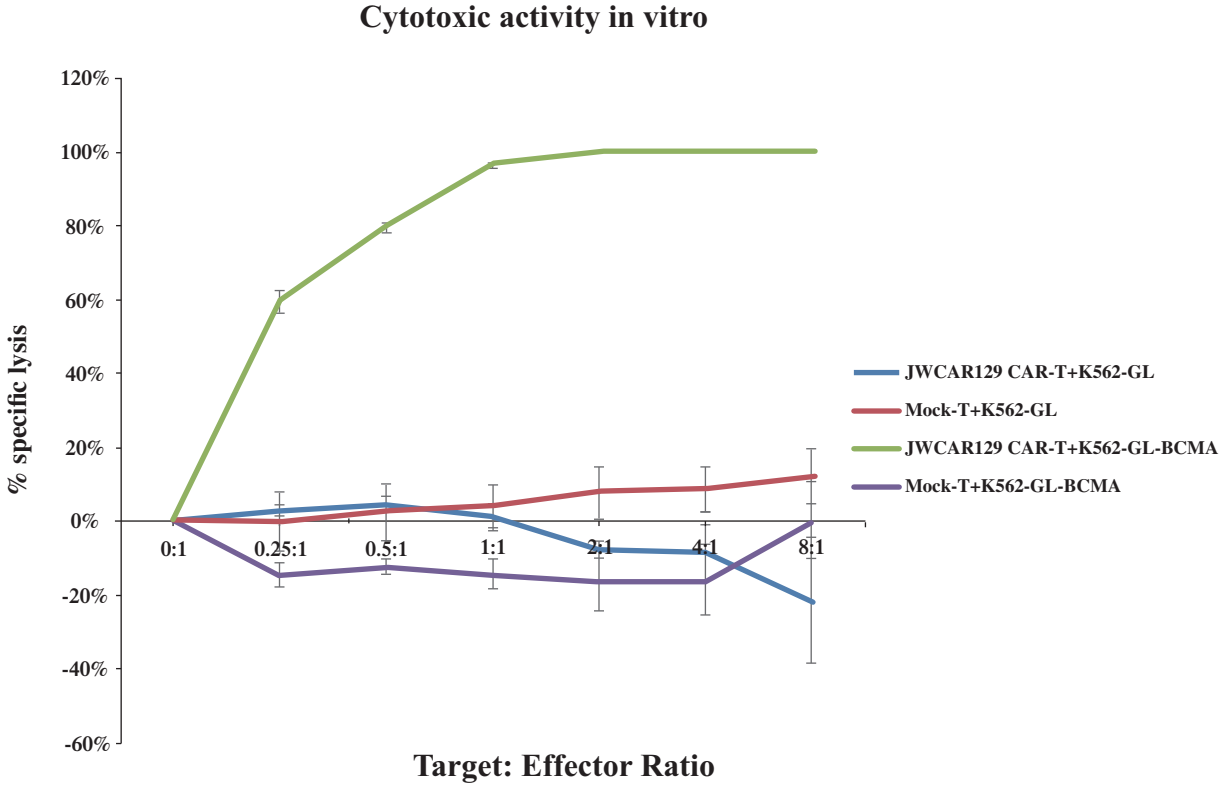
In-vivo POC study. An experimental animal model was established by xenotransplantation of human tumor cells expressing BCMA into immunodeficient mice. After a single administration of JWCAR129, the test animals showed obvious tumor suppression, and they could survive until they were dissected as planned (which occurred in the 13th week after the first dose of administration). Meanwhile, the animals from the vehicle control group were euthanized because the tumor volume grew too large in the 6th week. After a single intravenous injection of JWCAR129, the CAR genome copy numbers were mainly detected in spleens, lungs and tumor tissues. The CAR copy number in spleens and lungs of most animals reached a peak on day 2 and the tumor size reached a peak on day 8. Then the tumor gradually subsided. The copy number of CAR in tumors also gradually decreased.

In-vivo toxicology study. An experimental animal model was established by xenotransplantation of human tumor cells expressing BCMA into immunodeficient mice. After a single administration of JWCAR129 and a 6-month observation, other than the death of one female test animal of graft versus host disease from the 2E6 cells/dose group on day 33, the rest of the animals in the testing group demonstrated good tolerance, and no histopathological changes related to the test product were observed.

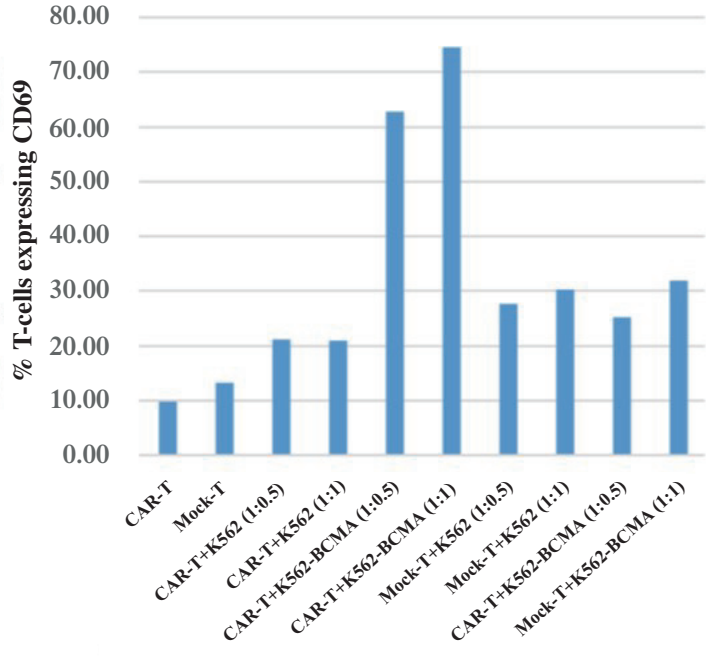
In vitro cytotoxicity

JWCAR129 can only be activated and proliferated in vitro by cell lines expressing BCMA positively, secreting cytokines IL-2, IFN-γ and TNF-α, and is only cytotoxic to target cells expressing BCMA (not affected by the presence of soluble BCMA). When co-cultured with cell lines expressing negative BCMA, the above-mentioned effects did not occur, which indicated that these reactions are antigen-specific for BCMA.

The below chart demonstrates that JWCAR129 showed an antigen specific cytotoxic activity in vitro. The effector cells, in this case, JWCAR129 CAR-T or Mock T-cells (which have not been transduced and do not express a CAR) were co-cultured with the target cells, in this case, antigen positive cells (BCMA expressing cells, K562 GL-BCMA) and antigen negative cells (cells without BCMA expressing K562 GL) at different effector to target ratio (x-axis). The JWCAR129 CAR-T showed an antigen specific and dose dependent cytotoxic activity in vitro (green line).



The below chart demonstrates that JWCAR129 exhibited low CD69 expression, which is a marker indicating T-cell activation, when cultured alone. JWCAR129 exhibited a significantly higher CD69 expression upon co-culture with antigen positive cells (CAR-T+K562-BCMA) as compared to co-culture with antigen negative cells (CAR-T+K562) or Mock T-cells (not transduced and not expressing a CAR) upon co-culture with antigen positive cells (Mock-T+K562-BCMA), indicating antigen specific and dose dependent T-cell activation in vitro.



Clinical Development Plan

As noted above, a clinical POC trial conducted by Juno to evaluate orva-cel, a CAR-T product using the same CAR construct as JWCAR129, treated over 90 patients in the U.S. and established both a high durable response rate and a preliminary safety profile. We believe this clinical experience is relevant to JWCAR129 both in suggesting higher doses may be more efficacious and in showing that these dose levels can potentially be delivered safely.

We intend to submit an IND application for JWCAR129 as early as the first half of 2021. We intend to conduct a dose escalation trial with JWCAR129 to confirm the clinical observations from the orva-cel clinical POC trial and establish a recommended Phase II dose for JWCAR129. The registrational Phase II trial will be designed to evaluate JWCAR129 in a single arm, multi-center trial as a single infusion after lymphodepleting chemotherapy with fludarabine and

cyclophosphamide in patients with r/r MM who have failed at least three prior therapies. We anticipate that JWCAR129 advantages will include the ability to manufacture healthy CAR-T products at high dose.

We intend to further develop JWCAR129 as part of its lifecycle management in several ways. First, if the Phase II trial is successful in achieving its objectives, we believe CAR-T has the potential to replace autologous stem cell transplant, the recommended but under-utilized second-line MM modality in China. We anticipate this will likely require a randomized trial testing JWCAR129 versus physician's second-line therapy of choice. Second, we will explore the use of other agents in combination with JWCAR129 for patients with r/r MM. We intend to begin some of these trials over the next two to three years assuming success of our monotherapy development program.

Cautionary Statement required by Rule 18A.05 of the Listing Rules of the Hong Kong Stock Exchange: WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET JWCAR129 SUCCESSFULLY.

Our Solid Tumor Platform

Overall Market for HCC Treatments in China

Market Opportunity

Due to factors such as alcohol abuse and HBV and HCV infections, new cases of HCC in China reached 369.4 thousand in 2019, representing a CAGR of 2.6% from 2015 to 2019, and are expected to increase at a CAGR of 2.4% from 2019 to 2024, and further to 473.4 thousand in 2030, representing a CAGR of 2.2% from 2024 to 2030. The prevalence of HCC in China increased to 551.3 thousand in 2019, and is expected to grow to approximately 810.7 thousand in 2024 representing a CAGR of 8.0% from 2019, and to approximately 1.2 million in 2030 representing a CAGR of 6.8% from 2024. For further information, see "Industry Overview."

Current Treatment Options and Limitations

The following table describes the current treatment paradigm for HCC in China, according to Frost & Sullivan:

Disease Stage	Recommended Therapies	Summary
Early Stage	**Liver Resection**; **Tumor Ablation**; **Radiation Therapy**; **Radio - immuno - therapy**; **Liver Transplant - ation** + TACE; Immuno - modulators; Chemotherapy; Targeted Therapy (e.g. sorafenib)	Early stage HCC treatment options are mainly locoregional ones such as liver resection, ablation, radiation therapy, radioimmunotherapy, which can be used in combination with TACE, immunomodulators, chemotherapy or targeted therapies to achieve a better treatment outcome.
Late Stage	**Small molecule targeted therapy** (1st Line: Sorafenib, Lenvatinib, Donafenib; 2nd Line: Regorafenib, Apatinib) **Checkpoint inhibitors + (Monoclonal antibody)** (**1st Line:** Atelizumab + bevacizumab; 2nd Line: PD -1 inhibitor) **Chemotherapy** (Oxaliplatin -based, etc.)	Late stage HCC treatment options are mainly systemic treatments, including small molecular targeted therapy, checkpoint inhibitor alone or with anti -angiogenic monoclonal antibodies (such as bevacizumab) as well as chemotherapy.

Source: CSCO 2020, Frost & Sullivan Analysis

The following table shows the survival rates and ORR of current treatment options for HCC in China:

	Sorafenib	Lenvatinib	Atelizumab + Bevacizumab
Medium PFS (months)	3.6	9.2	6.8
Medium OS (months)	10.5	14.7	NA
ORR	15.8%	44.6%	28%

Note: Efficacy data for sorafenib and lenvatinib is from the head to head study of the two drugs on Chinese subpopulation in REFLECT study (A phase 3, multinational, randomized, non-inferiority trial compared the efficacy and safety of lenvatinib (LEN) and sorafenib (SOR) in patients with unresectable hepatocellular carcinoma (uHCC)) and the data for atelizumab and bevacizumab are obtained from Imbrave150 Trial.

Source: Literature Review, Frost & Sullivan Analysis

Competitive Landscape

Currently there is only one CAR-T therapy for treatment of HCC that is under clinical development in China, which is Carsgen Therapeutics' "CAR-GPC3 T-Cell" product. This product candidate, which is targeted at GPC3, is in Phase I clinical development. There are currently no CAR-T clinical trials being conducted in China that target AFP for the treatment of HCC. The scarcity of CAR-T therapies for treatment of HCC that are currently under clinical development in China indirectly demonstrates the high technical barriers currently preventing expansion of CAR-T therapies toward treatment of solid and hematological tumors.

JWATM203 Program (JWATM203 and JWATM213)

Overview

The JWATM203 program comprises two cell therapy product candidates, both using the ARTEMIS 3.0 technology: One with ARTEMIS 3.0 alone (JWATM203) and another with ARTEMIS 3.0 combined with the Lyell technology (JWATM213).

JWATM203 is a pre-clinical stage and potential first-in-class candidate to treat AFP-positive HCC. JWATM203 is built on the ARTEMIS platform and E-ALPHA platform. The ARTEMIS platform is a novel technology platform intended to create potentially more effective and safer

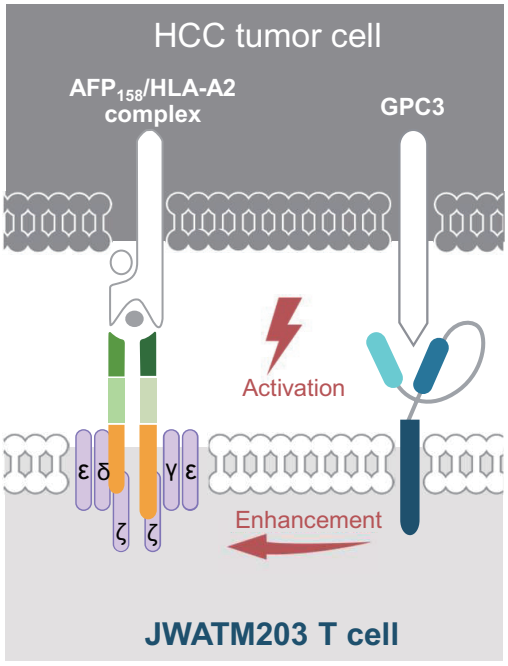
T-cell therapies than are currently available. The E-ALPHA platform is an antibody discovery platform which comprises a highly diverse human-derived antibody phage library and a robust workflow with specificity screens designed to develop highly specific antibodies against target antigens. The E-ALPHA platform is designed to enable development of highly specific antibodies for both conventional targets, such as cell surface markers, and TCR targets, such as intracellular peptides displayed by the MHC. In June 2020, we in-licensed from Eureka the rights to develop, manufacture and commercialize JWATM203 for China, Hong Kong, Macau, Taiwan and the member countries of ASEAN, and we intend to incorporate our own processes in its clinical development. For further information on our rights to JWATM203, please see "— Collaboration and License Agreements — License Agreement with Eureka" in this section.

Through our partnership agreement with Lyell, we plan to combine Lyell's technology in T-cell anti-exhaustion functionality with JWATM203 and the ARTEMIS technology platform to create JWATM213 as a next generation innovative cell therapy for HCC treatment. Eureka has advanced its AFP TCRm T-cell therapy product candidate into a Phase I/II clinical trial in the United States.

Mechanism of Action

Within HCC, approximately 70% of patients are estimated to have high serum levels of AFP, a protein which is normally present in high levels in fetal blood but drops to low levels shortly after birth. JWATM203 T-cells express a TCR-mimic (TCRm) antibody that binds to an AFP-peptide/HLA-A2 complex on cancer cells, fused to the γ (gamma) and δ (delta) TCR chains as the effector domain. In addition, these T-cells also co-express an anti-GPC3 binding domain fused to a T-cell co-stimulatory domain. We believe the expression of this GPC-targeting protein provides additional co-stimulatory signal which may be beneficial for the treatment of AFP+ HCC by optimizing T-cell activation and expansion.

The following diagram illustrates the mechanism of action of JWATM203 in greater detail:



Future Pre-clinical and Clinical Development Plan

We are currently conducting a technical transfer of product manufacturing and release testing assays, which includes minor process improvements to be commercial-ready and adapt our facility design. IND-enabling studies for the JWATM203 program could initiate as early as the first half of 2021. These pre-clinical studies will evaluate JWATM203 genetically-modified with ARTEMIS 3.0 transgenes with a comprehensive battery of studies required for IND submission or IND amendment for the specific product.

Our preliminary plans for the clinical development of JWATM203 will focus on 3L+ advanced HCC in patients who express HLA-A2 and have high levels of AFP serum. In addition, we intend to enroll adult patients who have mild liver impairment, and to include patients with HCC resulting from chronic viral infections, alcohol toxicity and unknown etiologies. We currently anticipate filing IND applications in China with respect to JWATM203 and JWATM213 in the first half of 2023.

JWATM204 Program (JWATM204 and JWATM214)

Overview

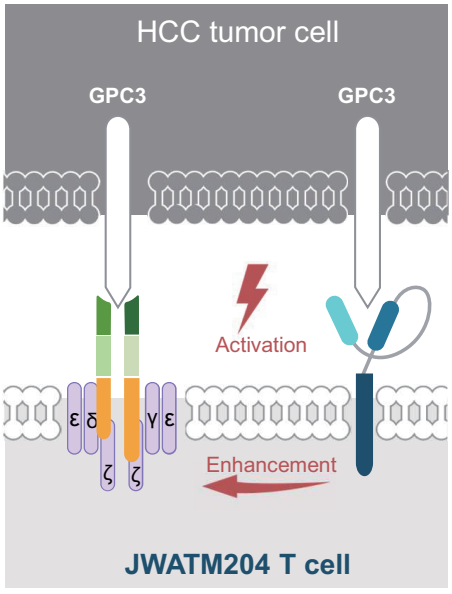
The JWATM204 program comprises two cell therapy product candidates, both using the ARTEMIS 3.0 technology: one with ARTEMIS 3.0 alone (JWATM204) and another with ARTEMIS 3.0 combined with the Lyell technology (JWATM214).

JWATM204 is a pre-clinical stage, novel TCR candidate built on the ARTEMIS and E-ALPHA platforms to treat GPC3-positive HCC. We believe that JWATM204 has the potential to be a promising treatment option for patients with GPC3-positive HCC due to its unique dual GPC-3 binding domains that provide additional co-stimulatory signals, which in turn can result in significant tumor growth inhibition. As with JWATM203 and JWATM213, we plan to combine Lyell's technology in T-cell anti-exhaustion functionality with JWATM204 and the ARTEMIS platform to create JWATM214. We in-licensed the rights in China, Hong Kong, Macau, Taiwan and the member countries of ASEAN in relation to JWATM204 from Eureka in June 2020 and intend to incorporate our own processes in its pre-clinical and clinical development. For further details, please see "— Collaboration and License Agreements — License Agreement with Eureka" in this section.

Mechanism of Action

Glypican 3, or GPC3, is a cell surface protein of the heparin sulfate proteoglycan family that is expressed in an estimated 80% of HCC in China. GPC3 has limited expression in adult tissues, including ovary, mammary gland, mesothelium, lung and kidney. JWATM204 T-cells express a GPC3-targeting antibody that binds to the extracellular domain of GPC3, fused to the γδ TCR chains as the effector domain. In addition, these T-cells co-express a second anti-GPC3 binding domain fused to a T-cell co-stimulatory domain. We believe the expression of this GPC-targeting protein provides additional co-stimulatory signal which may be beneficial for the treatment of GPC3-positive HCC by optimizing T-cell activation and expansion.

The following diagram illustrates the mechanism of action of JWATM204 in greater detail:

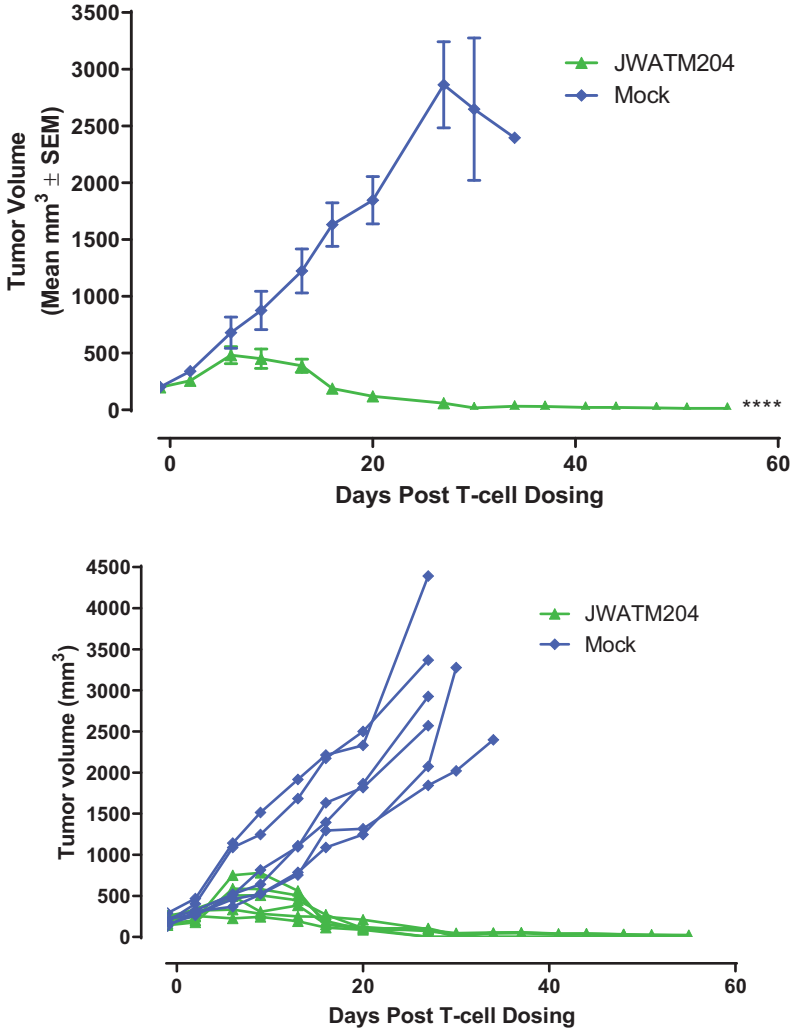


For further information on our rights to JWATM204, please see "— Collaboration and License Agreements — License Agreement with Eureka" in this section.

Pre-clinical Studies

Pre-clinical studies with JWATM204 have demonstrated anti-tumor activities in vitro and in mice. JWATM204 T-cells were tested in an established human GPC-3 positive Hep3B liver cancer xenograft model and compared with mock T-cells. JWATM204 T-cell treatment resulted in significant tumor growth inhibition.

The following diagram shows results from an early JWATM204 pre-clinical in vivo pharmacology study testing anti-tumor activity.



We intend to use these pre-clinical pharmacology studies along with pre-clinical short and long term toxicology studies as well as others conducted with JWATM204 to support our IND for JWATM204 in China.

Future Pre-clinical and Clinical Development Plan

As with the JWATM203 Program, we also intend to conduct IND-enabling studies for the JWATM204 Program, which could initiate as early as the second half of 2021. Separate studies will be conducted for JWATM214 to enable IND filings for this program.

The JWATM204 Program is not yet in clinical testing. We are beginning process development work for this program and anticipate that commercial-ready manufacturing process lock will occur as early as the fourth quarter of 2021. One substantial difference from JWATM203 is that JWATM204 does not require HLA-A02 expression as JWATM204 targets GPC3. As a result, we expect that many more HCC patients will be eligible for this therapy.

Our preliminary plans for the clinical development of JWATM204 will focus on 3L+ advanced HCC in patients who have mild liver impairment, and include patients with HCC resulting from chronic viral infections, alcohol toxicity and unknown etiologies.

We plan to further expand the development of JWATM204 or JWATM214 in earlier lines of treatment of HCC, in randomized trials as compared to either monotherapy or combinations of TKI and CPI agents. We currently anticipate filing IND applications in China with respect to JWATM204 and JWATM214 in the first half of 2023 and the second half of 2023, respectively.

Lyell Technology

On August 7, 2020, we entered into the Lyell Collaboration Agreement. For further information, please see "— Collaboration and License Agreements — Lyell Collaboration Agreement" in this section. Lyell is a cell therapy company dedicated to understanding and developing technologies to overcome the fundamental barriers to curative cancer cell therapies. Lyell is focused on advancing the science of T-cell differentiation, functionality, and target specificity in order to develop curative treatments for solid tumors. We believe there is an opportunity to use these technologies as a platform for multiple new cell therapies that can be applied across a broad range of rare and prevalent solid cancers, such as HCC. We believe that Lyell's technology, combined with AFP and GPC3 ARTEMIS T-cell products in the form of JWATM213 and JWATM214, will create a potentially differentiated treatment for HCC. It potentially can enhance T-cell infiltration into tumors, increase T-cell functionality, and reduce T-cell exhaustion in the tumor micro-environment to improve the anti-tumor therapeutic effects.

Next-generation ("Nex-G") anti-CD19 Product Candidate

We are developing a set of new technologies and platforms to enable the next generation CAR-T product and manufacturing processes with shorter production cycle time, higher quality, better product characterization and improved product efficacy and safety, at a lower cost. We believe that this will establish a foundation for our next-generation anti-CD19 product, as well as other products in our pipeline.

POTENTIAL PIPELINE PRODUCTS

We expect to continue to enrich our pipeline by bringing in novel next generation cell therapy candidates through opportunities to in-license. The following table sets forth information about our opportunities to in-license as of the Latest Practicable Date:

	Product	Target	Indication	Commercial Rights	Pre-clinical	IND	Clinical	NDA
Hematologic Malignancies	JWACE055*	Undisclosed	Hematologic tumors	China, Hong Kong, Macau				
	Juno Pipeline Product 1^	CD22	ALL, NHL	China, Hong Kong, Macau				
Solid Tumors	JWACE002*	HER2	Solid tumors	China, Hong Kong, Macau				
	Juno Pipeline Product 2^	WT1	AML, NSCLC, Mesothelioma	China, Hong Kong, Macau				
	Juno Pipeline Product 3^	L1CAM	Solid tumors	China, Hong Kong, Macau				
	Juno Pipeline Product 4^	MUC16	Solid tumors	China, Hong Kong, Macau				
	Juno Pipeline Product 5^	ROR1	Solid tumors	China, Hong Kong, Macau				

Abbreviations: ALL = acute lymphoblastic leukemia; NHL = non-Hodgkin lymphoma; AML = acute myeloid leukemia; NSCLC = non-small cell lung cancer; HER2 = human epidermal growth factor receptor 2

^ We have the right of first negotiation on the opportunity to develop and commercialize these Juno pipeline products in China, Hong Kong and Macau. For further details, please see "— Collaboration and License Agreements — License Agreements with Juno" in this section. Besides Juno Pipeline Product 2, all Juno pipeline products are undergoing Phase I clinical trials in the U.S. The Juno Pipeline Product 2 is undergoing Phase I/II clinical trial in the U.S.

* JWACE055 and JWACE002 will become part of our pipeline when we exercise the related option with Acepodia. For further details, please see "— Collaboration and License Agreements — Acepodia Option and License Agreement" in this section. JWACE002 was approved by the U.S. FDA in January 2020.

Juno Engineered T-cell Pipeline Products

We have a right of first negotiation on the opportunity to develop and commercialize Juno engineered T-cell products in China, Hong Kong and Macau. For further details, please see "— Collaboration and License Agreements — License Agreements with Juno" in this section. The following discussion sets forth information concerning the Juno pipeline products that are subject to our right of first negotiation as of the Latest Practicable Date.

Juno Pipeline Product 1

Target Indications. The target indications for this product candidate are ALL and NHL. ALL is an uncontrolled proliferation of lymphoblasts, which are immature white blood cells. The lymphoblasts, which are produced in the bone marrow, cause damage and death by inhibiting the production of normal cells. In 2019, the incidence of ALL in China reached 12.6 thousand, and the mortality reached 10.7 thousand. There are two main types of ALL, B cell ALL and T-cell ALL. Approximately 75% of cases of ALL are B-cell ALL, which Juno aims to address with this product candidate. For information on NHL, please see "— Our Core Product Candidate — Relma-cel — Target Indication" in this section.

Target Antigen. The target antigen for this product candidate is CD22, which is a protein expressed by some B-cell malignancies, including ALL and some types of NHL.

Juno Pipeline Product 2

Target Indication. The target indication for this product candidate is acute myeloid leukemia ("**AML**"). In 2019, the incidence of AML reached 29.4 thousand in China, according to Frost & Sullivan. AML is often incurable with standard systemic therapy. Despite the many advances in the field of hematopoietic cell transplant ("**HCT**"), relapse after transplantation continues to be a major problem, particularly in patients entering HCT with high risk/poor prognosis diseases.

Target Antigen. The target antigen for this product candidate is WT1, which is an intracellular protein that is overexpressed in a number of cancers, including AML and non-small cell lung, breast, pancreatic, ovarian, and colorectal cancers.

Juno Pipeline Product 3

Target Indication. The target indication for this product candidate is pediatric neuroblastoma. Neuroblastoma is a type of cancer that starts in the early nerve cells, known as neuroblasts, of infants and young children under the age of 10. In China, the incidence of pediatric neuroblastoma reached 3.6 thousand in 2019, according to Frost & Sullivan. It is the most common extracranial solid tumor identified in children.

Target Antigen. The target antigen for this drug is L1CAM, also known as CD171, which is a cell-surface adhesion molecule that is overexpressed in neuroblastoma. There is increasing evidence of aberrant expression of L1CAM in a variety of solid organ tumors, including glioblastoma, lung, pancreatic, and ovarian cancers.

Juno Pipeline Product 4

Target Indication. The target indication for this product candidate is ovarian cancer. Ovarian cancer mainly affects women over the age of 63, with incidence of 53.9 thousand in China in 2019. While all women are at risk of developing ovarian cancer, those with the BRCA2 gene mutation are at increased risk for developing this type of cancer. Treatment depends on the type of cancer and the stage of the disease.

Target Antigen. The target antigen for this product candidate is MUC16, which is a protein overexpressed in the majority of ovarian cancers. Blood levels of CA-125, a protein from the cleavage of MUC16, can be correlated with ovarian cancer progression.

Juno Pipeline Product 5

Target Indications. The target indications for this product candidate are non-small cell lung cancer ("NSCLC") and triple negative breast cancer. NSCLC is the most common type of lung cancer, accounting for 85% of lung cancer patients in China, according to Frost & Sullivan. Breast cancer is the sixth most common type of cancer in China in 2019, with an incidence of 326.2 thousand, according to Frost & Sullivan. In triple-negative breast cancer, the breast cancer cells test negative for the hormones estrogen (ER-) and progesterone (PR-) and the protein HER2 (HER2-). As a result, this type of cancer does not respond to hormonal therapy or therapies that target HER2. Approximately 15% of breast cancers fall into this category in China.

Target Antigen. The target antigen for this product candidate is ROR1, which is a protein overexpressed on a wide variety of cancers including a subset of non-small cell lung cancer, triple-negative breast cancer, pancreatic cancer, and prostate cancer. It is highly expressed on B cell chronic lymphocytic leukemia and mantle cell lymphoma.

Acepodia Pipeline Product — JWACE002

Overview

We have a right to acquire an exclusive license to manufacture, develop and use certain Acepodia products targeting HER2 and an undisclosed target in China, Hong Kong and Macau. For further details, please see "— Collaboration and License Agreements — Acepodia Option and License Agreement" in this section.

JWACE002 is a novel NK cell product developed by Acepodia that targets the HER2 antigen for the treatment of endometrial cancer, ovarian cancer, breast cancer and gastric cancer. In pre-clinical studies, JWACE002 has shown enhanced tumor kill efficacy against HER2 IHC 1+, 2+ and 3+ cancer cells, which may have broader coverage on different HER2 expression level carcinoma in treatment compared to Herceptin.

JWACE002 is also designed as an allogenic product, an "off-the-shelf" readily made cell therapy that is manufactured from cells of "cell-line" unrelated to the patient. We believe the allogeneic qualities of JWACE002 represent a groundbreaking technology in the field of cell therapy that allows it to be produced in large quantities potentially at a lower cost for a greater number of patients.

Mechanism of Action

JWACE002 targets human HER2-expressing solid tumors using anti-HER2 conjugated NK cells. JWACE002 has demonstrated enhanced tumor cell killing activities both *in vitro* and *in vivo*, while maintaining a favorable safety profile in GLP toxicology studies.

Antibody-Conjugated Effector Allogenic NK cell treatment technology is a new technology developed by Acepodia, a Taiwan- and US-based startup developing cancer immunotherapy based on its ACC™ (Antibody Cell-Conjugation) technology platform originated from UC Berkeley. Using ACC™ technology, immune cells (NK, etc.) are conjugated with antibodies to form Antibody-Conjugated Effector cells (ACE™) to direct and evoke immune responses to eradicate cancer cells.

JWACE002 has the following features:

- Leveraging the innate immunity of NK cells, with less expected CRS or NT than T effector cells;

- Using antibodies to target well-known and established targets (i.e. HER-2), and to maximize the cytolytic activities of mAb-conjugated NK cells;

- Using established NK cell lines to produce allogenic NK cells at a large scale production system and with a well characterized conjugation process to manufacture antibody-conjugated NK cells as an off-the-shelf, allogenic, and ready-to-use cell product at low cost for cancer treatment.

Future Pre-Clinical and Clinical Development Plan

We believe that JWACE002, while in an early stage of development, is a high potential product that aligns with our business development pipeline strategy to move into the solid tumor space with a potential transformational technology platform — a targeted, allogeneic, non-viral, off-the-shelf, ready-to-use, low cost, NK cell product against solid tumor targets. Acepodia's IND for JWACE002 was approved by the U.S. FDA in January 2020.

COLLABORATION AND LICENSE AGREEMENTS

License Agreements with Juno

Strategic Alliance with Juno

In December 2017, we entered into a license and strategic alliance agreement with Juno ("**License and Strategic Alliance Agreement**") pursuant to which, until May 9, 2026, which is the seventh anniversary of the date on which our Series A-2 financing closed ("**ROFN Term**"), subject to a tail period, we have the right of first negotiation to license or otherwise obtain the rights to Juno's engineered T-cell pipeline product candidates in the field of treatment or amelioration of cancer or auto-immune disorders (the "**ROFN Field**") for further development and commercialization in China, Hong Kong and Macau (the "**Territory**"). Under this right of first negotiation, Juno may not license or otherwise grant to any third party, and may not engage in any negotiations or other discussions with any third party regarding any agreement to license or otherwise grant to any third party, any rights to exploit Juno's engineered T-cell pipeline product candidate in the ROFN Field in the Territory without first delivering notice to us any time following the commencement of IND enabling studies for such product candidate. Following receipt of any such notice from Juno, at our option, we and Juno will negotiate in good faith and on commercially reasonable terms for a specified period regarding an agreement to license or otherwise obtain rights to such product.

During different time periods specified in the License and Strategic Alliance Agreement, Juno also has a right of first negotiation to license or otherwise obtain the rights to our pipeline candidates for further development and commercialization outside the Territory.

Under the License and Strategic Alliance Agreement, unless otherwise agreed in writing, during the ROFN Term and the three years thereafter, we may not, by ourselves or jointly with a third party, in-license or acquire from a third party the rights to develop and commercialize any engineered T-cell product (or related diagnostic product) that is specifically directed at the target (alone or in combination with a set of other targets) of any engineered T-cell product (or related diagnostic product) in Juno's pipeline at that time, without notifying Juno that such product is has reached commencement of pre-clinical studies before Juno's pipeline product is designated for commencement of pre-clinical studies. In turn, until May 9, 2025, which is the sixth anniversary of the date on which our Series A-2 financing closed, Juno may not, by itself or jointly with a third party or, in-license or acquire from a third party the rights to develop and commercialize any product in the Relma-cel Field (defined below) in the Territory if such product is specifically directed at any target (alone or in combination with a set of other targets) of any product we develop independently of Juno of which Juno receives notice in connection with its right of first negotiation to license or otherwise obtain the rights to such product, and which is then in

development or commercialization in the Territory, subject to specified exceptions in the License and Strategic Alliance Agreement. Additionally, for the term of the License and Strategic Alliance Agreement, Juno shall not grant a license under any of the licensed patents or know-how to, or otherwise enable any third party to manufacture or commercialize any engineered T-cell product directed to CD19 in the Territory.

Rights In-licensed from Juno

We have in-licensed the CAR constructs for relma-cel and JWCAR129 from Juno. In that connection, we have ongoing arrangements with Juno in relation to those product candidates, for which we may be required to make certain milestone or royalty payments at levels that are customary for arrangements of that type and consistent with market standards.

Relma-cel

As part of the License and Strategic Alliance Agreement described above, Juno granted us an exclusive, sublicensable, transferable and fee-bearing license under Juno's interest in or Juno's license rights to certain patent rights and know-how, and a non-exclusive, sublicensable, transferable and fee-bearing license under certain patent rights and know-how covering Juno's platform technology, solely to research, develop, commercialize, and manufacture or have manufactured relma-cel, or related diagnostic products, in the Territory for the treatment or amelioration of cancer or auto-immune disorders, with respect to relma-cel, and diagnosis in connection with relma-cel or auto-immune disorders, with respect to related diagnostic products ("**Relma-cel Field**"). In addition, we and Juno will negotiate in good faith for a license to certain improvements owned or licensed by Juno that arise during the term of the agreement that would require certain additional regulatory filings or actions for incorporation into the licensed products.

In exchange for these rights, we are required to make various upfront, milestone and royalty payments. For the first upfront payment, we issued preferred shares that are *pari passu* with the Series A1 Preferred Shares to Juno with an aggregate value of approximately US$8.9 million as at the issuance date. For the second upfront payment, we issued additional preferred shares that are *pari passu* with the Series A2 Preferred Shares to Juno such that Juno's total holdings allowed it to have direct ownership interest of 35% of all equity interests in JW Shanghai on a fully-diluted basis. Furthermore, we are required to make a US$5.0 million milestone payment to Juno upon the completion of the treatment of 100 patients with relma-cel in any clinical trial or upon regulatory approval of relma-cel for marketing and sale in the Territory, whichever comes first. In addition, we will pay Juno tiered royalty payments for relma-cel, and royalty payments for any related diagnostic products, in each case at rates which, expressed as a percentage of annual net sales in the Territory, are consistent with market standards, subject to certain adjustments in specified circumstances. The royalty term commences upon the first commercial sale of relma-cel or a related diagnostic product in the Territory, with the end date varying depending on the type of

royalty owed to Juno. In addition, we are required to pay to Juno the sum of all milestone payments and royalties payable with respect to relma-cel and related diagnostic products in the Territory pursuant to in-license agreements existing at the time of such development or commercialization. While the future amounts of such payments are subject to various conditions and reductions, the amounts of these payments as a percentage of net sales of relma-cel in the Territory are consistent with market standards for similar sub-licensing arrangements.

Under the terms of the License and Strategic Alliance Agreement, we are obligated to use commercially reasonable efforts to develop and commercialize relma-cel in the Relma-cel Field in the Territory. We also have the first right to enforce the licensed patents, except for any patents covering Juno's platform technology, against third parties that infringe such rights if we believe such infringement would reduce the annual net sales of relma-cel or related diagnostic products in the Relma-cel Field in the Territory.

In the development and commercialization of relma-cel and related diagnostic products, we solely own inventions conceived solely by or on behalf of us, and Juno solely owns inventions conceived solely by or on behalf of Juno. Subject to the terms of the License and Strategic Alliance Agreement, we and Juno also jointly own all intellectual property jointly conceived through the development and commercialization of relma-cel and related diagnostic products (the "**Relma-cel Joint Invention**"). We and Juno granted each other a non-exclusive, fully-paid, royalty-free, irrevocable, perpetual and sublicensable license under our interest and Juno's interest, respectively, in patent rights covering the Relma-cel Joint Inventions to make, use, sell, offer for sale and import inventions claimed in such patent rights in accordance with the License and Strategic Alliance Agreement.

The License and Strategic Alliance Agreement will remain in effect until the later of the (i) expiration of our obligation to pay royalties to Juno; or (ii) expiration or termination of all then-existing agreements entered into between us and Juno in accordance with the License and Strategic Alliance Agreement for licenses or rights to Juno pipeline products. It may also be terminated earlier by mutual agreement, by either party for the other party's uncured material breach, upon our or JW Shanghai's dissolution, by either party upon the bankruptcy of the other party, or by Juno for safety or regulatory concerns with respect to relma-cel.

BCMA License Agreement

In April 2019, we entered into a separate license agreement with Juno (the "**BCMA License Agreement**"), whereby Juno granted us an exclusive, sublicensable, transferable and fee-bearing license under Juno's interest in or Juno's license rights to certain patents and know-how, and a non-exclusive, sublicensable, transferable and fee-bearing license under certain patent rights and know-how covering Juno's platform technology, solely to research, develop, commercialize, and manufacture or have manufactured JWCAR129, or related diagnostic products, in the Territory for

the treatment or amelioration of cancer or auto-immune disorders, with respect to JWCAR129, and diagnosis in connection with JWCAR129 of cancer or auto-immune disorders, with respect to related diagnostic products ("**JWCAR129 Field**").

In exchange for these rights, we are required to make various upfront, milestone and royalty payments. For the first upfront payment, we issued to Juno preferred shares with an aggregate value of US$10.0 million of Series X Preferred Shares. If no product failure will have occurred prior to April 2022, we will issue to Juno additional preferred shares with an aggregate value of US$10.0 million of Series X Preferred Shares at nil consideration (equivalent to [4,665,530] Shares after **[REDACTED]**). We are also required to make regulatory and commercial milestone payments of up to US$35.0 million, including upon first receipt of regulatory approval of JWCAR129 in the Territory. In addition, we will pay Juno tiered royalty payments for JWCAR129, and royalty payments for any related diagnostic products, in each case at rates which, expressed as a percentage of annual net sales in the Territory, are consistent with market standards, subject to certain adjustments in specified circumstances. The royalty term applies on a product-by-product and country-by-country basis commencing upon the first commercial sale of JWCAR129 or a related diagnostic product in the Territory, with the end date varying depending on the type of royalty owed to Juno. In addition, we are required to pay to Juno the sum of all milestone payments and royalties payable with respect to JWCAR129 and related diagnostic products in the Territory pursuant to in-license agreements existing at the time of such development or commercialization. While the future amounts of such payments are subject to various conditions and reductions, the amounts of these payments as a percentage of net sales of JWCAR129 in the Territory are consistent with market standards for similar sub-licensing arrangements.

Pursuant to the terms of the BCMA License Agreement, we are obligated to use commercially reasonable efforts to develop and commercialize the licensed products, including JWCAR129, in the JWCAR129 Field in the Territory. We also have the first right to enforce the licensed patents, except for any patents covering Juno's platform technology, against third parties that infringe such rights if we believe such infringement would reduce the net sales of JWCAR129 or related diagnostic products in the JWCAR129 Field in the Territory.

The BCMA License Agreement will remain in effect until the expiration of our obligation to pay royalties to Juno. It may also be terminated earlier by mutual agreement, by either party for the other party's uncured material breach, upon our or JW Shanghai's dissolution, by either party upon the bankruptcy of the other party, by Juno for safety or regulatory concerns with respect to JWCAR129 if attributable to the CAR construct licensed from Juno, by Juno if the additional preferred shares are not issued by the timeline set forth in the BCMA License Agreement, or by us for Juno's termination of development in the United States of the licensed CAR construct.

Independence from Juno, Celgene and Bristol Myers Squibb

Although Juno is our largest shareholder, the Group believes that, it is capable of carrying on its business independently of Juno, Celgene and Bristol Myers Squibb after the **[REDACTED]**.

Management independence

Our management and operational decisions are made by our Board and senior management. Our Board comprises one executive Director, six non-executive Directors and four independent non-executive Directors. There are no overlapping directors between our Group and Juno, Celgene and Bristol Myers Squibb. Dr. Ann Li Lee and Dr. Krishnan Viswanadhan are senior personnel of Juno and Celgene respectively who have also been nominated by Juno to become the non-executive Directors prior to **[REDACTED]**. We consider that our Board and senior management will function independently from Juno, Celgene and Bristol Myers Squibb for the following reasons:

(a) all of the other Directors, including Dr. Li who is our sole executive Director, chairman of the Board and CEO, are independent of Juno, Celgene and Bristol Myers Squibb and decisions of the Board require the approval of a majority vote from the Board;

(b) we have appointed four independent non-executive Directors, comprising more than one-third of the total members of our Board, who have sufficient knowledge, experience and competence to provide a balance of the potentially interested Directors and independent Directors with a view to promote the interests of our Company and the Shareholders as a whole;

(c) each Director is aware of his/her fiduciary duties as a Director which require, among other things, that he or she acts for the benefit and in the best interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;

(d) in the event that there is 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, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions, and shall not be counted in forming quorum. Our Group has also adopted certain corporate governance measures for conflict situation; and

(e) our Company has established internal control mechanisms to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions.

Operational independence

We have established our own organizational structure, with each department assigned to specific areas of responsibilities which have been in operation and are expected to continue to operate independently from Juno, Celgene and Bristol Myers Squibb. Juno currently is our sole supplier of viral vectors for our clinical trials. We believe, however, that in the event that Juno ceases to supply us with viral vectors, we would be able to acquire viral vectors from alternative suppliers. For further details, please see the section headed "Connected Transactions — License and Strategic Alliance Agreement" in this document. We are also in possession of all relevant licences necessary to carry on and operate our business and we have sufficient workforce to operate independently from Juno and its close associates. Our Directors are of the view that there is no operational dependence by us on Juno.

Financial independence

Our Group has established an independent financial department with a team of independent financial staff, as well as a sound and independent financial system and makes financial decisions according to our Group's own business needs. Our Group has adequate capital to operate our business independently, and has sufficient internal resources to support our daily operations.

During the Track Record Period, our Group had certain transaction amounts due to Juno relating to purchase of materials, purchase of license and accruals and other payables. For further details, please see Note 33 to "Appendix I — Accountants' Report" to this document.

Our Group has sufficient capital to operate its business independently, and has adequate internal resources and a strong credit profile to support its daily operations. There will be no financial assistance, security and/or guarantee provided by Juno, Celgene or Bristol Myers Squibb in favor of our Group or vice versa upon the **[REDACTED]**.

We have put in place controls in relation to transactions with connected persons and their associates to ensure that any advances to or from such persons are in compliance with the **[REDACTED]** Rules. Having considered that our future operations are not expected to be financed by Juno or its close associates, we believe our Group is financially independent from Juno, Celgene and Bristol Myers Squibb.

License Agreement with Eureka

In order to develop a comprehensive cell-therapy platform and accelerate our business growth, on June 30, 2020, our Company and our wholly-owned subsidiary, JWS Therapeutics, entered into the Asset Purchase Agreement with Syracuse Cayman pursuant to which Syracuse Cayman agreed to transfer and assign to JWS Therapeutics, and JWS Therapeutics agreed to purchase and assume from Syracuse Cayman substantially all Syracuse Cayman's assets comprised the Eureka License Agreement, certain other contracts of Syracuse Cayman and its subsidiaries, primarily Syracuse Hong Kong and its directly or indirectly wholly-owned subsidiaries, Syracuse Jiangsu, Eureka Beijing, Aeon Beijing and Aeon Wuhan. Syracuse Hong Kong was incorporated in Hong Kong in 2018 as a holding company of its four subsidiaries in China. For further details regarding the acquisition, please see the section headed "History, Development and Corporate Structure — Our Company — Syracuse Acquisition" in this document.

Syracuse Hong Kong's results of operations have been consolidated into ours since we completed the Syracuse Acquisition on June 30, 2020. For further details on the financial information of Syracuse Hong Kong, please see the sections headeds "Financial Information — Financial Information of Syracuse Hong Kong" in this document and "Appendix III — Accountant's Report of Syracuse Biopharma (Hong Kong) Limited" to this document.

In June 2020, as a part of the Asset Purchase Agreement, we acquired Syracuse Cayman's entire right, title and interest in and to the Eureka License Agreement by and among Eureka and Eureka Therapeutics (Cayman), Inc. (collectively, "**Eureka Group**"), and Syracuse Cayman, effective as of June 30, 2020.

Pursuant to the terms of the Eureka License Agreement, we acquired (i) an exclusive, fully paid, sublicensable license under certain Eureka Group intellectual property solely (a) to develop, manufacture and commercialize Eureka Group's product candidates directed to human alpha-fetoprotein and human glypican-3 existing as of June 30, 2020 or at any time during the five-year period thereafter (the "**Current Products**") in China, Hong Kong, Macau, Taiwan and the member countries of ASEAN (the "**JW Territory**"), and (b) subject to separate license agreements to be entered into between Eureka and us, to commercialize Eureka Group's TCR-based effector domain, known as ARTEMIS platform (including in connection with or as incorporated in a given product other than the Current Products), in the JW Territory, as well as (ii) a co-exclusive (with Eureka Group and its licensees) fully paid, sublicensable worldwide license under certain Eureka Group intellectual property to use the existing Eureka Group E-ALPHA antibody discovery platform and its current ARTEMIS platform to support seeking regulatory approval for and commercial activities for products (other than the Current Products) in the JW Territory. Under the terms of the Eureka License Agreement, we grant Eureka Group a reciprocal exclusive license to the Current Products and co-exclusive license to Eureka's existing

products and Eureka's future products (other than the Current Products) under intellectual property generated by or on behalf of us that constitutes an improvement to the Current Products or Eureka Group's ARTEMIS platform (excluding E-ALPHA antibody platform), in each case for use and commercialization by or on behalf of Eureka Group outside of the JW Territory. Under the Asset Purchase Agreement, we acquired the rights and licenses granted under the Eureka License Agreement for the total consideration of our ordinary shares in the amount of US$95.3 million.

In addition, we and Eureka Group each granted the other a right of first offer with respect to new products that either we or Eureka Group develop from the use of Eureka Group's licensed platform technologies, or that otherwise incorporate the licensed platform technologies, in all cases, for development and commercialization in such other party's territory. As and when we acquire rights to products based on the ARTEMIS platform from Eureka (other than the Current Products), we expect to enter into a separate license agreement with Eureka with respect to such products, which may include customary upfront, milestone and/or or royalty payment obligations.

Pursuant to the terms of the Eureka License Agreement, each party maintains sole ownership of any intellectual property rights developed individually and will jointly own all intellectual property rights developed jointly during the term of the agreement. Neither we nor Eureka Group have an obligation to account to the other party for profits, or to obtain the other party's approval to license, assign or otherwise exploit the jointly developed intellectual property rights by reason of joint ownership thereof.

Prior to the fifth anniversary of the effective date of the Eureka License Agreement, neither party has the right to terminate the Eureka License Agreement. Following the initial five years of the Eureka License Agreement, either party may terminate for the uncured material breach of the other party or upon the bankruptcy of the other party, provided that the licenses granted to either party under the Eureka License Agreement are perpetual in nature and will remain in force following any such termination with respect to any products that exist as of the effective date of termination.

Lyell Collaboration Agreement

In August 2020, we entered into a development and commercialization agreement with Lyell (the "**Lyell Collaboration Agreement**"), pursuant to which Lyell granted us an exclusive, sublicensable license under certain Lyell technology and Lyell's interest in our joint inventions with Lyell, and an exclusive, fully-paid, sublicensable license under certain Lyell improvements to certain Lyell technology (T-cell anti-exhaustion functionality) to make, have made, use, import, sell and offer to sell two certain products targeting AFP and GPC3 in an ARTEMIS construct (JWATM213 and JWATM214) (together the "**Lyell Products**"), including without limitation to develop, commercialize and manufacture the Lyell Products in the field of treatment of

hepatocellular carcinoma (the "**Lyell Field**") in the JW Territory. In addition, Lyell granted us a non-exclusive sublicensable license under certain Lyell data and data from Lyell's collaboration with Eureka and an exclusive, sublicensable license under Lyell's interest in the data obtained by Lyell and us pursuant to the Lyell Collaboration Agreement (the "**Program Data**") to support regulatory matters in connection with the Lyell Products in the Lyell Field in the JW Territory.

In turn, we granted Lyell a non-exclusive, sublicensable license under our background intellectual property and our interest in the Program Data to research and develop Lyell Products outside the JW Territory, in addition to an exclusive option, exercisable at Lyell's sole discretion prior to Lyell's filing for regulatory approval for any such product outside the JW Territory, to obtain an exclusive sublicensable license under our intellectual property to make, use, import, sell, and offer to sell Lyell Products outside the JW Territory and an exclusive, sublicensable license to our interest in the Program Data to support regulatory matters of the Lyell Products outside the JW Territory.

In exchange for our rights, we are required to make various milestone and royalty payments. We are required to make a substantial milestone payment upon the first regulatory approval for a Lyell Product in the JW Territory. In addition, we are required to pay Lyell a royalty in the low single digits as a percentage on annual aggregate net sales of all Lyell Products by us or our sublicensee in the JW Territory. Moreover, we are required to make two additional milestone payments upon achievement of specified levels of aggregate annual net sales for all Lyell Products in the JW Territory. The amounts of these milestone payments are a mid-single digits percentage of the related annual net sales targets. Lyell also has reciprocal obligations to make certain milestone and royalty payments to us under the Collaboration Agreement if Lyell elects to exercise its option to take an exclusive license.

Our royalty obligations commence on a country-by-country basis upon the first commercial sale of any Lyell Product in the relevant country and expire on a country-by-country basis upon the later of the expiration of the last to expire patent licensed to us from Lyell containing a valid claim or ten years.

In addition, we and our affiliates, by ourselves or with a third party, are prohibited from researching, developing, manufacturing or commercializing any products in the JW Territory that (i) use counter exhaustion technologies that manipulate transcription factors involved in determining cell functional states, and (ii) target GPC-3 or AFP, including granting any licenses or other rights to a third party to do so until, as measured on a target-by-target basis, the sixth anniversary of the first regulatory approval for a Lyell Product directed to such target in the JW Territory.

In connection with our and Lyell's work pursuant to the Lyell Collaboration Agreement, we solely own improvements on certain technology controlled by us, and Lyell solely owns improvements on certain technology controlled by Lyell. Subject to the terms of the Lyell Collaboration Agreement, we and Lyell jointly own all other intellectual property made, conceived discovered, or otherwise generated by both parties in connection with the Lyell Collaboration Agreement.

The Lyell Collaboration Agreement will remain in effect until there is no remaining royalty payment or other payment obligation with respect to the Lyell Products. It may also be terminated earlier by our 180-day written notice, by either party for the other party's uncured material breach, by either party upon the bankruptcy or insolvency of the other party, or if we voluntarily commence or assist with commencing proceedings alleging that patents covering certain Lyell technology are invalid.

Acepodia Option and License Agreement

In January 2020, we entered into an option and license agreement with Acepodia (the "**Option and License Agreement**"), whereby Acepodia granted us an exclusive option (the "**Acepodia Option**") to acquire from Acepodia an exclusive, sublicensable and fee-bearing right and license under certain patents and know-how, including a Chinese patent application currently owned by the Regents of University of California, to manufacture, develop, use, sell, offer for sale, import and otherwise commercialize products targeting HER2 (JWACE002) and another undisclosed target (JWACE055) (together the "**Acepodia Products**") in the field of treatment, prevention or control of human diseases through targeting and modulation of HER2 and such other target ("**Acepodia Field**") in the Territory. We have the first right to exercise the Acepodia Option upon written notice from Acepodia that certain clinical trial milestones for each Acepodia Product have been completed. As of the Latest Practicable Date, we have not exercised the Acepodia Option.

In exchange for the Acepodia Option, we are required to make various upfront, milestone and royalty payments. Upon execution of the Option and License Agreement, we made an upfront payment of US$500,000 to Acepodia. We also agreed to pay an additional US$500,000 to Acepodia upon submission of an IND to the FDA for each Acepodia Product. Upon exercise of the Acepodia Option, we agree to make certain upfront, regulatory and commercial milestone payments to Acepodia. Acepodia is also eligible to receive royalties in the high single to low double digits as a percentage of annual net sales in the Territory with respect to each Acepodia Product, subject to certain adjustments in specified circumstances. Royalties are payable on a product-by-product basis commencing on the first commercial sale of the Acepodia Product in the Territory and continuing until the latter of (i) the date of expiration, or a final judgment on

invalidity from which no appeal has been or can be taken, of the last valid claim of a licensed patent in the Territory or (ii) the ten year anniversary of the date of the first commercial sale of such product in the Territory.

The Option and License Agreement will remain in effect until the earlier of (i) our election to not exercise the Acepodia Option for the Acepodia Products; or (ii) if we exercise the Acepodia Option, the expiration of the last to expire of the financial obligations for such Acepodia Product. It may also be terminated earlier by our prior written notice, by either party for the other party's uncured material breach, or upon the dissolution or the bankruptcy of either party.

OUR PLATFORM

We have established an integrated, product-oriented platform that facilitates discovery, process development and scale-up, analytical development, technology transfer, commercial manufacturing, and quality control. This platform gives us the ability to advance product candidates from research to commercialization efficiently and effectively. In addition, we have constructed a manufacturing facility with superior automation. For further details, please see "— Chemistry, Manufacturing and Controls" in this section.

We have built our integrated cell therapy platform with the aim of identifying product candidates against novel-evidence based and novel targets with first-in-class and/or best-in-class potential, increasing the cost efficiency of development and likelihood of success. Our platform covers a wide spectrum of research and development functionalities for our product candidates in the field of oncology. Our platform facilitates collaboration among different functional groups and feeds into early research to cultivate promising targets with clinical and commercial potential.

Our platform integrates all the necessary capabilities to streamline our target-to-market timeline. These capabilities are housed in five main functional units: research and development, CMC, regulatory affairs, manufacturing and commercialization. These individual functional units have been optimized, and great attention has been given to building cross-function integration at key points in the lifecycle of a product candidate.

RESEARCH AND DEVELOPMENT

R&D is a core part of our overall platform, and our capabilities span across the entire spectrum from discovery to clinical development and in both products and processes. Our proprietary R&D processes have been instrumental in enabling relma-cel to be the first anti-CD19 CAR-T product to be IND-approved by the NMPA for clinical trials in China in June 2018, before obtaining an acceptance from the NMPA to review our NDA application for relma-cel as a third-line treatment for DLBCL in less than two years. In addition, we focus substantial R&D

efforts on improving our processes, and on using those improved processes to develop next-generation product candidates. We believe that such R&D efforts are key to maintaining our competitiveness in the biopharmaceutical industry, and we are dedicated to enhancing our pipeline by leveraging our world-class in-house R&D capabilities.

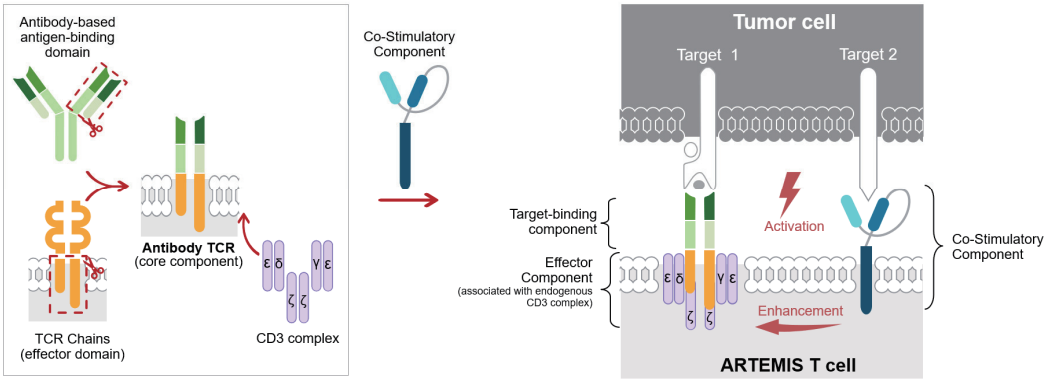
As of the Latest Practicable Date, our research and development team consisted of 63 employees, which includes our clinical development team of approximately nine employees. Our R&D projects have cross-disciplinary expertise in a variety of fields, including chemistry, biology, pharmacology, toxicology, pharmacovigilance, and translational and clinical research. We have established a range of in-house R&D capabilities, including metabolism and pharmacokinetic analysis, *in vivo* assessment of product efficacy, PK/PD properties and toxicity.

Our Zhangjiang R&D center in Shanghai spans approximately 2,404.35 square meters (including an ancillary office area) and is equipped with viral vector and cell therapy process development platform, analytical platform with molecular, flow cytometry lab, biochemical and physical-chemical lab, and cell-based assay lab.

For the years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, our R&D expenses were RMB76.0 million, RMB136.1 million and RMB82.3 million, respectively.

Early Research Capabilities — Eureka ARTEMIS Platform

The ARTEMIS (Antibody Redirected T-cells with Endogenous Modular Immune Signaling) platform is a novel proprietary technology platform that was designed to utilize the natural biology of T-cells to fight cancer. The following diagram illustrates the key elements of the ARTEMIS platform:



The ARTEMIS receptor has two core functional components: (i) the antibody-based antigen binding domain and (ii) the TCR-based effector domain. The antigen-binding domain of the ARTEMIS receptor, selected using the E-ALPHA platform (as described below), is a targeting component such as a Fab fragment derived from a human antibody. The effector domain of the ARTEMIS receptor comprises portions of the γ (gamma) and δ (delta) TCR chains. This antibody-TCR, or AbTCR, core design serves as the universal backbone of the ARTEMIS platform to which additional modular components can be added to optimize the T-cell activation and expansion, enabling customization for different tumor types. The ARTEMIS receptor forms a multimeric receptor with the endogenous CD3 complex, which feeds into a network of signaling pathways that regulate T-cell activation. This ARTEMIS receptor-CD3 complex association is what allows the ARTEMIS receptor to use intrinsic cellular response and regulation mechanisms that have naturally evolved for immune cell signaling.

Furthermore, the utilization of γδ TCR chains in the ARTEMIS receptor may afford an advantage over current TCR-T therapy. To generate an engineered αß TCR-T-cell, exogenous α and ß chains have to be introduced into αß T-cells, which may result in an exogenous α chain pairing with an endogenous ß chain (and vice versa). This can lead to the generation of mispaired αß TCRs, which could bind to unintended targets. In contrast, the effector domain of the ARTEMIS receptor comprises portions of the γδ TCR chains. γδ TCR chains do not bind or pair with endogenous αß TCR chains. Thus, we believe introducing the ARTEMIS receptor into αß T-cells should not result in the formation of mispaired receptors with unknown cross-reactivity.

Currently marketed CAR-T therapies include a boxed warning citing fatal or life-threatening risks of CRS and NT. We believe this is due to hyperactivation of T-cells expressing CAR constructs that directly fuse or couple CD3 signaling domains to T-cell co-stimulatory domains. Through the utilization of pathways naturally evolved for immune cell signaling and the avoidance of receptor mispairing, we believe the ARTEMIS platform have the potential to enable the development of safer T-cell therapies. Two of our programs (JWATM203 and JWATM204) were built upon the ARTEMIS platform.

Pre-clinical Development

We have conducted pre-clinical work primarily to meet the CDE's requirement for IND-enabling studies in pharmacodynamics, pharmacokinetics and toxicology. We have expertise in house to conduct, manage, and analyze pre-clinical studies necessary for IND filing enablement with regulatory authorities in China and the rest of the world. Specifically, for relma-cel, we have successfully completed and filed as part of both IND and NDA submissions to CDE, *in vitro* pharmacology (such as cytolytic activity, proliferation, cytokine release assays, tissue (tumors vs normal) and species cross-reactivity analysis, integration site analysis, as well as assessment of ScFv-Fc binding profile using membrane protein arrays), *in vivo* pharmacology plus pilot

toxicology studies for 13 weeks, and *in vivo* PK-bio-distribution study for 8 weeks. We also have the needed expertise to conduct, manage and analyze *in vivo* studies in tumor-bearing immune-compromised mice to demonstrate effective anti-tumor activity of our early stage product candidates, and we have conducted such studies for relma-cel. We have begun to conduct similar pre-clinical testing for other product candidates, such as JWCAR129, and we intend to conduct such studies for future product candidates as well. In addition, we have the expertise to conduct, manage and analyze long-term (26 weeks) toxicity, which the CDE believes can serve the purpose of assessing the potential for malignant transformation during long-term persistence of CAR-T in patients. This remains a requirement for late phase clinical trials and future marketing authorization, and we have submitted such data for relma-cel to the CDE as part of our NDA submission.

Clinical Development

Our clinical development unit is led by Dr. Hongxia Zheng, M.D., Ph.D.. The clinical development unit of our platform manages substantially all stages of clinical trials, including clinical trial design, implementation, production of product candidate samples used, and the collection and analysis of trial data. As of the Latest Practicable Date, our clinical development team consists of approximately nine employees, including three holding doctorate degrees and six holding master's degrees.

We conduct all of our clinical operations in-house to ensure quality and execution efficiency. As of the Latest Practicable Date, we have involved more sites in our clinical trial in China, than any other CAR-T company, according to Frost & Sullivan.

Our clinical development unit is responsible for the selection of trial sites. We select trial sites based on multiple factors, including suitability of onsite facilities, availability of qualified staff and availability of research subjects. We have entered into agreements with numerous hospitals and principal investigators located in China that can support our clinical trials of different indications at different stage. We believe the size and geographic diversity of these facilities provide us with a significant advantage in implementing large-scale clinical trials and also enable us to conduct multiple clinical trials concurrently. We believe our expertise in recruiting clinical trial patients helps us optimize our drug development timeline. With the support of our partner hospitals, we are capable of recruiting participants from specific populations for studies that would otherwise be difficult to fulfill enrollment.

Except for clinical translational laboratory work and statistical analysis, we do not use CROs for our clinical research.

CHEMISTRY, MANUFACTURING AND CONTROLS

Based in our facilities in Zhangjiang and Shanghai Waigaoqiao, China, our CMC team provides pre-clinical and clinical support throughout the product development process. This aspect of our fully-integrated platform covers CMC functions including process development, analytical development and quality control and quality assurance. Each of these functions is seamlessly coordinated with one another, and this group also supports our manufacturing capability.

Our CMC capability includes the following functions:

- Our *Process Development capabilities* include process transfer-in/out; process development and optimization; process and product characterization; and bringing new technologies and platforms for plasmids, viral vector and cell therapy products. Our process development capabilities consist of three main platforms: cell therapy process platform, microbial/plasmid platform and viral vector platform.

  — The cell therapy process platform is designed based on autologous T-cell process as a basic platform, with the flexibility to adapt to other processes. The platform process was designed based on technology transferred from Juno with internal development and optimization. Our lead product relma-cel has been extensively characterized and validated; through which we have established process robustness and accumulated extensive manufacturing experience.

    The current platform process is based on a unit operations concept with an automated and standardized device for each unit operation. The operations are automated to minimize human error, with closed processing to minimize contamination and cross-contamination, which enables a high run-rate while keeping operation costs low at a commercial scale. As part of our "2.0" strategy (described below), part of the T-cell process platform is under further development to a next-generation process that targets simultaneously improvement in cost of goods, manufacturing cycle time, and potentially clinical outcomes.

  — The viral vector platform consists of packaging (adhesion or suspension) and purification platform, with capabilities for process development and vector production to support cell therapy product/process development up to pre-clinical studies. Clinical manufacturing capabilities are being developed and are anticipated to be online by the end of 2021.

  - The microbial/plasmid platform consists of fermentation and plasmid purification platform, with capabilities for process development and plasmid production to support viral vector development and production.

- Our *Analytics Platform* consists of a PCR/qPCR lab, flow cytometry lab, biochemical and physical-chemical lab and cell-based assay platform, aiming to support in-process testing and product characterization of plasmids, vector and cell therapy as well as to bring in new characterization measurement for better understanding of the process and our product. Our assay development and optimization efforts are focused on improving process robustness, strengthening understanding to the product mechanism of action ("**MOA**"), to provide product characterization in addition to release testing, to inform quality target product profile ("**QTPP**") and product specification setting, and to develop a well-informed, data-driven raw material and process control strategy.

- Our established *Quality System* meets Chinese health authorities and ICH requirements. We implement a holistic quality control strategy including raw material control, in-process, and release testing designed for gene and cell therapy products with high specificity, sensitivity and fast turnaround. We have built capabilities to improve, validate and transfer analytical methods from Process Development and both internal and external collaborators in assay platform such as: flow cytometry for identity and immunophenotyping; cell biological assays (cell viability and cell count, cytolytic potency); molecular biology (qPCR for vector copy number, replication-component lentivirus, and mycoplasma); ELISA-based impurity panel; infectious titer and vector functional test; and a battery of microbial testing including rapid sterility.

REGULATORY AFFAIRS

Our regulatory affairs team is responsible for the regulatory approval process of our product candidates, including assembling application dossiers for IND applications and NDAs, addressing inquiries from relevant authorities and monitoring our R&D projects to ensure their compliance with relevant regulations.

We believe that we are viewed by regulators as a key expert in providing input from a commercial perspective on the development of China's cell therapy regulatory environment. We provided input on the development of cell therapy regulatory guidance by the NMPA's Center for Drug Evaluation ("**CDE**"), and we regularly communicate with the CDE on issues related to cell therapy. We also provided feedback to the CDE on the Drug Administration Law and the CAR-T GMP inspection guide. We have conducted workshops with the CDE on various aspects of CAR-T

therapy quality, manufacturing and regulation. Moreover, as founding chair of the Shanghai CAR-T Alliance and as a member of the China Pharmaceutical Innovation and Research Development Association (PhIRDA), we are a leader in building the CAR-T industry in China.

MANUFACTURING

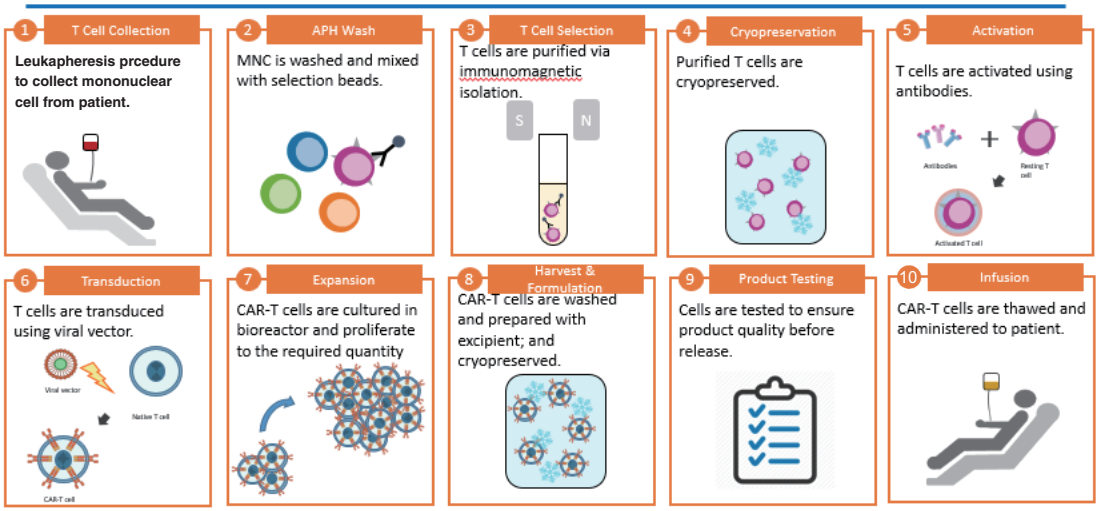
Overview

Since we commenced clinical trials of relma-cel in 2018, we have carried out clinical manufacturing at our Waigaoqiao and Zhangjiang facilities in Shanghai, which covers approximately 600 square meters. We have a 100% success rate for the manufacture of relma-cel throughout our DLBCL registrational clinical trial.

In June 2020, we received a production license from Jiangsu province authorities for our new commercial manufacturing facility in Suzhou. This facility provides approximately 9,976 square meters for commercial and clinical manufacturing in compliance with cGMP and QMS standards. It is designed to house four independent modules. Currently, two modules are constructed, qualified, and in full GMP operations. The design of the modules can be adapted to support all cell platforms, including those using gene-modified autologous T-cells and NK cells, gene-modified or non-gene-modified TIL and gene-modified allogeneic immune cells, as well as facilities to produce clinical grade viral vectors that are used to genetically modify these cells. It currently has the capacity to support autologous CAR-T treatment of up to 2,500 patients per year. This facility is designed to address all of the major challenges associated with scaling up from clinical scale to commercial scale manufacturing, which represents a paradigm shift in which product quality, regulatory compliance, process reliability, scalability and cost of goods all become critical factors. We believe the degree of automation that we have designed into our commercial manufacturing processes positions us as a leader in terms of CAR-T manufacturing in China.

Manufacturing Process

The following diagram provides an overview of the manufacturing process for a CAR-T therapy for an individual patient:



Our cell therapy process platform is designed based on autologous T-cell process as a basic platform, with a flexibility to adapt to other processes. The current platform process is based on unit operations concept with automated and standardized device for each unit operations. Our lead product relma-cel has been extensively characterized and validated; and has established process robustness and accumulated extensive manufacturing experience.

Moreover, we have designed our commercial manufacturing capabilities to include the following features:

- *One common process for the manufacture of different doses to ensure consistency in product quality attributes*. Many CAR-T development companies face the common challenge of trying to produce enough CAR-T in order to meet the dose requirements, due to the large variability in each patient's starting materials in terms of cell numbers and characteristics. In our manufacturing process, we design a series of in-process controls to ensure the variability in the incoming patient materials is progressively reduced towards the final cell drug product. Furthermore, we design our process to have the capability to produce the highest dose anticipated and then use different infusing volumes to achieve different doses, throughout Phase I and registrational Phase II of our DLBCL clinical trials, while maintaining consistent manufacturing cycle time and consistent product quality attributes.

- *Closed processing to prevent contamination and cross-contamination, which allows concurrent processing of multiple patient samples in a large clean room with lower grade of clean room requirements*. Many other CAR-T companies use "open-processing" manufacturing operations, which involves processing each patient's starting material and intermediates in an isolated, small "clean room" with a higher grade of clean room classifications requirements. Since the materials being processed are exposed to the atmosphere, there is a higher risk of contamination. In contrast, our closed-processing operations use aseptic connection techniques that ensure materials being processed are not exposed to the atmosphere. This enables us to process multiple patient samples and intermediates concurrently in a large clean room with lower grade of clean room classification requirements. As a result, we can achieve higher quality and reliability, at higher output with the same area, which means lower capital and operational costs.

- *Highly automated systems to ensure consistent, error-free operations and to control labor costs*. The manufacturing process of many other CAR-T companies involve manual operations that rely on highly experienced and highly trained operators. They also rely on SOPs that need to comprehensively capture the knowhow of expert operators. Any human errors, no matter how small, could potentially lead to severe consequences that may result in a failed batch. In addition, the number of labor hours and costs for training, qualifications, and operations are quite significant. In contrast, our manufacturing process is highly automated and requires significantly less labor hours and costs. In addition to ensuring consistent and error-free operations, our highly automated operations do not rely on personnel with specific knowhow.

- *Implementation of computerized MES (manufacturing execution system) to ensure robust traceability/chain of identity*. In CAR-T manufacturing, it is essential to ensure a robust traceability/chain of identity, so that each patient receives CAR-T derived from that patient's starting material. Failure to maintain a robust chain of identity could be fatal, since if a patient receives CAR-T derived from a different patient's starting material, it would likely give rise to a severe allergic reaction. Accordingly, we have implemented a computerized MES to ensure a robust chain of identity, in compliance with regulatory requirements for CAR-T manufacturing in China. We believe, however, that many potential CAR-T competitors in China will find implementation of a similar system to be a significant barrier to entry.

Our "Nex-G" Strategy

A key initiative of our manufacturing development includes our "Nex-G" strategy, which is aimed at reducing manufacturing costs, in order to make cell therapies accessible to a broader segment of the population, while maintaining and enhancing the efficacy, safety and overall quality of our products. This strategy includes:

- Leveraging our extensive clinical and CMC data derived from a single version of manufacturing process, we are building a proprietary data integration platform, and deploying machine learning approaches to develop critical insights for our autologous CAR-T therapy platform. We are developing our next-generation process to simultaneously improve cost of goods, manufacturing cycle time, and potentially clinical outcomes.

- Significantly reducing cost of raw materials by eliminating wastes and scraps; as well as pursuing substitutions with lower cost materials and eliminations where feasible.

- Securing a world-class, high-quality and cost-effective supply network; and establishing long-term supply agreements to simultaneously achieve lower costs and high reliability.

- Leveraging economies of scale by expanding our scale through opening up additional modules for commercial use within our existing facilities; and

- Further enhancing our quality consistency through increased automation and optimization of production operations.

COMMERCIALIZATION

As CAR-T therapies are a new and comprehensive treatment process that is unlike any other treatment currently approved in the market, we expect that significant efforts will be necessary to educate physicians and patients on the potential benefits of CAR-T therapies, and to demonstrate the proper process in administering and monitoring the treatment (including timely and proportionate measures to mitigate adverse effects).

We plan to build a focused in-house sales and marketing team to market relma-cel across China. Our initial target is to create, at the initial commercialization of relma-cel, a sales team of approximately 60-70 people to cover approximately 50 of the top hospitals in China with the best hematological and transplantation centers, which are equipped with the technology and physicians to administer our CAR-T therapies. A significant number of these hospitals have acted as clinical trial centers for relma-cel, as a result of which many relevant physicians in those hospitals will

already be familiar with relma-cel. As our business grows over the next three years, we anticipate expanding our sales force to approximately 100-120 people in order to support the administration of our CAR-T therapies across the top 100 oncology hospitals in China.

Because physicians are expected to play a key role in this process, not only in administering CAR-T therapies but also in educating patients about their potential benefits, we intend to design our marketing and academic education strategy around close and continued engagement with physicians. We believe that we have already established a strong rapport with a significant number of physicians and other KOLs across China through the extensive clinical trials that we have conducted, in terms of both gaining recognition of the merits of relma-cel and enhancing physicians' familiarity with the product.

We plan to enhance our existing collaboration with these physicians and other KOLs through the establishment of a specialized team for medical affairs, which will oversee the training and support that we provide to physicians. In addition, we plan to develop a specialized, standardized training plan that will allow us to onboard and train physicians and treatment centers that have not been involved in our clinical trials, with the ultimate goal of gaining widespread acceptance of relma-cel across the medical community and the general public.

Our marketing plans are currently focused on r/r DLBCL and will expand to cover other indications as our clinical trials progress. Our marketing activities will include introducing our product candidates to physicians, educating KOLs about the competitive advantages of our product candidates and participating in industry and academic conferences and promoting brand awareness.

SUPPLIERS AND RAW MATERIALS

The principal raw materials that we use in our business include human albumin, human serum, activation beads, selection beads, culture media, lentiviral vector, among others. The principal types of equipment that we use in our business include controlled rate freezers, LN2 tanks, bioreactors, magnetic cell separation devices and automated cell processors. We procure these raw materials and supplies from a variety of suppliers around the world. We select our suppliers by considering their quality, industry reputation, compliance with relevant regulatory agencies according to company purchasing policy, among other factors.

For the years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, our purchases from our five largest suppliers in aggregate accounted for 23%, 20% and 12% of our total purchases, respectively, and purchases from our largest supplier alone accounted for 11%, 9% and 5% of our total purchases, respectively. Purchases include raw materials, third party contracting services for research and development purposes, equipment, construction and renovation, and administrative services. Save for WXAT Shanghai, all of our five largest suppliers during the Track Record Period are Independent Third Parties, and none of our Directors, their respective associates nor any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as at the Latest Practicable Date, has any interest in any of our five largest suppliers during the Track Record Period.

In addition, as adequate alternative sources for such supplies exist, we have developed alternative sourcing strategies for these supplies. We will establish necessary relationships with alternative sources based on a periodic supply continuity risk assessment. Other than the agreements with certain CROs, we order supplies and services on a purchase order basis and do not enter into long-term dedicated capacity or minimum supply arrangements.

COMPETITION

Our products will compete with novel therapies developed by biopharmaceutical companies, academic research institutions, governmental agencies and public and private research institutions developing therapies that target the indications which we are targeting, in addition to standard of care treatments for those indications.

Novartis International AG ("**Novartis**") and Kite Pharma, Inc. ("**Kite**") were the first to achieve FDA approval for autologous T-cell therapies. In August 2017, Novartis obtained FDA approval to commercialize Kymriah for the treatment of children and young adults with acute B lymphocytic leukemia or r/r ALL, and in May 2018, Kymriah received FDA approval for adults with r/r DLBCL. Kite obtained FDA approval to commercialize Yescarta, the first CAR-T product candidate for the treatment of adult patients with r/r large B-cell lymphoma, in October 2017, and accelerated approval for Tecartus, the world's first CAR-T treatment for MCL, in July 2020. Kite also has published data on Yescarta in ALL. Juno has published data on its anti-CD19 CAR therapy, liso-cel. Bluebird bio, Inc. was the first company to publish data on an anti-BCMA CAR-T therapy, ida-cel, in MM. Legend Biotech Corporation ("**Legend**") and Janssen Biotech, Inc. ("**Janssen**") have jointly published data on their CAR-T product candidate, LCAR-B38M/JNJ-4528, for the treatment of MM.

Due to the promising therapeutic effect of cell therapies in clinical trials, we anticipate increasing competition from existing and new companies developing these therapies. We expect to compete in China with Fosun Kite, which filed a NDA with the NMPA in February 2020 for approval to market (axicabtagene ciloleucel), a CD19-directed CAR-T product, as a third-line treatment for r/r large B-cell lymphoma (including DLBCL), and Legend Biotech, which is in a Phase II trial for approval to market a BCMA-directed CAR-T product, as a treatment for r/r MM. In addition, other potential CAR-T therapy competitors include:

- Other companies developing CD19-directed cell therapies for the treatment of B-NHL;
- Companies developing BCMA-targeted cell therapies for the treatment of MM; and
- Companies developing cell therapies for treatment of HCC in China.

We also expect to compete with other companies seeking to develop and commercialize cell therapies in China, including for trial sites, for enrollment in our trials and with respect to indications that we are targeting and may target in the future.

Many of our competitors, either alone or with their collaboration partners, have significantly greater financial resources and expertise in research and development, pre-clinical testing, clinical trials, manufacturing, and marketing than we do. Future collaborations and mergers and acquisitions may result in further resource concentration among a smaller number of competitors. Our commercial potential could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are more convenient or are less expensive than products that we may develop. Our competitors also may obtain NMPA or other regulatory approval 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 or make our development more complicated. The key competitive factors affecting the success of all of our programs are likely to be efficacy, safety, convenience and pricing. These competitors may also vie for a similar pool of qualified scientific and management talent, sites and patient populations for clinical trials, as well as for technologies complementary to, or necessary for, our programs.

EMPLOYEES

The following table sets forth a breakdown of our employees by function as of the Latest Practicable Date:

Function	Number	% of Total
Technical operations	110	48.5
Quality	56	24.7
Medical	28	12.3
Business development and general administrative	10	4.4
Commercial	3	1.3
Support	20	8.8
Total	**227**	**100.0**

As at the Latest Practicable Date, we had 152 employees in Shanghai, 66 employees in Suzhou, eight employees in Beijing and one employee in Zhengzhou. We currently have a 63-member R&D team; and we plan to increase the size of our R&D team to 89 members by the end of 2020 to support the further development of our pipeline candidates. In anticipation of the launch of our pipeline candidates, we plan to further expand our commercialization team to 54 members, including marketing and sales representatives by the end of 2020. For further details, please see "— Commercialization" in this section.

Employment Agreements with Key Management and Research Staff

We enter into standard confidentiality and employment agreements with our key management and research staff. The contracts with our key personnel typically include a standard non-compete agreement that prohibits the employee from competing with us, directly or indirectly, during his or her employment and for up to one years after the termination of his or her employment. The contracts also typically include undertakings regarding assignment of inventions and discoveries made during the course of his or her employment. For further details regarding the terms of confidentiality and employment agreements with our key management, see "Directors and Senior Management" in this document.

We believe that we maintain a good working relationship with our employees. We believe we have not experienced any significant labor disputes or any significant difficulty in recruiting staff for our operations. None of our employees are currently represented by labor unions.

Training and Development

We provide formal and comprehensive company-level and department-level training to our new employees, followed by on-the-job training. We also provide training and development programs to our employees from time-to-time to ensure their awareness and compliance with our various policies and procedures. Given our emphasis on operating an integrated platform for our product development processes, some of the training is conducted jointly by different groups and departments serving different functions but working with or supporting each other in our day-to-day operations.

Employee Benefits

Our employees' remuneration consists of salaries, bonuses, employees' provident fund, and social security contributions and other welfare payments. In accordance with applicable PRC laws, we have made contributions to social security insurance funds (including pension plan, unemployment insurance work-related injury insurance, medical insurance and maternity insurance) and housing funds for our employees. As at the Latest Practicable Date, we had complied with all statutory social security insurance fund and housing fund obligations applicable to us under PRC laws in all material aspects.

INTELLECTUAL PROPERTY

Intellectual property rights are important to the success of our business. Our future commercial success depends, in part, on our ability to obtain and maintain patent and other intellectual property and proprietary protection for commercially important technologies, inventions and know-how related to our business, properly practice and enforce our in-licensed patents, prosecute, maintain and enforce patents that we may own in the future, preserve the confidentiality of our trade secrets, and operate without infringing, misappropriating or otherwise violating the intellectual property rights of third parties.

As of the Latest Practicable Date, we have in-licensed or have the exclusive option to in-license two PRC granted patents, 27 PRC patent applications and 10 patent applications under the PCT from our strategic partners in connection with our product candidates as well as our in-licensed platforms. For further details regarding the terms by which we have obtained rights to these patents and patent applications, please see "— Collaboration and License Agreements" in this section.

The following table summarizes the details of the material granted patents and filed patent applications we have rights to in connection with each of our material product candidates:

Product	Title of Invention	Jurisdiction	Patent Status	Applicant	Patent Expiration[1]	Our Market Commercial Rights
JWCAR029	Method for Transduction and Cell Processing	China, Hong Kong	Pending	Juno	2035.11.04	China, Hong Kong and Macau
	Methods and Compositions for Dosing in Adoptive Cell Therapy	China, Hong Kong	Pending	Juno	2035.10.20	China, Hong Kong and Macau
	Method and Compositions for Cellular Immunotherapy	China, Hong Kong	Pending	Fred Hutchinson; SCH	2033.08.20	China, Hong Kong and Macau
JWCAR129	Method for Transduction and Cell Processing	China, Hong Kong	Pending	Juno	2035.11.04	China, Hong Kong and Macau
	Methods and Compositions for Dosing in Adoptive Cell Therapy	China, Hong Kong	Pending	Juno	2035.10.20	China, Hong Kong and Macau
	Antibodies Targeting B-Cell Maturation Antigen and Methods of Use	China, Hong Kong	Pending	MSK; Eureka	2035.12.04	China, Hong Kong and Macau
	Chimeric Antigen Receptors Targeting B-Cell Maturation Antigen and Uses thereof	China	Pending	MSK; Eureka	2035.12.04	China, Hong Kong and Macau
	Chimeric Antigen Receptors Specific for B-Cell Maturation Antigen (BCMA)	PCT application	Pending	Juno; MSK	2038.01.11	China, Hong Kong and Macau

Product	Title of Invention	Jurisdiction	Patent Status	Applicant	Patent Expiration[1]	Our Market Commercial Rights
JWACE002; JWACE055	DNA-Cell Conjugates	China[2]	Pending[3]	Univ. of California	2030.04.08	China, Hong Kong and Macau
	A Novel CD16+ Natural Killer Cell and a Method of Culturing CD16+ Natural Killer Cell	PCT application[4]	Pending[4]	Acepodia	2040.01.16	China, Hong Kong and Macau
JWATM203; JWATM204	Constructs Targeting AFP Peptide/MHC Complexes and Uses thereof	China, Hong Kong, Taiwan	Pending	Eureka	2036.04.01	China, Hong Kong, Macau, Taiwan and the member countries of ASEAN.
	Constructs Specifically Recognizing Glypican 3 and Uses thereof	China, Taiwan	Pending	Eureka	2038.04.24	China, Hong Kong, Macau, Taiwan and the member countries of ASEAN.
	Antibody/T-cell Receptor Chimeric Constructs and Uses thereof	China, Hong Kong, Taiwan	Pending	Eureka	2036.10.21	China, Hong Kong, Macau, Taiwan and the member countries of ASEAN.
	Cells Expressing Chimeric Activating Receptors and Chimeric Stimulating Receptors and Uses thereof	China, Taiwan	Pending	Eureka	2038.04.24	China, Hong Kong, Macau, Taiwan and the member countries of ASEAN.
ARTEMIS Platform	Chimeric Antibody/T-cell Receptor Constructs and Uses thereof	China, Taiwan	Pending	Eureka	2038.04.24	China, Hong Kong, Macau, Taiwan and the member countries of ASEAN.
	Cells Expressing Chimeric Antigen Receptors and Secondary Effectors and Uses thereof	Taiwan	Pending	Eureka	2038.04.24	China, Hong Kong, Macau, Taiwan and the member countries of ASEAN.

Product	Title of Invention	Jurisdiction	Patent Status	Applicant	Patent Expiration[1]	Our Market Commercial Rights
JWATM213; JWATM214	Compositions and Methods for Inhibiting T-cell Exhaustion	PCT application	Pending	Stanford Univ.	2038.12.14	China, Hong Kong, Macau, Taiwan, and the member countries of ASEAN

Notes:

1 For pending patent applications, patent expiration date is estimated based on current filing status and assumes patents will issue from such applications.

2 The parent patent application CN201080021350.6 has been abandoned.

3 This patent application is currently only subject to our exclusive option exclusive option to obtain a license under the Option and License Agreement with Acepodia. As of the Latest Practicable Date, we have not exercised this option. For further details, please see "— Collaboration and License Agreements — Acepodia Option and License Agreement" in this section.

4 This patent application is currently only subject to our exclusive option exclusive option to obtain a license under the Option and License Agreement with Acepodia. As of the Latest Practicable Date, we have not exercised this option. For further details, please see "— Collaboration and License Agreements — Acepodia Option and License Agreement" in this section.

The term of individual patents depends on the legal term for patents in the jurisdictions in which they are granted. In most jurisdictions, the patent term for inventions is generally 20 years from the earliest claimed filing date of a non-provisional patent application in the applicable jurisdiction.

We may rely, in some circumstances, on trade secret and/or confidential information to protect aspects of our technology. We seek to protect our proprietary technology and processes, in part, by entering into confidentiality agreements with our consultants, scientific advisors, contractors, and invention assignment arrangements with our employees. We have entered into confidentiality agreements with our senior management and certain key members of our research and development team and other employees who have access to trade secrets or confidential information about our business. Our standard employment contract, which we enter into with each of our employees, contains an assignment clause, under which employees assign us the rights to all inventions, technology, know-how and trade secrets derived during the course of such employee's work. The contracts with our key management personnel typically include a standard non-compete agreement. However these agreements may not provide sufficient protection of our trade secrets and/or confidential information. For further details, please see the section headed "Risk Factors — Risks Relating to Our Intellectual Property Rights — We rely substantially on our trade secrets and other confidential information, including unpatented know-how, and if we are unable to successfully protect such trade secrets, information and know how, our business and competitive

position would be harmed. We may be subject to claims that our employees, consultants or advisors have wrongfully used or disclosed alleged trade secrets of their former employers or claims asserting ownership of what we regard as our own intellectual property." in this document.

We conduct our business under the tradename "JW Therapeutics." As of the Latest Practicable Date, we had registered 58 trademarks in the PRC and had applied for four trademarks in Hong Kong, and we own three important registered domain names, one of which is in the process of being transferred from an agent to our Group.

As of the Latest Practicable Date, we were not involved in any proceedings in respect of, and we had not received notice of any claims of infringement of, any intellectual property rights that may be threatened or pending, in which we may be a claimant or a respondent.

For further details, please see the section headed "Appendix V — Statutory and General Information — Further Information about Our Business" to this document.

LAND, PROPERTIES AND FACILITIES

We rent a total 3,658.21 square meters of combined office and laboratory space in Waigaoqiao in Shanghai. The relevant rental agreements provide rental terms that expire on May 15, 2021 and August 31, 2021. We have the right of first refusal to renew the lease, provided that we notify the lessor sixty days before the expiration of the rental agreements. We also rent another combined office and laboratory space with a total of 2,404.35 square meters in Zhangjiang in Shanghai. The relevant rental agreement provides rental terms that expire on March 31, 2023. We have the right of first refusal to renew the lease, provided that we notify the lessor six months before the expiration of the rental agreement.

We rent a total of 10,177 square meters of combined office and laboratory space in Suzhou Industrial Park. The relevant rental agreements provide rental terms that expire on August 26, 2020 and June 17, 2022. We have the right of first refusal to renew the lease, provided that we notify the lessor at least three months before the expiration of the rental agreements.

We rent a total of approximately 640.52 square meters of office space in Beijing. The relevant rental agreements provide rental terms that expire on October 31, 2020, March 31, 2021 and May 31, 2021. We also rent a total of approximately 450 square meters of laboratory space in Beijing. The relevant rental agreement provides rental terms that expire on December 26, 2020. Four leased properties have failed to provide the land use right certificate and/or the building ownership certificates.

As of the Latest Practicable Date, all of these lease agreements had not been registered with relevant authorities. Our PRC Legal Advisor is of the view that the non-registration of lease agreements will not affect the validity of the lease agreements, but the relevant local housing administrative authorities can require us to complete registrations within a specified timeframe and if we fail to so rectify, we may be subject to a fine of between RMB1,000 and RMB10,000 for each of these leasing properties. For further details, please see the sections headed "Risk Factors — Risks Relating To Our Doing Business In China — We may be subject to fines due to the lack of registration of our leases" and "Risk Factors — Risks Relating To Our Doing Business In China — Some of our properties are subject to a title deficiency, and we could be required to vacate any such leased property" in this document.

ENVIRONMENTAL MATTERS AND WORKPLACE SAFETY

We are committed to operating our business in a manner that protects the environment, provides a safety workplace for our employees and performs our social liabilities. We have implemented a set of policies on environment, social and governance ("**ESG**") consistent with industry standards and in compliance with the requirements of the Listing Rules. In light of the recent COVID-19 outbreak, 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 sanitization. Our employees have to observe strict social distancing requirements when working on-site. If any employees are found to be noncompliant with on-site COVID-19 policies, inspectors are authorized to issue an oral warning or impose a monetary fine. For further details related to the impact of COVID-19 outbreak on our business, please see the section headed "Financial Information — Impact of the COVID-19 Outbreak" in this document.

Our Board has the collective and overall responsibility for establishing, adopting and reviewing the ESG vision, policy and target of our Group, and evaluating, determining and addressing our ESG-related risks at least once a year. Our Board may assess or engage independent third party(ies) to evaluate the ESG risks and review our existing strategy, target and internal controls. Necessary improvement will then be implemented to mitigate the risks.

We have not had any significant workplace accidents in the history of our Company.

PERMITS, LICENSES AND OTHER APPROVALS

As at the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant authorities that are material to our current operations.

LEGAL PROCEEDINGS AND COMPLIANCE

As at the Latest Practicable Date, we were not a party to any actual or threatened material legal or administrative proceedings. We are committed to maintaining the highest standards of compliance with the laws and regulations applicable to our business. However, we may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business.

INSURANCE

We maintain insurance policies that we consider to be in line with market practice and adequate for our business. Our insurance policies cover adverse events in our clinical trials. We do not maintain property loss insurance, product liability insurance or key-person insurance.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We recognize that risk management is critical to the success of our business operation. Key operational risks faced by us include changes in general market conditions and the regulatory environment of the Chinese biologics market, our ability to develop, manufacture and commercialize our product candidates, and our ability to compete with other pharmaceutical companies. See "Risk Factors" for a discussion of various risks and uncertainties we face. We also face various market risks. In particular, we are exposed to credit, liquidity and currency risks that arise in the normal course of our business. See "Financial Information — Market Risk Disclosure" for a discussion of these market risks.

We have adopted a series of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an ongoing basis. The following key principles outline our approach to risk management:

- Our audit committee will oversee and manage the overall risks associated with our business operation, including (i) reviewing and approving our risk management policies to ensure that it is consistent with our corporate objectives; (ii) reviewing and approving our corporate risk tolerance; (iii) monitoring the most significant risks associated with our business operation and our management's handling of such risks; (iv) reviewing our corporate risk in light of our corporate risk tolerance; and (v) monitoring and ensuring the appropriate application of our risk management framework across our Company.

- Our chief financial officer, Mr. Xin Fu, will be responsible for (i) formulating and updating our risk management policy and targets; (ii) reviewing and approving major risk management issues of our Company; (iii) promulgating risk management measures; (iv) providing guidance on our risk management approach to the relevant departments in our Company; (v) reviewing the relevant departments' reporting on key risks and providing feedback; (vi) supervising the implementation of our risk management measures by the relevant departments; (vii) ensuring that the appropriate structure, processes and competencies are in place across our Group; and (viii) reporting to our audit committee on our material risks.

- The relevant departments in our Company, including but not limited to the finance department, the legal department and the human resources department, are responsible for implementing our risk management policy and carrying out our day-to-day risk management practice. In order to standardize risk management across our Group and set a common level of transparency and risk management performance, the relevant departments will (i) gather information about the risks relating to their operation or function; (ii) conduct risk assessments, which include the identification, prioritization, measurement and categorization of all key risks that could potentially affect their objectives; (iii) continuously monitor the key risks relating to their operation or function; (iv) implement appropriate risk responses where necessary; and (v) develop and maintain an appropriate mechanism to facilitate the application of our risk management framework.

We consider that our Directors and members of our senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control.

Internal Control

Our Board of Directors is responsible for establishing and ensuring effective internal controls to safeguard our Shareholder's investment at all times. Our internal control policies set out a framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an ongoing basis.

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

- We have adopted various measures and procedures regarding each aspect of our business operation, such as protection of intellectual property, environmental protection, and occupational health and safety. For more information, see "— Intellectual Property" and

"— Environmental Matters and Workplace Safety." We provide periodic training on these measures and procedures to our employees as part of our employee training program. We also constantly monitor the implementation of those measures and procedures through our on-site internal control team for each stage of the product development process.

- Our Directors (who are responsible for monitoring the corporate governance of our Group), with help from our legal advisors, will also periodically review our compliance status with all relevant laws and regulations after the **[REDACTED]**.

- We plan to establish an audit committee in connection with the **[REDACTED]**, which (i) makes recommendations to our Directors on the appointment and removal of external auditors; and (ii) reviews the financial information and renders advice in respect of financial reporting as well as oversee internal control procedures of our Group.

- We have engaged Guotai Junan Capital Limited as our Compliance Advisor to provide advice to our Directors and management team until the date on which we distribute our annual report in respect of our financial results for the first full financial year after the **[REDACTED]** regarding matters relating to the Listing Rules. Our Compliance Advisor is expected to, upon our consultation, provide advice and guidance in respect of compliance with the applicable laws and Listing Rules including various requirements of directors' duties and internal control in a timely fashion.

- We plan to engage a PRC law firm to advise us on and keep us abreast of PRC laws and regulations after the **[REDACTED]**. We will continue to arrange various trainings sessions to be provided by external legal advisors from time to time when necessary, and/or any appropriate accredited institution to update our Directors, senior management and relevant employees on the latest PRC laws and regulations.

- We maintain strict anti-corruption policies on personnel with external communication functions. We will also ensure that our commercialization team complies with applicable promotion and advertising requirements, which include restrictions on promoting products for unapproved uses or patient populations and limitations on industry-sponsored scientific and educational activities.

- We will comply with the Corporate Governance Code, except for the deviation from the code provision A.2.1 of the Corporate Governance Code. We have established three board committees, namely, the Audit Committee, the Nomination Committee and the Remuneration Committee, with respective terms of reference in compliance with the Corporate Governance Code. For further details, please see the section headed "Directors and Senior Management" in this document.

- Our Directors believe that compliance creates value for us and dedicate to cultivating a compliance culture among all of our employees. To ensure such compliance culture is embedded into everyday workflow and set the expectations for individual behaviour across the organisation, we regularly conduct internal compliance checks and inspections, adopt strict accountability internally and conduct compliance training.

During the Track Record Period, we have regularly reviewed and enhanced our internal control system.

You should read the following discussion and analysis in conjunction with our audited consolidated financial information, including the notes thereto, including "Appendix I — Accountants' Report" to this document. Our audited consolidated financial information has been prepared in accordance with IFRS.

You should also read the following discussion and analysis relating to Syracuse Hong Kong with the audited consolidated financial information of Syracuse Hong Kong in "Appendix III — Accountants' Report of Syracuse Biopharma (Hong Kong) Limited" to this document, together with the accompanying notes. The consolidated financial information of Syracuse Hong Kong has been prepared in accordance with IFRS.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. We discuss factors that we believe could cause or contribute to these differences below and elsewhere in this document, including those set forth under the sections headed "Risk Factors" and "Forward-Looking Statements" in this document.

OVERVIEW

We are a global leading clinical stage cell therapy platform company. Our vision is to develop best-in-class and/or first-in-class cell therapies for the China market to transform the treatment of cancer for Chinese patients. Since our founding in 2016 by Juno and WuXi AppTec (through its wholly-owned subsidiary WXAT Shanghai), we have built an integrated platform focused on developing, manufacturing and commercializing breakthrough cell-based immunotherapies for hematological cancers and solid tumors. Relma-cel, our lead product candidate, is an anti-CD19 CAR-T therapy for relapsed or refractory ("**r/r**") B-cell lymphoma, and in June 2020 the NMPA accepted for review our NDA relating to relma-cel as a third-line treatment for DLBCL. Relma-cel is expected to be the first CAR-T therapy to be approved as a Category 1 biologics product in China, and has potential to be a best-in-class CAR-T therapy.

We are a pioneer in China for the development of cell-based immunotherapy, a field which represents a paradigm shift and the latest advancement in the treatment of cancer. Cell-based immunotherapies, including CAR-T treatments, are an innovative treatment method that uses human immune cells to fight cancer. Supported by multiple clinical studies, cell-based

immunotherapies could lead to long-lasting remissions of B-cell lymphomas and leukemias which are refractory to other treatments. Given the unmet medical needs that can be effectively addressed by CAR-T therapies, according to Frost & Sullivan, the market for CAR-T therapies in China is expected to grow from RMB0.6 billion in 2021 to RMB5.4 billion in 2024, and to RMB24.3 billion in 2030. We believe that we are well positioned to take advantage of this rapidly growing market.

We currently have no products approved for commercial sale and have not generated any revenue from product sales. We have never been profitable and have incurred loss before income tax in every year since inception, with RMB272.6 million for the year ended December 31, 2018 and RMB633.3 million for the year ended December 31, 2019, respectively, and RMB357.9 million and RMB650.0 million for the six months ended June 30, 2019 and 2020, respectively. Substantially all of our operating losses resulted from fair value losses in preferred shares and warrants, research and development expenses and general and administrative expenses.

We expect to incur an increased amount of operating expenses for at least the next several years as we further our pre-clinical research of, continue the clinical development of, seek regulatory approval for and manufacturing of, our drug candidates, launch our pipeline products and add personnel necessary to operate our business. Subsequent to the **[REDACTED]**, we expect to incur costs associated with operating as a public company. We expect that our financial performance will fluctuate from period to period due to the development status of our product candidates, regulatory approval timeline and commercialization of our product candidates after approval.

OUR ACQUISITION OF SYRACUSE HONG KONG

On June 30, 2020, our Company and our wholly-owned subsidiary, JWS Therapeutics, entered into the Asset Purchase Agreement with Syracuse Cayman pursuant to which Syracuse Cayman agreed to transfer and assign to JWS Therapeutics, and JWS Therapeutics agreed to purchase and assume from Syracuse Cayman, substantially all of the assets and liabilities of Syracuse Cayman, including all of the equity interest of Syracuse Hong Kong and the Eureka License Agreement.

Syracuse Hong Kong did not generate any revenue for the years ended December 31, 2018 and 2019 and for the six months ended June 30, 2020, and it incurred net losses of RMB7.9 million, RMB28.5 million and RMB48.0 million for the same periods, respectively. The consolidated financial information and the accompanying notes of Syracuse Hong Kong for the years ended December 31, 2018 and 2019 and the six months ended June 30, 2020 are set forth in Appendix III to this document.

For further details regarding the Asset Purchase Agreement, please see the section headed "History, Development and Corporate Structure" in this document and Note 32 to "Appendix I — Accountants' Report" in this document.

BASIS OF PREPARATION

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on September 6, 2017. Our Company, as the holding company of our business, indirectly owns subsidiaries in China that are primarily engaged in the research and development, manufacturing, and marketing of anti-tumor drugs in China. For further details, please see the section headed "History, Development and Corporate Structure" in this document.

The consolidated financial information of our Company has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by International Accounting Standards Board ("**IASB**").

The consolidated financial information has been prepared under the historical cost convention, as modified by the revaluation of financial liabilities at fair value through profit or loss, which are carried at fair value. The Company's functional currency is US$, however, the consolidated financial information is presented in RMB, as the major operations of the Group are within the PRC. All values are rounded to the nearest thousand except when otherwise indicated.

Upon the completion of the Asset Purchase Agreement on June 30, 2020, we acquired 100% of Syracuse Hong Kong's equity interests. The consolidated financial information of Syracuse Hong Kong for the years ended December 31, 2018 and 2019 and for the six months ended June 30, 2019 and 2020, which has been prepared in accordance with IFRS, is listed separately in this section and in "Appendix III — Accountants' Report of Syracuse Biopharma (Hong Kong) Limited" to this document. The consolidated financial information of Syracuse Hong Kong is presented in RMB.

Adoption of IFRS 9, IFRS 15 and IFRS 16

IFRS 9 "Financial instruments" ("**IFRS 9**"), IFRS 15 "Revenue from Contracts with Customers" ("**IFRS 15**") and IFRS 16, "Leases" ("**IFRS 16**") have been adopted and applied consistently in our consolidated financial information since the beginning of, and throughout, the Track Record Period, in lieu of IAS 39 "Financial instruments: Recognition and measurement" ("**IAS 39**"), IAS 18 "Revenue" ("**IAS 18**") and IAS 17, "Leases" ("**IAS 17**"), respectively. Our internal assessments on the impact of the adoption of IFRS 9, IFRS 15 and IFRS 16 on our financial position and performance when compared to that of IAS 39, IAS 18 and IAS 17 are set out below.

IFRS 9 and IFRS 15

Based on our internal assessment, the adoption of IFRS 9 and IFRS 15 had no significant impact on our Group's financial position and performance as compared with IAS 39 and IAS 18, respectively.

IFRS 16

Under IAS 17, operating lease payments are charged to the consolidated income statement on a straight-line basis over the period of the lease, and operating lease commitments are disclosed separately in a note to the consolidated financial information and are recognized outside of the consolidated balance sheets. Under IFRS 16, all leases (except for those with lease term of less than 12 months or of low value) must be recognized in the form of assets (being the right-of-use assets in our financial information) and financial liabilities (being the lease liabilities in our financial information) on our consolidated balance sheets at the commencement of respective leases.

Based on our internal assessment, except for increases in total assets and total liabilities of RMB17.0 million and RMB18.6 million as of December 31, 2018, RMB24.5 million and RMB27.0 million as of December 31, 2019 and RMB20.7 million and RMB22.3 million as of June 30, 2020, respectively, as a result of further recognition of right-of-use of assets, derecognition of prepaid rental expense and recognition of relevant lease liabilities under IFRS 16, the adoption of IFRS 16 had no significant impact on our financial position and performance as compared with IAS 17. In addition, the adoption of IFRS 16 had no significant impact on our key financial ratios as of December 31, 2018 and 2019 and June 30, 2020.

Contractual Arrangements

Due to the restrictions imposed by the relevant laws and regulatory regime of the PRC on foreign ownership of companies engaged in the business of cell therapy carried out by the Consolidated Affiliated Entities, JW Shanghai entered into the Contractual Arrangements with Shanghai Ju Ming and its equity holders on November 2, 2017 and July 29, 2020. For further details, please see the section headed "Regulatory Overview" in this document.

Our Group does not have any equity interest in the Consolidated Affiliated Entities. However, as a result of the Contractual Arrangements, the Group has power over the Consolidated Affiliated Entities, has rights to variable returns from its involvement with the Consolidated Affiliated Entities and has the ability to affect those returns through its power over the Consolidated Affiliated Entities and is considered to have control over the Consolidated Affiliated Entities.

Consequently, our Company regards the Consolidated Affiliated Entities as indirect subsidiaries for accounting purposes. Our Company consolidated the assets, liabilities, income, and expenses of the Consolidated Affiliated Entities upon the execution of the Contractual Arrangements.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, many of which may be beyond our control. A discussion of the key factors is set out below.

Successful Clinical Trials and Commercialization of Our Product Candidates

Our business and results of operations depend on our ability to successfully develop our product candidates. Our product pipeline features a mix of product candidates targeting both proven and novel tumor antigens. We have strategically designed and developed a cell therapy product pipeline of autologous cell therapy candidates, covering both hematological cancers and solid tumors, and we also have an option to acquire two allogeneic cell therapy candidates for treatment of solid and hematological tumors.

In June 2020, our NDA for relma-cel as a third-line treatment for DLBCL was submitted to and accepted for review by the NMPA. In addition, we are currently conducting clinical trials and plan to submit IND applications for other indications for relma-cel as well as our other product candidates, including JWCAR129 and our products targeting solid tumors, in the coming years. Although we currently have no products approved for commercial sale and did not generate any revenue from product sales during the Track Record Period, we expect to commericialize one or more of our product candidates over the coming years as they move toward the advanced clinical stages of development. For further details on the status of our various product candidates, please see the section headed "Business — Our Product Pipeline" in this document. We are unable to predict when, or if ever, material net cash inflows will commence from sales of our product candidates.

Milestone Payments and Royalties

Pursuant to our agreements with our in-licensing partners, we have agreed to make certain payments when the in-licensed product candidates reach certain milestones during the product development process. In addition, we have agreed to pay royalties on our future product sales contemplated under the licensing agreements. The timing of these payments and the mix of future products sales (which may be subject to different royalties) will have an effect on our profitability. For further details, please see the section headed "Business — Collaboration and License Agreements" in this document.

Cost Structure

Our results of operations are significantly affected by our cost structure, which primarily consists of research and development expenses and general and administrative expenses.

Since our inception, we have focused our resources on our R&D activities, including conducting pre-clinical studies and clinical trials and activities related to regulatory filings for our product candidates. Our research and development costs primarily consist of:

- employee benefit expenses that consist of employees' wages, salaries, bonuses, benefits, welfare and share-based payments and other welfare for research and development employees;
- costs associated with raw materials and consumables for R&D activities;
- testing and clinical trial fees, including third party contracting costs such as CRO services;
- depreciation and amortization; and
- general office and leasing expenses.

At this time, it is difficult to estimate or know for certain, the nature, timing and estimated costs of the efforts that will be necessary to complete the development of our product candidates. This is due to the numerous risks and uncertainties associated with developing and commercializing such drug candidates. We expect research and development expenses to increase significantly for the foreseeable future as our development programs progress, as we continue to support the clinical trials of our product candidates and as we initiate additional clinical trials on these product candidates.

Our general and administrative expenses consist primarily of employee benefit expenses for administrative personnel, professional service fees, depreciation and amortization, office expenses, **[REDACTED]** expenses and others. Employee benefit expenses consist of employees' wages, salaries, bonuses, benefits, welfare and share-based compensation expenses, and other welfare for administrative personnel. Professional service fees relate to fees paid for legal, IT, human resources and other administrative-related professional services. Depreciation and amortization primarily represents the depreciation of property, plant and equipment and the amortization of intangible assets used for our general and administrative purposes. Office expenses include office leases, miscellaneous office expenses, and other expenses incurred by our management and administrative departments. **[REDACTED]** expenses are expenses in relation to the **[REDACTED]** and the **[REDACTED]**. Others primarily consist of audit remuneration and travel expenses.

We also expect our general and administrative expenses to increase in future periods to support our product development efforts and support any commercialization activities with respect to our product candidates, if approved. We also anticipate increased legal, compliance, accounting, insurance and investor and public relations expenses associated with being a public company in Hong Kong.

Given our robust pipeline of product candidates, as well as the NMPA accepting for review our NDA relating to relma-cel as a third-line treatment for DLBCL, we are in the process of building our sales and marketing team in anticipation of potential product launches in the coming years.

Funding for Our Operations

For the years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, we funded our operations primarily through equity financing. Going forward, in the event of successful commercialization of one or more of our product candidates, we expect to fund our operations in part with revenue generated from sales of our product candidates. However, with the continuing expansion of our business and development of our products, we may require further funding through public or private equity offerings, debt financing and other sources. Any changes in our ability to fund our operations will affect our cash flow and results of operation.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial information. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. Estimates and judgments are continually re-evaluated and are based on historical experience and other factors, including industry practices and expectations of future events that we believe to be reasonable under the circumstances.

Under current circumstances, we do not expect that our assumptions or estimates are likely to change significantly in the future. When reviewing our consolidated financial information, you should consider (i) our critical accounting policies, (ii) the judgments and other uncertainties affecting the application of such policies and (iii) the sensitivity of reported results to changes in conditions and assumptions.

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 information. For further details of our significant accounting policies and estimates, which are important for an understanding of our financial condition and results of operations, please see notes 2 and 4 in "Appendix I — Accountants' Report" to this document.

Significant Accounting Policies

Share-based payment

We operate stock options and restricted share units ("**RSUs**") granted to employees and consultants, under which the entity receives services from employees as consideration for equity instruments of our Group. The fair value of the employee services received in exchange for the grant of equity instruments (options and RSUs) is recognized as an expense on the consolidated financial information. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted: including any market performance conditions; excluding the impact of any service and non-market performance vesting conditions (for example, the requirement for employees to serve); and including the impact of any non-vesting conditions.

At the end of each reporting period, we revise our estimates of the number of options and RSUs that are expected to vest based on the non-market vesting performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statements of comprehensive loss, with a corresponding adjustment to equity. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purpose of recognizing the expense in full on grant date as these equity instruments granted can be vested immediately.

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, we include the incremental fair value granted in the measurement of the amount recognized for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognized over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognized over the remainder of the original vesting period.

The grant by our Company of options over its equity instruments to the employees of subsidiaries in our Group are treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investment in subsidiaries undertakings, with a corresponding credit to equity in our separate financial information.

Business combinations and goodwill

We account business combinations using the acquisition method. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by us in

exchange for control of the acquiree. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

We recognize any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Goodwill is recorded as the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of our previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purpose, being the operating segments.

Impairment of non-financial assets

Intangible assets, right-of-use assets and property, and plant and equipment that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Goodwill and intangible assets with indefinite useful lives or not ready for use will not be amortized but tested for impairment annually either individually or at the cash-generating unit level. The impairment test would compare the recoverable amount of the in-licenses to its carrying

value. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Preferred shares and warrants

During the Track Record Period, we entered into a series of share purchase agreements with financial investors and issued preferred shares. Preferred Shares issued by us are redeemable upon occurrence of certain future events. Those instruments can be converted into ordinary shares of our Company at any time at the option of the holders or automatically converted into ordinary shares upon occurrence of the **[REDACTED]**. We designated the Preferred Shares as financial liabilities at fair value through profit or loss. They are initially recognized at fair value. Subsequent to initial recognition, the Preferred Shares are carried at fair value with changes in fair value recognized in the consolidated statements of comprehensive loss. If our credit risk results in fair value changes in financial liabilities designated as at fair value through profit or loss, they are recognized in other comprehensive income in the circumstances other than avoiding accounting mismatch or recognizing in profit or loss for loan commitments or financial guarantee contracts.

We issued warrants for the upfront payments pursuant to the licensing agreements as cash-settled share-based payments. The warrants can be exercised and settled with preferred shares upon certain conditions as set forth in the licensing agreements. The fair value of the warrants for cash-settled transaction is re-measured at each reporting date and at the date of settlement. Any changes in fair value of warrants are recognized in profit or loss. Upon exercise of the warrants, the share-based payments are settled with preferred shares and accounted for as financial liabilities measured at fair value.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs incurred during the construction period are capitalized.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of such items can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance expenses are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs less their residual values over their estimated useful lives, as follows:

Machinery	5 years
Electronic equipment	5-10 years
Leasehold improvements	Over the shorter of the lease term or the estimated useful life

The assets' residual value and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognized as "Other gains/(losses) — net" in our consolidated statements of comprehensive loss.

Construction in progress represents unfinished construction and equipment under construction or pending installation, and is stated at cost less impairment losses. Cost comprises direct costs of construction including borrowing costs attributable to the construction during the period of construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use.

Intangible assets (software and licenses)

Computer software is recognized at historical cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses. The Group amortized on a straight-line basis over their estimated useful lives of 5-10 years.

Intangible assets acquired separately are measured on initial recognition at cost.

Certain intangible assets are for license of intellectual properties in development, with non-refundable upfront payments, milestone payments and royalty payments. Upfront payments are capitalized when paid. Milestone payments are capitalized as intangible assets when incurred, unless the payment is for outsourced research and development work, which would follow the capitalization policy. Royalty payments would be accrued for in line with the underlying sales and recognized as a cost of sales. However, if the intangible asset is acquired in a business combination, it is measured at fair value at initial recognition. Intangible assets with finite useful lives are amortized using the straight-line basis over the commercial lives of the underlying products, continuing from the date when the products are put into commercial production.

Critical Accounting Estimates

Research and development expenses

Research and development costs incurred on our product pipeline are capitalized only when we can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, our intention to complete and our ability to use or sell the asset, how the asset will generate probable future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria are expensed when incurred. Determining the amounts to be capitalized requires management to make judgment regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. During the Track Record Period, all expenses incurred for research and development activities were regarded as research expenses and therefore were expensed when incurred.

Deferred income tax

We deferred tax assets based on estimates that it is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilized. The recognition of deferred tax assets mainly involved management's judgements and estimations about the timing and the amount of taxable profits of the companies who had tax losses. During the Track Record Period, deferred tax assets have not been recognized in respect of these accumulated tax losses and other deductible temporary differences based on the fact that we have several product candidates and most of them were in earlier research and development stage and the future taxable profits would be uncertain.

Intangible assets acquired in a business combination

If an intangible asset is acquired in a business combination, the cost of that intangible asset is its fair value at the acquisition date. The fair value of an intangible asset will reflect market participants' expectations at the acquisition date about the probability that the expected future economic benefits embodied in the asset will flow to the entity. In other words, the entity expects there to be an inflow of economic benefits, even if there is uncertainty about the timing or the amount of the inflow. If an asset acquired in a business combination is separable or arises from contractual or other legal rights, sufficient information exists to measure reliably the fair value of the asset.

An acquirer recognizes at the acquisition date, separately from goodwill, an intangible asset of the acquiree, irrespective of whether the asset had been recognized by the acquiree before the business combination. This means that the acquirer recognizes as an asset separately from goodwill an in-process research and development project of the acquiree if the project meets the definition of an intangible asset. An acquiree's in-process research and development project meets the definition of an intangible asset when it: meets the definition of an asset; and is identifiable which means it is separable or arises from the contractual or other legal rights.

If an intangible asset acquired in a business combination is separable or arises from contractual or other legal rights, sufficient information exists to measure reliably the fair value of the asset. Determination of the fair value is an area involving management judgement in order to assess whether the carrying value of the intangible assets not ready for use can be supported by the net present value of future cash flows. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of (i) timing of commercialization, productivity and market penetration rate; (ii) revenue growth rate; (iii) costs and operating expenses; (iv) the selection of discount rates; and (v) success rate of commercialization to reflect the risks involved. An intangible asset acquired in a business combination might be separable, but only together with a related contract, identifiable asset or liability. In such cases, the acquirer recognizes the intangible asset separately from goodwill, but together with the related item.

Impairment of intangible assets not ready for use

Intangible assets not ready for use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. We obtained in-licenses through separate acquisition or business combination to continue research and development work and commercialize the products, which are classified as intangible assets not ready for use.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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.

Estimation of fair value of preferred shares and warrants

We have issued four series of preferred shares:

- In 2018, approximately 3.2 million Series A1 Preferred Shares for cash consideration of approximately US$44.4 million (equivalent to approximately RMB281.7 million) as well as approximately 642.0 thousand Series A1 Preferred Shares after Juno exercised its first warrant pursuant to the License and Strategic Alliance Agreement;

- In 2019, approximately 3.1 million Series A2 Preferred Shares for cash consideration of approximately US$55.6 million (equivalent to approximately RMB373.8 million) as well as approximately 3.3 million Series A2 Preferred Shares after Juno exercised its second warrant pursuant to the License and Strategic Alliance Agreement;

- In 2019, approximately 466.6 thousand Series X Preferred Shares after Juno exercised its first warrant pursuant to the BCMA License Agreement; and

- In 2020, approximately 4.9 million Series B Preferred Shares for cash consideration of US$100 million (equivalent to approximately RMB709.1 million).

The Preferred Shares are recognized in our financial information as financial liabilities at fair value through profit or loss because the conversion feature represents an embedded derivative. We apply IFRS 13 for financial instruments that are measured in our consolidated balance sheets at fair value. With the assistance of an independent valuer, the discounted cash flow method was used to determine the total equity value of our Group and then equity allocation model was adopted to determine the fair value of our Preferred Shares as the dates of issuance and at the end of the reporting periods. The key valuation assumptions used to determine the fair value of the Preferred Shares at each balance sheet date are as follows:

	As at December 31,		As at June 30,
	2018	2019	2020
Discount rate	19.0%	17.5%	17.0%
Risk-free interest rate	2.48%	1.59%	0.18%
Volatility	42%	48%	50%
[REDACTED] Possibility	10%	20%	60%

Fair values of the Preferred Shares are affected by changes in volatility. If volatility of the fair value of the Preferred Shares had increased/decreased by 5% with all other variables held constant, our loss before income tax for the years ended December 31, 2018 and 2019 and the six months ended June 30, 2019 and 2020 would have been approximately RMB1,548,000 lower/RMB1,290,000 higher, RMB3,759,000 lower/RMB3,282,000 higher, RMB4,148,000 lower/RMB3,884,000 higher and RMB1,533,000 higher/RMB1,542,000 lower, respectively.

For further details concerning valuation of our Preferred Shares, please see Note 2.14, Note 3.3 and Note 28 in "Appendix I — Accountants' Report" to this document.

During the Track Record Period, we issued warrants to Juno in connection with the License and Strategic Alliance Agreement and the BCMA License Agreement. Pursuant to the terms of the warrants, Juno has the right to subscribe for the Company's preferred shares at a pre-determined price during a specific period. We issued Series A1 and A2 Preferred Shares to Juno in May 2018 and May 2019, respectively, after Juno exercised its two warrants under the License and Strategic Alliance Agreement. In November 2019, we issued Series X Preferred Shares to Juno after it exercised its first warrant under the BCMA License Agreement. As of the Latest Practicable Date, Juno has yet to exercise its second warrant for Series X Preferred Shares under the BCMA License Agreement.

Warrant liabilities are initially recognized at fair value on the grant date as a cash-settled share-based payment and are subsequently re-measured to their fair value at the end of each reporting period. The warrants are not traded in an active securities market, as such, with the assistance from an independent valuer, discounted cash flow method was adopted to determine the fair value of warrants. Key assumptions at the issuance are set as below:

License and Strategic Alliance Agreement Warrants:

	As at December 31,
	2018
Time to maturity	0.36 years
Discount rate	19%
Risk-free interest rate	3.5%

BCMA License Agreement Warrants:

	As at December 31,	As at June 30,
	2019	2020
Time to maturity	2.28 years	1.78 years
Discount rate	17.5%	17%
Risk-free interest rate	3.0%	2.5%

For further details concerning our warrants, please see Note 2.15 and Note 29 in "Appendix I — Accountants' Report" to this document.

DESCRIPTION OF SELECTED COMPONENTS OF STATEMENTS OF COMPREHENSIVE LOSS

The table below sets forth our consolidated statements of comprehensive loss for the periods indicated derived from our consolidated statements of comprehensive loss set out in the Accountants' Report included in Appendix I to this document:

	Year ended December 31,		Six months ended June 30,	
	2018	2019	2019	2020
		(RMB'000)		
			(Unaudited)	
Research and development expenses	(75,989)	(136,107)	(54,256)	(82,266)
General and administrative expenses	(41,259)	(72,892)	(25,556)	(81,007)
Other gains/(losses), net	4,801	(1,165)	(695)	4,115
Other income	215	5,483	402	847
Operating loss	**(112,232)**	**(204,681)**	**(80,105)**	**(158,311)**
Finance (costs)/income — net	(1,825)	469	(729)	(164)
Fair value loss of preferred shares	(46,028)	(128,781)	(3,901)	(484,442)
Fair value loss of warrants	(112,531)	(300,264)	(273,134)	(7,112)
Loss before income tax	**(272,616)**	**(633,257)**	**(357,869)**	**(650,029)**
Income tax expense	—	—	—	—
Loss for the year/period	**(272,616)**	**(633,257)**	**(357,869)**	**(650,029)**
Loss attributable to owners of the Company:	(272,616)	(633,257)	(357,869)	(650,029)

Revenue

We did not generate any revenue for the years ended December 31, 2018 and 2019 and the six months ended June 30, 2020.

Research and Development Expenses

Our research and development expenses primarily consist of employee benefit expenses for research and development personnel, R&D materials, testing and clinical expenses, depreciation and amortization and office expenses. Employee benefit expenses consist of wages, salaries and bonuses, contributions to pension plans, welfare and other expenses, share-based payment expenses and other welfare for research and development employees. R&D materials represents primarily raw materials and consumables. Testing and clinical expenses consist of fees in connection with third party services in conjunction with our clinical trials. Depreciation and amortization primarily represents the depreciation and amortization of our right-of-use assets and machinery and our property, plant and equipment used in our research and development activities. Office expenses include leasing and office expenses related to research and development. Others primarily include travel expenses. The following table provides a breakdown of our research and development expenses for the years ended December 31, 2018 and 2019 and the six months ended June 30, 2019 and 2020:

	Year ended December 31,		Six months ended June 30,	
	2018	2019	2019	2020
	(RMB'000)			
			(Unaudited)	
Employee benefit expenses	18,876	52,935	18,282	40,943
— Share-based compensation expenses	—	10,801	—	10,070
R&D materials	21,164	33,180	17,091	8,777
Testing and clinical expenses	23,024	27,818	10,751	19,729
Depreciation and amortization	4,760	14,949	5,270	9,401
Office expenses	5,149	5,649	2,372	2,806
Others	3,016	1,576	490	610
Total	**75,989**	**136,107**	**54,256**	**82,266**

General and Administrative Expenses

Our general and administrative expenses primarily consist of employee benefit expenses for administrative personnel, professional service fees, depreciation and amortization, office expenses, **[REDACTED]** expenses and others. Employee benefit expenses consist of employee's wages, salaries, bonuses, benefits, welfare, share-based compensation expenses and other welfare for administrative personnel. Professional service fees consist of fees paid for legal, IT, human resources and other administrative-related professional services. Depreciation and amortization primarily represents the depreciation of property, plant and equipment and the amortization of intangible assets used for our general and administrative purposes. Office expenses include office leases, miscellaneous office expenses incurred by our management and administrative departments. **[REDACTED]** expenses are expenses in relation to the **[REDACTED]** and the **[REDACTED]**.

Others primarily consist of audit remuneration and travel expenses. The following table provides a breakdown of our general and administrative expenses for the years ended December 31, 2018 and 2019 and the six months ended June 30, 2019 and 2020:

	Year ended December 31,		Six months ended June 30,	
	2018	2019	2019	2020
		(RMB'000)		
			(Unaudited)	
Employee benefit expenses	20,362	43,900	13,185	62,048
— Share-based compensation expenses	—	4,642	—	47,401
Professional service fees	12,444	14,110	6,093	7,152
Depreciation and amortization	349	2,354	1,645	1,273
Office expenses	3,507	6,783	2,344	2,263
[REDACTED] expenses	—	—	—	**[REDACTED]**
Others	4,597	5,745	2,289	602
Total	**41,259**	**72,892**	**25,556**	**81,007**

Other Gains and Losses

Other gains and losses consist primarily of foreign exchange gains and losses and a bargain purchase gain recognized in connection with our acquisition of Syracuse Hong Kong, being the difference between the net assets acquired and the consideration paid. The following table sets forth a breakdown of our other gains and losses for the years ended December 31, 2018 and 2019 and the six months ended June 30, 2019 and 2020. We experience net foreign exchange gain/(losses) as some of our expenses are denominated in US$, while the functional currency of our operating subsidiaries in China is in RMB.

	Year ended December 31,		Six months ended June 30,	
	2018	2019	2019	2020
		(RMB'000)		
			(Unaudited)	
Net foreign exchange gain/(losses)	4,524	(1,086)	(381)	(1,901)
Bargain purchase gain	—	—	—	6,016
Others	277	(79)	(314)	—
Total	**4,801**	**(1,165)**	**(695)**	**4,115**

Other Income

Other income consists of government grants, which are subsidies received from the government as compensation for our research and development. Some of the grants received are related to future costs expected to be incurred and require us to comply with conditions attached to the grants and the government to acknowledge the compliance of these conditions. During the

Track Record Period, we have received grants from various government bureaus, such as the Science and Technology Commission of Shanghai Municipality and Shanghai Municipal Tax Service of the State Tax Administration. When the criteria set by the government bureau for such grants are met, which is based on the progress of our clinical trials, the proportion of the qualified funds which have met the criteria is recognized as "other income" and the remaining balance is recorded as "accruals and other payables — deferred income." The following table indicates the amount of our other income for the years ended December 31, 2018 and 2019 and the six months ended June 30, 2019 and 2020.

	Year ended December 31,		Six months ended June 30,	
	2018	2019	2019	2020
		(RMB'000)		
			(Unaudited)	
Government grants	215	5,483	402	847

Finance Costs and Income

Our finance costs consist of interest expense on bank borrowings and interest expense on lease liabilities, while our finance income consists of interest income from bank deposits. The following table provides a breakdown of our finance costs and income for the years ended December 31, 2018 and 2019 and the six months ended June 30, 2019 and 2020:

	Year ended December 31,		Six months ended June 30,	
	2018	2019	2019	2020
		(RMB'000)		
			(Unaudited)	
Interest expense on bank borrowings	(2,017)	(779)	(385)	(2,009)
Less: amounts capitalized in property, plant and equipment	—	312	—	2,009
	(2,017)	(467)	(385)	—
Interest expenses on lease liabilities	(900)	(884)	(499)	(290)
Total finance costs	**(2,917)**	**(1,351)**	**(884)**	**(290)**
Interest income on bank deposits	1,092	1,820	155	126
Total finance income	**1,092**	**1,820**	**155**	**126**
Finance costs/income — net	**(1,825)**	**469**	**(729)**	**(164)**

For further details, see "— Borrowings" in this section.

Fair Value Loss of Preferred Shares

During the Track Record Period, we entered into a series of share purchase agreements with financial investors and issued preferred shares. Fair value loss of preferred shares represents changes in the fair value of our Preferred Shares. Subsequent to initial recognition, changes in the fair value of our Preferred Shares are recognized in the consolidated statements of comprehensive loss. We recognized a fair value loss of preferred shares of RMB46.0 million, RMB128.8 million and RMB484.4 million for 2018, 2019 and the six months ended June 30, 2020. Upon **[REDACTED]**, the Preferred Shares will be automatically converted into Shares, after which we do not expect to recognize any further loss or gain on fair value changes of the Preferred Shares.

Fair Value Loss of Warrants

Fair value loss of warrants represents primarily of the non-cash expenses incurred in connection with changes in the fair value of the warrants that we issued to Juno in 2017 and 2019 in relation to the License and Strategic Alliance Agreement and the BCMA License Agreement, respectively. Juno exercised its two warrants under the License and Strategic Alliance Agreement in May 2018 to purchase Series A1 Preferred Shares and in May 2019 to purchase Series A2 Preferred Shares. In connection with the BCMA License Agreement, in November 2019, Juno exercise its first warrant to purchase Series X Preferred Shares. As of the Latest Practicable Date, Juno had not yet exercised its second warrant in connection with the BCMA License Agreement.

Income Tax

Our Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of our Group are domiciled and operate.

Cayman Islands

We are incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. There is no income tax in the Cayman Islands and accordingly, the operating results reported by us, is not subject to any income tax in the Cayman Islands.

Hong Kong

No provision for Hong Kong profits tax has been provided for at the rate of 16.5% as we have no estimated assessable profit.

Mainland China

No provision for Mainland China income tax has been provided for at a rate of 25% pursuant to the CIT Law, as our PRC entities have no estimated assessable profits.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2020 Compared to Six Months Ended June 30, 2019

Research and Development Expenses

Our research and development expenses increased from RMB54.3 million for the six months ended June 30, 2019 to RMB82.3 million for the six months ended June 30, 2020. This was primarily attributable to an increase of RMB22.7 million in employee benefit expenses, which was primarily due to (i) an increase in share-based compensation expenses and (ii) an increase in headcount. Additionally, there was an increase in testing and clinical expenses from RMB10.8 million to RMB19.7 million due to the preparation of our NDA submission for relma-cel. These effects were partially offset by a decrease of RMB8.3 million in R&D materials cost, as we had nearly completed the clinical trials for our Core Product Candidate during the period and were preparing IND applications for our other clinical trials and also experienced a slowdown of clinical trials due to impact of COVID-19.

General and Administrative Expenses

Our general and administrative expenses increased significantly from RMB25.6 million for the six months ended June 30, 2019 to RMB81.0 million for the six months ended June 30, 2020. This was primarily attributable to an increase in employee benefit expenses from RMB13.2 million to RMB62.0 million, of which share-based compensation expenses increased from nil to RMB47.4 million. We also incurred a **[REDACTED]** expense of **[REDACTED]** during the six months ended June 30, 2020.

Other Gains and Losses

Our other gains and losses increased from a net loss of RMB0.7 million for the six months ended June 30, 2019 to a net gain of RMB4.1 million for the six months ended June 30, 2020, primarily due to a bargain purchase gain of RMB6.0 million recognized in connection with our acquisition of Syracuse Hong Kong.

Other Income

Our other income increased from RMB0.4 million for the six months ended 2019 to RMB0.8 million for the six months ended June 30, 2020 due to an increase in the recognition of government grants during this period.

Finance Costs and Income

Our net finance costs decreased from RMB0.7 million for the six months ended June 30, 2019 to RMB0.2 million for the six months ended June 30, 2020, primarily attributable to a decrease in finance costs from (1) repayment of certain bank borrowings (2) and the capitalization of interest expense incurred under JW Suzhou's fixed asset loan of RMB100 million which was entered into on October 16, 2019.

Fair Value Loss of Preferred Shares

Fair value loss of preferred shares issued to investors increased significantly from RMB3.9 million for the six months ended June 30, 2019 to RMB484.4 million for the six months ended June 30, 2020, primarily due to the issuance of additional Series A2 Preferred Shares pursuant to Juno's exercise of its second warrant under the License and Strategic Alliance Agreement in May 2019 and the increase in our Company's valuation.

Fair Value Loss of Warrants

Fair value loss of warrants issued to investors decreased significantly from RMB273.1 million for the six months ended June 30, 2019 to RMB7.1 million for the six months ended June 30, 2020, primarily due to Juno's exercise of its second warrant under the License and Strategic Alliance Agreement in May 2019 to purchase Series A2 Preferred Shares.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Research and Development Expenses

Our research and development expenses increased from RMB76.0 million for the year ended December 31, 2018 to RMB136.1 million for the year ended December 31, 2019. This increase was primarily due to an increase of RMB34.1 million in employee benefit expenses, which was primarily due to (i) an increase in share-based compensation expenses and (ii) an increase in headcount. The increase in research and development expenses was also due in part to an increase of RMB12.0 million in R&D materials cost, which resulted from a substantial increase in the number patients enrolled in clinical trials in 2019, as well as an increase of RMB10.2 million in depreciation and amortization primarily attributable to an expansion of business operations.

General and Administrative Expenses

Our general and administrative expenses increased by RMB31.6 million, from RMB41.3 million for the year ended December 31, 2018 to RMB72.9 million for the year ended December 31, 2019. This increase resulted primarily from an increase in employee benefit expenses of RMB23.5 million, of which share-based compensation expenses increased from nil to RMB4.6 million, which in turn resulted from an increase in stock options and RSUs issued under our Pre-**[REDACTED]** Incentivization Scheme and Restricted Share Unit Scheme. Additional factors that contributed to the increase in general and administrative expenses included an increase of RMB3.3 million in office expenses, and an increase of RMB2.0 million in depreciation and amortization, which primarily resulted from expansion of business operations.

Other Gains and Losses

Our net other losses were RMB1.2 million for the year ended December 31, 2019, representing a change of RMB6.0 million from net other gains of RMB4.8 million for the year ended December 31, 2018. The net gain in 2018 and the net loss in 2019 both resulted from movements in foreign exchange rates between RMB and US$.

Other Income

Our other income increased from RMB0.2 million for the year ended December 31, 2018 to RMB5.5 million for the year ended December 31, 2019 due to an increase in the level of government grants received, which in turn was primarily due to RMB2.8 million in grants received by JW Shanghai in 2019, and RMB2.6 million in grants received by Shanghai Ming Ju in 2019, that were not received by those entities in 2018.

Finance Costs and Income

Our net finance income for the year ended December 31, 2019 was RMB0.5 million, representing a change of RMB2.3 million as compared to net finance cost of RMB1.8 million for the year ended December 31, 2018. This change primarily resulted from a decrease of RMB1.5 million in interest expense on bank borrowings from 2018 to 2019 because of loan repayments, the effects of which were partially offset by an increase of RMB0.7 million in interest income on bank deposits from 2018 to 2019.

Fair Value Loss of Preferred Shares

Fair value loss of preferred shares issued to investors increased from RMB46.0 million for the year ended December 31, 2018 to RMB128.8 million for the year ended December 31, 2019, primarily due to the issuance of preferred shares to Juno under the License and Strategic Alliance Agreement and an increase in the Company's valuation.

Fair Value Loss of Warrants

Fair value loss of warrants issued to investors increased significantly from RMB112.5 million for the year ended December 31, 2018 to RMB300.3 million for the year ended December 31, 2019, primarily due to the warrants we issued to Juno under the BCMA License Agreement in 2019 and an increase in the Company's valuation.

DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED BALANCE SHEETS

The table below sets forth selected information from our consolidated balance sheets as of the dates indicated, which have been derived from the Accountants' Report set out in Appendix I.

	As at December 31,		As at June 30,
	2018	2019	2020
		(RMB'000)	
Total non-current assets	169,508	407,279	1,153,739
Total current assets	171,314	261,340	870,890
Total assets	**340,822**	**668,619**	**2,024,629**
Total current liabilities	225,290	122,817	200,086
Net current assets/(liabilities)	**(53,976)**	**138,523**	**670,804**
Total non-current liabilities	428,733	1,488,141	2,749,564
Total liabilities	**654,023**	**1,610,958**	**2,949,650**
Total deficit	**(313,201)**	**(942,339)**	**(925,021)**
Share capital	4	4	7
Reserves	38,610	42,729	710,073
Accumulated losses	(351,815)	(985,072)	(1,635,101)
Non-controlling interests	—	—	—
Total deficit	**(313,201)**	**(942,339)**	**(925,021)**

Our total assets increased significantly from RMB340.8 million as of December 31, 2018 to RMB668.6 million as of December 31, 2019, primarily because of the significant increases in our cash and cash equivalents from RMB133.7 million to RMB254.9 million, primarily resulting from our issuance of Series A2 Preferred Shares for cash consideration in USD. Our total assets further increased to RMB2,024.6 million as of June 30, 2020, primarily attributable to (i) an increase in cash and cash equivalents from RMB254.9 million to RMB860.2 million, primarily resulting from our issuance of Series B Preferred Shares for cash consideration in USD and (ii) an increase in the carrying value of intangible assets from RMB156.9 million as of December 31, 2019 to RMB835.9 million as of June 30, 2020, primarily resulting from the recognition of the Eureka License Agreement that we acquired under the Asset Purchase Agreement in the amount of RMB674.7 million.

Our total liabilities increased significantly from RMB654.0 million as of December 31, 2018 to RMB1,611.0 million as of December 31, 2019, primarily because of the significant increase in preferred shares issued to investors from RMB413.2 million as of December 31, 2018 to RMB1,420.5 million as of December 31, 2019. Our total liabilities further increased to RMB2,949.7 million as of June 30, 2020, also primarily because of the significant increase in preferred shares issued to investors in the amount of RMB2,637.4 million as of June 30, 2020. We expect to reverse our net liabilities position following the completion of the **[REDACTED]**, since our Preferred Shares will convert to Shares and will no longer be recorded as liabilities.

NET CURRENT ASSETS/LIABILITIES

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As at December 31,		As at June 30,
	2018	2019	2020
		(RMB'000)	
Current assets			
Other receivables and prepayments	1,276	2,986	7,153
Restricted bank deposits	36,375	3,488	3,540
Cash and cash equivalents	133,663	254,886	860,197
Total current assets	**171,314**	**261,340**	**870,890**
Current liabilities			
Borrowings	40,054	—	—
Lease liabilities	3,098	10,096	10,135
Accruals and other payables	48,443	93,404	111,390
Contingent consideration for business combination	—	—	51,793
Warrants	133,695	19,317	26,768
Total current liabilities	**225,290**	**122,817**	**200,086**
Net current assets/(liabilities)	**(53,976)**	**138,523**	**670,804**

Our net current assets increased from RMB138.5 million as at December 31, 2019 to RMB670.8 million as at June 30, 2020, being the latest practicable date for the purpose of liquidity disclosure in this document, primarily due to the funds raised from our issuance of Series B Preferred Shares in May 2020.

We had net current assets of RMB138.5 million as at December 31, 2019, as compared to net current liabilities of RMB54.0 million as at December 31, 2018. The change was primarily due to the funds raised from our issuance of Series A2 Preferred Shares for cash in May 2019 and Juno's exercise of warrants under the License and Strategic Alliance Agreement.

Other Receivables and Prepayments

Our other receivables and prepayments primarily consist of prepaid consulting fees, prepaid insurance and, and deposits for leasing office space. The table below sets forth our other receivables and prepayments as at December 31, 2018 and 2019 and as at June 30, 2020.

	As at December 31,		As at June 30,
	2018	2019	2020
		(RMB'000)	
Prepayments to suppliers	945	2,899	5,075
Deposits	331	87	1,975
Others	—	—	103
Total	**1,276**	**2,986**	**7,153**

Restricted Bank Deposits

Restricted bank deposits consist of restricted cash pledged for borrowings as at December 31, 2018, and restricted cash deposits for hedging arrangements as at December 31, 2019 and June 30, 2020. The restricted cash deposits for hedging arrangements relate to deposits we have with Silicon Valley Bank, with which we have an option to enter into certain hedging arrangements at our discretion. As at the Latest Practicable Date, we do not have any hedging arrangements. The following table sets forth a breakdown of our restricted bank deposits as at December 31, 2018 and 2019 and as at June 30, 2020:

	As at December 31,		As at June 30,
	2018	2019	2020
		(RMB'000)	
Restricted cash pledged for borrowings	36,375	—	—
Restricted cash deposit for hedging arrangements	—	3,488	3,540
Total	**36,375**	**3,488**	**3,540**

Cash and Cash Equivalents

Cash and cash equivalents were RMB133.7 million and RMB254.9 million as at December 31, 2018 and 2019, respectively, and RMB860.2 million as at June 30, 2020, primarily consisting of time deposits with original maturity of less than one year. The increase was primarily attributable to the funds we received from our financing activities.

Borrowings

Our borrowings consist primarily of a secured insurance loan for JW Shanghai as at December 31, 2018, and unsecured bank borrowings for the construction of our commercial manufacturing facility in Suzhou as at December 31, 2019 and June 30, 2020. As of June 30, 2020, JW Suzhou had an outstanding unsecured loan from China Construction Bank in the amount of RMB100.0 million for the purpose of investments in fixed assets, with a floating interest rate of the China Loan Prime Rate plus five basis points and a maturity of six years. We have not breached any covenants with respect to the outstanding unsecured loan from China Construction Bank, and this outstanding unsecured loan does not impact our ability to undertake additional debt or equity financing. The following table sets forth a breakdown of our borrowings as at December 31, 2018 and 2019 and as at June 30, 2020:

	As at December 31,		As at June 30,
	2018	2019	2020
		(RMB'000)	
Non-current unsecured bank borrowings	—	50,823	100,000
Current secured bank borrowings	40,054	—	—
Total borrowings	**40,054**	**50,823**	**100,000**

As at December 31, 2018, 2019 and June 30, 2020, our borrowings were repayable as follows:

	As at December 31,		As at June 30,
	2018	2019	2020
		(RMB'000)	
Within 1 year	40,054	—	—
Between 1 and 2 years	—	—	2,500
Between 2 and 3 years	—	5,000	8,500
Between 3 and 4 years	—	12,000	21,500
Between 4 and 5 years	—	31,000	41,500
Between 5 and 6 years	—	2,823	26,000
	40,054	**50,823**	**100,000**

The weighted average effective interest rates at each balance sheet date were as follows:

	As at December 31,		As at June 30,
	2018	2019	2020
Bank borrowings — RMB	5.68%	4.78%	4.90%

Lease Liabilities

Our lease liabilities are in relation to properties that we lease for operation, mainly office premises. We record lease liabilities of RMB18.6 million, RMB27.0 million and RMB22.3 million as of December 31, 2018 and 2019 and June 30, 2020, respectively.

The following table sets forth a breakdown of our lease liabilities as at December 31, 2018 and 2019 and as at June 30, 2020:

	As at December 31,		As at June 30,
	2018	2019	2020
		(RMB'000)	
Minimum lease payments due			
— Within 1 year	3,890	11,094	10,881
— Between 1 and 2 years	6,048	9,814	9,619
— Between 2 and 5 years	10,272	7,702	2,769
	20,210	28,610	23,269
Less: future finance charges	(1,574)	(1,650)	(1,010)
Present value of lease liabilities	**18,636**	**26,960**	**22,259**

	As at December 31,		As at June 30,
	2018	2019	2020
		(RMB'000)	
Minimum lease payments due			
— Within 1 year	3,098	10,096	10,135
— Between 1 and 2 years	5,482	9,285	9,374
— Between 2 and 5 years	10,056	7,579	2,750
Present value of lease liabilities	**18,636**	**26,960**	**22,259**

Accruals and Other Payables

Our accruals and other payables primarily consist of payable for acquisition of a subsidiary, accrued expenses, payables for purchase of property, plant and equipment, payables for purchase of materials, staff salaries and welfare payables, payroll tax and deferred income. The following table sets forth a breakdown of our accruals and other payables as at December 31, 2018 and 2019 and as at June 30, 2020:

	As at December 31,		As at June 30,
	2018	2019	2020
		(RMB'000)	
Payable for acquisition of a subsidiary	—	—	39,200
Accrued expenses	18,095	17,002	28,178
Payables for purchase of property, plant and equipment	13,173	55,305	24,065
Payables for purchase of materials	8,480	7,701	6,739
Staff salaries and welfare payables	7,776	12,009	8,137
Payroll tax	561	331	512
Deferred income	358	1,056	4,559
Total	**48,443**	**93,404**	**111,390**

Accruals and other payables increased by RMB45.0 million from RMB48.4 million as of December 31, 2018 to RMB93.4 million as of December 31, 2019, primarily attributable to the increase in payable for the purchase of property, plant and equipment. It further increased from RMB93.4 million to RMB111.4 million as of June 30, 2020, primarily attributable to the increase in payable for the acquisition of a subsidiary in relation to the acquisition of Syracuse Hong Kong and its subsidiaries.

CERTAIN OTHER BALANCE SHEET ITEMS

Intangible Assets — Licenses

The following table sets forth a breakdown of our licenses as of the respective dates indicated:

	As of December 31,		As of June 30,
	2018	2019	2020
		(RMB'000)	
Licenses	79,407	144,477	821,292

As of December 31, 2018, 2019 and June 30, 2020, we had licenses with carrying value of RMB79.4 million, RMB144.5 million and RMB821.3 million, respectively. Licenses acquired separately are measured on initial recognition at cost. However, if the license was acquired in a business combination, it is measured at fair value at fair recognition. For further details, please see "— Significant Accounting Policies — Intangible assets (software and licenses)." The increase from December 31, 2018 to June 30, 2020 is primarily attributable to the recognition of the BCMA License Agreement we entered into in April 2019 in the amount of RMB61.3 million and the recognition of the Eureka License Agreement that we acquired under the Asset Purchase Agreement that we entered into in June 2020 in the amount of RMB764.7 million. For further details, please see the section headed "Business — Collaboration and License Agreements — Eureka License Agreement" in this document.

Prepayment for License

In January 2020, we entered into the Option and License Agreement with Acepodia, whereby Acepodia granted us an exclusive option (the "**Acepodia Option**") to acquire from Acepodia an exclusive, sublicensable and fee-bearing right and license under certain patents and know-how, including a Chinese patent application currently owned by the Regents of University of California, to manufacture, develop, use, sell, offer for sale, import and otherwise commercialize the Acepodia Products. In February 2020, we made our first payment under the Option and License Agreement to Acepodia in the amount of RMB7.1 million. For further details, please see the section headed "Business — Collaboration and License Agreements — Acepodia Option and License Agreement" in this document

LIQUIDITY AND CAPITAL RESOURCES

Overview

Management monitors and maintains a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations. In addition, management monitors our borrowings and, from time to time, evaluates operations to renew our borrowings upon expiry based on our actual business requirements. We rely on equity financing as our major sources of liquidity. Our Directors confirm that we had not experienced any difficulty in obtaining bank loans and other borrowings, default in payment of bank borrowings, trade and non-trade payables or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period, we incurred negative cash flows from operations, and substantially all of our operating cash outflows resulted from our research and development expenses and general and administrative expenses. Our operating activities used RMB106.2 million, RMB188.9 million and RMB106.9 million for the years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, respectively. As our business develops and expands, we expect to generate more cash inflows from our operating activities, through launching and commercializing our products and enhancing our cost containment capacity and operating efficiency.

Cash Flows

The following table sets forth our cash flows for the periods indicated:

	Year ended December 31,		Six Months ended June 30,	
	2018	2019	2019	2020
		(RMB'000)		
			(Unaudited)	
Net cash used in operating activities	(106,226)	(188,923)	(103,726)	(106,877)
Net cash used in investing activities	(44,148)	(117,554)	(19,482)	(41,694)
Net cash generated from financing activities	249,825	414,049	355,307	750,526
Net increase in cash and cash equivalents	**99,451**	**107,572**	**232,099**	**601,955**
Cash and cash equivalents at the beginning of the year/period	21,202	133,663	133,663	254,866
Exchange gain on cash and cash equivalents	13,010	13,631	7,423	3,376
Cash and cash equivalents at the end of the year/period	**133,663**	**254,866**	**373,185**	**860,197**

Net Cash Used in Operating Activities

Since inception, we have incurred negative cash flows from our operations. Substantially all of our operating cash outflows resulted from our research and development costs and general and administrative expenses.

For the six months ended June 30, 2020, our net cash used in operating activities was RMB106.9 million. The difference between our net cash used in operating activities and our loss before income tax of RMB650.0 million resulted primarily from (i) adjustment for fair value change on preferred shares of RMB484.4 million and (ii) adjustment for share-based compensation expenses of RMB57.5 million, partially offset by changes in working capital. Changes in working capital mainly included an increase in other assets of RMB12.2 million, partially offset by an increase in accruals and other payables of RMB3.6 million.

In 2019, our net cash used in operating activities was RMB188.9 million. The difference between our net cash used in operating activities and our loss before income tax of RMB633.3 million resulted primarily from (i) adjustment for fair value change on warrants of RMB300.3 million, (ii) adjustment for fair value change in on preferred shares of RMB128.8 million, (iii) adjustment for share-based compensation expenses of RMB15.4 million and (iv) adjustment for depreciation of RMB17.1 million, partially offset by changes in working capital. Changes in working capital mainly included an increase in other assets of RMB16.4 million and an increase in prepayments and other receivables of RMB1.7 million.

In 2018, our net cash used in operating activities was RMB106.2 million. The difference between our net cash used in operating activities and our loss before income tax of RMB272.6 million, resulted primarily from (i) adjustment for fair value change on preferred shares of RMB46.0 million, (ii) adjustment for fair value change of warrants of RMB112.5 million, and (iii) adjustment for depreciation of RMB5.0 million, partially offset by changes in working capital. Changes in working capital mainly included an increase in other assets of RMB7.6 million, partially offset by an increase in accruals and other payables of RMB4.3 million.

Net Cash Used in Investing Activities

For the six months ended June 30, 2020, our net cash used in investing activities was RMB41.7 million, which was primarily attributable to the construction of our manufacturing plant in Suzhou, partially offset by cash acquired from the acquisition of Syracuse Hong Kong and its subsidiaries.

In 2019, our net cash used in investing activities was RMB117.6 million, which was primarily attributable to the construction of our manufacturing plant in Suzhou.

In 2018, our net cash used in investing activities was RMB44.1 million, which was primarily attributable to the acquisition of property, plant and equipment and software.

Net Cash Generated From Financing Activities

For the six months ended June 30, 2020, our net cash generated from financing activities was RMB750.5 million, which primarily reflects our issuance of Series B Preferred Shares for cash in May 2020.

In 2019, our net cash generated from financing activities was RMB414.0 million, which primarily reflects proceeds of RMB373.8 million from our issuance of Series A2 Preferred Shares for cash in May 2019, as well as a decrease of RMB36.4 million in restricted bank deposits and proceeds of bank borrowings (net of repayments of bank borrowings) of RMB10.8 million, partially offset by payment of lease liabilities of RMB5.2 million and interest paid for lease liabilities of RMB0.9 million.

In 2018, our net cash generated from financing activities was RMB249.8 million, which was primarily attributable to proceeds of RMB281.7 million from our issuance of Series A1 Preferred Shares in February 2018 as well as proceeds from bank borrowings of RMB10.1 million, partially offset by an increase of RMB36.4 million in restricted bank deposits.

CASH OPERATING COSTS

Our cash operating costs primarily consist of research and development expenses. The following table sets forth key information relating to cash operating costs incurred by us relating to our Core Product Candidate, relma-cel, and our other product candidates for the periods indicated:

	Year ended December 31,		Six months ended
	2018	2019	June 30, 2020
		(RMB'000)	
Costs Relating to Research and Development of our Core Product Candidate (Relma-cel)			
Testing and clinical expenses	19,154	29,010	15,614
Raw materials and consumables used	14,178	26,149	2,668
Employee benefits expenses	18,876	34,940	28,087
Others[(1)]	15,993	26,253	9,740
Subtotal	**68,201**	**116,352**	**56,109**
Costs Relating to Research and Development of Our Other Product Candidates			
Testing and clinical expenses	—	—	2,970
Raw materials and consumables used	—	278	478
Employee benefits expenses	—	7,194	2,786
Subtotal	**—**	**7,472**	**6,234**
Workforce employment cost[(2)]	12,587	27,249	6,510
Direct product cost[(3)]	—	—	—
Product marketing[(4)]	—	—	—
Total	**80,788**	**151,073**	**68,853**

Notes:

(1) Primarily includes rental expenses and travel expenses of the R&D department.

(2) Workforce employment cost represents total non-R&D staff costs mainly including salaries and bonus.

(3) We had not commenced product manufacturing as at the Latest Practicable Date.

(4) We had not commenced product sales as at the Latest Practicable Date.

WORKING CAPITAL

Our Directors are of the opinion that, taking into account (i) the financial resources available, including cash and cash equivalents of RMB860.2 million as of June 30, 2020, available financing facilities and the estimated net **[REDACTED]** from the **[REDACTED]**, (ii) the expected commercialization timetable of relma-cel, our Core Product Candidate, and (iii) our cash burn rate, which is our cash and bank balances divided by average monthly net cash used in operating activities and capital expenditures, we have sufficient working capital to cover at least 125% of our costs, including research and development costs and general, administrative and operating costs (including any production costs) for at least the next 12 months from the expected date of this document.

INDEBTEDNESS

As of December 31, 2018 and 2019 and June 30, 2020, except as disclosed in the table below, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, any guarantees, litigations or claims of immaterial importance, pending or threatened against any member of our Group or other material contingent liabilities. We adopted IFRS 16 in the preparation of the historical financial information through the Track Record Period. Since December 31, 2019 and up to June 30, 2020, the latest practicable date for the purpose of this indebtedness statement, there had been no material adverse change to our indebtedness.

	As at December 31,		As at June 30,
	2018	2019	2020
		(RMB'000)	
Current			
Secured bank borrowings	40,054	—	—
Lease liabilities	3,098	10,096	10,135
Contingent consideration for business combination	—	—	51,793
Warrants	133,695	19,317	26,768
Non-Current			
Unsecured bank borrowings	—	50,823	100,000
Lease liabilities	15,538	16,864	12,124
Preferred shares	413,195	1,420,454	2,637,440
	605,580	**1,517,554**	**2,838,260**

COMMITMENTS

As of December 31, 2018 and 2019 and June 30, 2020, we had capital commitments of approximately nil, RMB2.3 million and RMB1.0 million, respectively, primarily in connection with the construction of our manufacturing plant in Suzhou. As of December 31, 2018 and 2019 and June 30, 2020, we also had lease commitments not yet commenced for short term leases and low value leases of approximately RMB0.3 million, RMB0.4 million and RMB1.1 million, respectively, primarily in connection with office premises and equipment rental.

Capital Commitments

	As at December 31,		As at June 30,
	2018	2019	2020
		(RMB'000)	
Property, plant and equipment	—	2,326	994

Lease Commitments (Short Term and Low Value Leases)

	As at December 31,		As at June 30,
	2018	2019	2020
		(RMB'000)	
No later than 1 year	237	361	896
Later than 1 year and no later than 2 years	8	8	101
Later than 2 years and no later than 5 years	22	14	55
	267	**383**	**1,052**

CONTINGENT LIABILITIES

As of June 30, 2020, we had a contingent liability in the form of contingent consideration for business combination of RMB51.8 million related to an indemnity holdback in relation to the Asset Purchase Agreement. As part of the Asset Purchase Agreement, we had set aside, in the form of the Syracuse Holdback Shares, an initial holdback amount of US$10.5 million for any future adjustments with deduction, including net working capital adjustment, taxes to be paid and other adjustments. The holdback after adjustments will be settled by our Company's ordinary shares at nil consideration by June 30, 2021.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

KEY FINANCIAL RATIOS

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

	As at December 31,		As at June 30,
	2018	2019	2020
Current Ratio[(1)]	0.8	2.1	4.4

Note:

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

The increase in current ratio was primarily due to the increase of cash and cash equivalents. The increase in cash and cash equivalents in 2019 was primarily attributable to net cash from financial activities of RMB414.0 million. The increase in cash and cash equivalents for the six months ended June 30, 2020 was primarily attributable to net cash from financing activities of RMB750.5 million.

RELATED PARTY TRANSACTIONS

The below table sets forth transactions between us and a related party during the Track Record Period.

	Year ended December 31,		Six Months ended June 30,	
	2018	2019	2019	2020
	(RMB'000)			
			(Unaudited)	
Purchase of materials — Juno	4,622	2,274	438	731
Purchase of materials — WuXi AppTec Group	2,053	808	418	143
Purchase of PPE — WuXi AppTec Group	—	—	—	69
Short-term lease and low value lease expenses — WuXi AppTec Group	2,647	2,851	1,361	1,387
Purchase of license — Juno	—	61,318	61,318	—
Receiving services — WuXi AppTec Group	7,945	7,832	5,632	3,512
Total	**17,267**	**75,083**	**69,167**	**5,842**

The below table sets forth the outstanding balances with a related party during the Track Record Period.

	As at December 31,		As at June 30,
	2018	2019	2020
		(RMB'000)	
Other receivables and prepayments — WuXi AppTec Group	—	73	—
Accruals and other payables — Dr. Li	1,000	—	—
Accruals and other payables — WuXi AppTec Group	5,453	3,932	4,888
Accruals and other payables — Juno	2,741	2,147	2,878
Total	**9,194**	**6,152**	**7,766**

Our Directors confirm that our material related party transactions during the Track Record Period in the aggregate would not distort our results of operations over the Track Record Period or make our historical results over the Track Record Period not reflective of our expectations for our future performance.

Details of our transactions with related parties during the Track Record Period are set out in the section headed "Connected Transactions" of this document.

MARKET RISK DISCLOSURE

We are exposed to a variety of financial risks, market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk, as our principal financial instruments mainly comprise of cash and bank balances and interest-bearing borrowings. Our Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our Group's financial performance.

Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not our Group entities' functional currency. The Company's functional currency is US$, however the consolidated financial information is presented in RMB, as the major operations of the Group are within the PRC.

Certain bank balances and other receivables and other payables are denominated in foreign currencies of respective group entities which are exposed to foreign currency risk. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. For example, some of our expenses are denominated in US$, while the functional currency of our operating subsidiaries in China is in RMB. Our Group has entities operating in US$, HKD and RMB, and our Group will constantly review the economic situation and its foreign exchange risk profile, and will consider additional appropriate hedging measures in the future, as may be necessary.

Most foreign exchange transactions were denominated in US$ for our group companies that have functional currency in RMB. At December 31, 2018 and 2019 and June 30, 2020, if the US$ strengthened/weakened by 5% against the RMB with all other variables held constant, net loss for the years/period would have been RMB3,244,000 lower/higher, RMB9,296,000 lower/higher and RMB38,885,000 lower/higher, respectively.

Cash Flow and Fair Value Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our Group's exposure to the risk of changes in market interest rates relates primarily to our Group's interest-bearing borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest-rate risk. Our Group has not hedged our cash flow or fair value interest-rate risk. The interest rates and terms of repayments of borrowings are disclosed in Note 26.

If interest rates on borrowings at variable rates had been 50 basis point higher with all other variables held constant, the Group's loss would have increased by approximately RMB10,000, RMB2,000 and nil for each of the years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, respectively.

Credit Risk

Our Group has no significant concentrations of credit risk. The carrying amounts of cash equivalents, other receivables included in the consolidated balance sheets represent our Group's maximum exposure to credit risk in relation to its financial assets.

As at December 31, 2018 and 2019 and June 30, 2020, cash and cash equivalents were all deposited in high quality financial institutions without significant credit risk. Management does not expect that there will be any significant losses from non-performance by these counterparties.

For other receivables, management has assessed that other receivables have not had a significant increase in credit risk since initial recognition. We do not expect any losses from counterparties of other receivables and no loss allowance provision for other receivables was recognized.

Liquidity Risk

Our Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the policy of our Group is to regularly monitor our Group's liquidity risk and to maintain adequate cash and cash equivalents or adjust financing arrangements to meet our Group's liquidity requirements.

DIVIDENDS

We have never declared or paid regular cash dividends on our ordinary Shares. We currently expect to retain all future earnings for use in the operation and expansion of our business and do not anticipate paying cash dividends in the foreseeable future. Any declaration and payment as well as the amount of dividends will be subject to our Memorandum and Articles and the Cayman Companies Law. The declaration and payment of any dividends in the future will be determined by our Board of Directors, in its discretion, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions. In addition, 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 Cayman Islands counsel, under the Companies Law a Cayman Islands company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. In light of our accumulated losses as disclosed in this document, it is unlikely that we will be eligible to pay a dividend out of our profits in the foreseeable future. We may, however, pay a dividend out of our share premium account unless the payment of such a dividend would result in our Company being unable to pay our debts as they fall due in the ordinary course of business. There is no assurance that dividends of any amount will be declared to be distributed in any year. **[REDACTED]** should not **[REDACTED]** our Shares with the expectation of receiving cash dividends.

If we pay dividends in the future, in order for us to distribute dividends to our Shareholders, we will rely to some extent on any dividends distributed by our PRC subsidiaries. Any dividend distributions from our PRC subsidiaries to us will be subject to PRC withholding tax. In addition, regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in China. For futher details, please see the section headed "Risk Factors — Risks Relating to Our Doing Business in China" in this document.

DISTRIBUTABLE RESERVES

As of June 30, 2020, we had no distributable reserves.

[REDACTED] EXPENSES

[REDACTED] expenses to be borne by us are estimated to be approximately HK$**[REDACTED]** million (including **[REDACTED]**, assuming an **[REDACTED]** of HK$**[REDACTED]** per Share, being the **[REDACTED]** of the indicative **[REDACTED]** range of HK$**[REDACTED]** to HK$**[REDACTED]** per Share) and represent approximately **[REDACTED]**% of the **[REDACTED]** we expect to receive from this **[REDACTED]**, assuming no Shares are issued pursuant to the **[REDACTED]**. No such expenses were recognized and charged to our consolidated statements of profit or loss for the years ended December 31, 2018 and 2019, and RMB**[REDACTED]** million was recognized and charged to our consolidated statements of comprehensive loss for the six months ended June 30, 2020. After June 30, 2020, approximately HK$**[REDACTED]** million is expected to be charged to our consolidated statements of profit or loss, and approximately HK$**[REDACTED]** million is expected to be charged against equity upon the **[REDACTED]**. The **[REDACTED]** expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

[REDACTED]

FINANCIAL INFORMATION

[REDACTED]

[REDACTED]

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

On [•], 2020, our Company underwent the Share Subdivision whereby each issued and unissued share of par value US$0.0001 each in our Company's authorized share capital was subdivided into 10 shares of US$0.00001 par value each, such that immediately following such share subdivision, our Company's authorized share capital was US$50,000 divided into (a) 4,838,998,090 Shares; (b) 38,518,530 Series A1 Preferred Shares; (c) 64,271,700 Series A2 Preferred Shares; (d) 9,331,060 Series X Preferred Shares and (e) 48,880,620 Series B Preferred Shares.

Save for the subsequent events described in this document and in note 35 to the Accountants' Report in Appendix I and this document, 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 June 30, 2020 (being the date on which the latest consolidated financial information of our Group was prepared) and there is no event since June 30, 2020 which would materially affect the information shown in our consolidated financial information included in the Accountants' Report in Appendix I.

IMPACT OF THE COVID-19 OUTBREAK

Since the end of December 2019, the outbreak of a novel strain of coronavirus named COVID-19 has materially and adversely affected the global economy. The outbreak of COVID-19 cases in the PRC and globally have caused governments around the world to implement.

The COVID-19 outbreak since the end of 2019 has not caused any early termination of our clinical trials or necessitated removal of any patients enrolled in our clinical trials. We have employed various measures to mitigate any impact the COVID-19 outbreak may have on our ongoing clinical trials in China, including cooperating with clinical trial sites to offer personal protection equipment such as masks to our enrolled patients, engaging frequent communications with our principal investigators to identify and address any issues that may arise. Although we experienced minor delays in the patient enrollment process and data entry for certain of our clinical trials in China at the beginning of the COVID-19 outbreak, since then the situation has improved due to the enhanced containment policies implemented by the PRC government and the gradual control of the COVID-19 outbreak in China. We expect the situation to continue to improve with the sustained implementation of containment policies for the COVID-19 outbreak, and we do not expect it to have any material long-term impact on our clinical trials or our overall clinical development plans.

We believe the COVID-19 outbreak has not significantly impacted our ability to carry out our obligations under existing contracts or disrupted any supply chains that we rely upon. While the extent to which the COVID-19 outbreak will affect our operations cannot be predicted at this stage, we have not experienced and do not expect significant financial damage or impact to our long-term commercial prospect from the COVID-19 outbreak. We cannot guarantee, however, that the COVID-19 outbreak will not further escalate or have a material adverse effect on our results of operations. For further details, please see the section headed "Risk Factors — The COVID-19 pandemic could adversely impact our business, including our clinical trials, and we face risks related to potential future health epidemics and outbreaks of contagious diseases" in this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

We confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FINANCIAL INFORMATION ON SYRACUSE HONG KONG

RESULTS OF OPERATIONS OF SYRACUSE HONG KONG

The table below sets forth the consolidated statements of comprehensive loss of Syracuse Hong Kong for the periods indicated derived from the consolidated statements of comprehensive loss of Syracuse Hong Kong set out in the Accountants' Report included in Appendix III to this document:

	Year ended December 31,		Six Months ended June 30,	
	2018	2019	2019	2020
		(RMB'000)		
			(Unaudited)	
Research and development expenses	—	(12,075)	(6,398)	(7,121)
General and administrative expenses	—	(6,234)	(2,510)	(3,349)
Other gains/(losses), net	—	(15)	3	(37,160)
Operating loss	**—**	**(18,324)**	**(8,905)**	**(47,630)**
Finance income	—	14	6	7
Impairment of investments in joint ventures	(7,918)	(1,600)	(1,600)	—
Share of losses of joint ventures	—	(8,442)	(5,226)	(346)
Loss before income tax	**(7,918)**	**(28,352)**	**(15,765)**	**(47,969)**
Income tax expense	—	(173)	—	(51)
Loss for the year/period	**(7,918)**	**(28,525)**	**(15,765)**	**(48,020)**
Other comprehensive loss for the year/period, net of tax	**(1,293)**	**(761)**	**(192)**	**(584)**
Total comprehensive loss for the year/period attributable to the owners of Syracuse Hong Kong	**(9,211)**	**(29,286)**	**(15,957)**	**(48,604)**

Research and Development Expenses

Syracuse Hong Kong's research and development expenses primarily consist of employee benefit expenses, R&D materials and consumables, depreciation and amortization, clinical expenses and office expenses, among others. Employee benefit expenses consist of wages, salaries and bonuses, contributions to pension plans, welfare and other expenses, share-based compensation expenses and other welfare. R&D materials and consumables represent primarily of raw materials and consumables. Depreciation and amortization represents primarily the depreciation and amortization of our right-of-use assets and machinery and our property, plant and equipment used in our research and development activities. Testing and clinical expenses consist of fees in connection with thirdparty services in conjunction with clinical trials. Office expenses include leasing and office expenses related for research and development. The following table provides a breakdown of Syracuse Hong Kong's research and development expenses for the years ended December 31, 2018 and 2019 and the six months ended June 30, 2019 and 2020:

	Year ended December 31,		Six Months ended June 30,	
	2018	2019	2019	2020
		(RMB'000)		
			(Unaudited)	
Employee benefit expenses	—	4,373	1,809	3,160
R&D materials and consumables	—	1,266	598	1,087
Depreciation and amortization	—	1,098	944	318
Testing and clinical expenses	—	4,737	2,571	2,091
Office expenses	—	432	431	64
Others	—	169	45	401
Total	**—**	**12,075**	**6,398**	**7,121**

Syracuse Hong Kong's research and development expenses increased from RMB6.4 million for the six months ended June 30, 2019 to RMB7.1 million for the six months ended June 30, 2020, mainly due to an increase in staff at Eureka Beijing and an increase in R&D materials and office expenses, partially offset by a decrease in clinical expenses due to COVID-19. It increased from nil for the year ended December 31, 2018 to RMB12.1 million for the year ended December 31, 2019, because Syracuse Hong Kong did not have operations in 2018.

General and Administrative Expenses

Syracuse Hong Kong's general and administrative expenses primarily consist of employee benefit expenses for administrative personnel, depreciation and amortization, office expenses, among others. Employee benefit expenses consist of wages, salaries and bonuses, contributions to pension plans, welfare, share-based compensation expenses and other expenses. The following table provides a breakdown of Syracuse Hong Kong's general and administrative expenses for the years ended December 31, 2018 and 2019 and the six months ended June 30, 2019 and 2020:

	Year ended December 31,		Six Months ended June 30,	
	2018	2019	2019	2020
		(RMB'000)		
			(Unaudited)	
Employee benefit expenses	—	2,380	1,056	1,724
Depreciation and amortization	—	17	9	6
Office expenses	—	2,403	1,242	1,347
Others	—	1,434	203	272
Total	**—**	**6,234**	**2,510**	**3,349**

Syracuse Hong Kong's general and administrative expenses increased from RMB2.5 million for the six months ended June 30, 2019 to RMB3.3 million for the six months ended June 30, 2020, primarily due to an increase in employee benefit expenses related to an increase in share-based compensation expenses and increased headcount. Syracuse Hong Kong's general and administrative expenses increased from nil for the year ended December 31, 2018 to RMB6.2 million for the year ended December 31, 2019, because Syracuse Hong Kong did not have operations in 2018.

Other Gains and Losses

Syracuse Hong Kong's other gains and losses consist primarily of foreign exchange gains and losses and impairment of goodwill. The following table sets forth a breakdown of our other gains and losses for the years ended December 31, 2018 and 2019 and the six months ended June 30, 2019 and 2020.

	Year ended December 31,		Six Months ended June 30,	
	2018	2019	2019	2020
		(RMB'000)		
			(Unaudited)	
Net foreign exchange gain/(losses)	—	(53)	3	(7)
Impairment of goodwill	—	—	—	(37,210)
Others	—	38	—	(33)
Total	**—**	**(15)**	**3**	**(37,160)**

Syracuse Hong Kong's other gains and losses decreased from a gain of RMB3,000 for the six months ended June 30, 2019 to a loss of RMB37.2 million for the six months ended June 30, 2020, mainly due to the impairment of goodwill in the amount of RMB37.2 million related to the acquisition of Aeon Beijing and Aeon Wuhan. Syracuse Hong Kong's other gains and losses decreased from nil for the year ended December 31, 2018 to a loss of RMB15,000 for the year ended December 31, 2019 primarily resulting from movements in foreign exchange rates between RMB and US$, and because Syracuse Hong Kong did not have operations in 2018.

Impairment of Investments in Joint Ventures

Syracuse Hong Kong's impairment of investments in joint ventures increased from a loss of RMB1.6 million for the six months ended June 30, 2019 to nil for the six months ended June 30, 2020, mainly due to the acquisition of 49% in Aeon Beijing and Aeon Wuhan. Syracuse Hong Kong's impairment of investments in joint ventures decreased from a loss of RMB7.9 million for the year ended December 31, 2018 to a loss of RMB1.6 million primarily resulting from impairment loss of the investments in joint ventures, Aeon Beijing and Aeon Wuhan.

Share of Losses of Joint Venture

Syracuse Hong Kong's share of losses of joint venture primarily relates to Syracuse Hong Kong's share of loss arising from the 50% equity interests in Aeon Beijing and its subsidiary Aeon Wuhan it acquired on December 20, 2018. Upon Syracuse Hong Kong's acquisition of the remaining 1% equity interests on July 31, 2019 and the remaining 49% equity interests on June 30, 2020, Syracuse Hong Kong ceased to account for Aeon Beijing and Aeon Wuhan through the equity method and became wholly-owned subsidiaries.

Income Tax Expense

Hong Kong

No provision for Hong Kong profits tax has been provided for at the rate of 16.5% as the Company has no estimated assessable profit.

Mainland China

No provision for Mainland China income tax has been provided for at a rate of 25% pursuant to the CIT Law and the respective regulations, as Syracuse Hong Kong's PRC entities do not have material estimated assessable profits.

DESCRIPTION OF CONSOLIDATED STATEMENTS OF CASH FLOWS OF SYRACUSE HONG KONG

The following table sets forth Syracuse Hong Kong's cash flows for the periods indicated:

	Year ended December 31,		Six Months ended June 30,	
	2018	2019	2019	2020
		(RMB'000)		
			(Unaudited)	
Net cash used in operating activities	—	(16,350)	(7,990)	(7,980)
Net cash used in investing activities	(2,341)	(10,319)	(7,000)	(152)
Net cash generated from financing activities	7,918	30,687	19,629	46,228
Net increase in cash and cash equivalents	**5,577**	**4,018**	**4,639**	**38,096**
Cash and cash equivalents at the beginning of the year/period	—	4,539	4,539	7,796
Exchange gain on cash and cash equivalents	(1,038)	(761)	(192)	(584)
Cash and cash equivalents at the end of the year/period	**4,539**	**7,796**	**8,986**	**45,308**

Net Cash Used in Operating Activities

For the six months ended June 30, 2020, Syracuse Hong Kong's net cash used in operating activities was RMB8.0 million, which was primarily attributable to its loss before tax of RMB48.0 million, adjusted by impairment loss on goodwill of RMB37.1 million.

In 2019, Syracuse Hong Kong's net cash used in operating activities was RMB16.4 million, which was primarily attributable to its loss before tax of RMB28.4 million, adjusted by share of loss from joint venture with Aeon Beijing.

In 2018, Syracuse Hong Kong's net cash used in operating activities was nil.

Net Cash Used in Investing Activities

For the six months ended June 30, 2020, Syracuse Hong Kong's net cash used in investing activities was RMB152,000, mainly attributable to purchases of items of property, plant and equipment and cash acquired from the acquisition of its subsidiary Aeon Beijing.

In 2019, Syracuse Hong Kong's net cash used in investing activities was RMB10.3 million, mainly attributable to investments in a joint venture with Aeon Beijing of RMB7.8 million.

In 2018, Syracuse Hong Kong's net cash used in investing activities was RMB2.3 million, mainly attributable to the acquisition of its subsidiary Eureka Beijing.

Net Cash Generated From Financing Activities

During the Track Record Period, Syracuse Hong Kong derived its cash inflows from financing activities primarily from funding provided by its former parent company, Syracuse Cayman.

For 2018, 2019 and six months ended June 30, 2020, Syracuse Hong Kong had RMB7.9 million, RMB30.7 million and RMB46.2 million of net cash flow from financing activities, respectively.

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately following the completion of the **[REDACTED]**.

As at the Latest Practicable Date, our authorized share capital (as adjusted after Share Subdivision) was US$50,000.00 divided into: (i) [4,838,998,090] Shares, and (ii) [38,518,530] Series A1 Preferred Shares, and (iii) [64,271,700] Series A2 Preferred Shares, and (iv) [9,331,060] Series X Preferred Shares, and (v) [48,880,620] Series B Preferred Shares.

As of the Latest Practicable Date, our issued share capital (as adjusted after Share Subdivision) consisted of (i) [112,813,740] Shares, and (ii) [38,518,530] Series A1 Preferred Shares, and (iii) [64,271,700] Series A2 Preferred Shares, and (iv) [4,665,530] Series X Preferred Shares, and (v) [48,880,620] Series B Preferred Shares.

The Preferred Shares will be converted into Shares on a one-to-one basis by way of re-designation before **[REDACTED]**.

Assuming the **[REDACTED]** is not exercised, the share capital of our Company immediately after the **[REDACTED]** will be as follows:

Description of Shares	Number of Shares	Aggregate nominal value of Shares	Approximate percentage of issued share capital
		(US$)	*(%)*
Shares in issue (including the Shares on re-designation of the Preferred Shares)	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Shares to be issued under the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	**[REDACTED]**	[100]%

Assuming the **[REDACTED]** is exercised in full, the share capital of our Company upon completion of the **[REDACTED]** will be as follows:

Description of Shares	Number of Shares	Aggregate nominal value of Shares	Approximate percentage of issued share capital
		(US$)	*(%)*
Shares in issue (including the Shares on re-designation of the Preferred Shares)	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Shares to be issued under the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	**[REDACTED]**	[100]%

ASSUMPTIONS

The above tables assume that the **[REDACTED]** becomes unconditional, that Shares are issued pursuant to the **[REDACTED]**, and that the Preferred Shares are converted into Shares on a one-to-one basis. The above tables do not take into account any additional Shares which may be issued pursuant to the Share Incentivization Schemes, the Syracuse Holdback Shares and Juno Settlement Shares are issued.

RANKING

The **[REDACTED]** are shares in the share capital of our Company and rank equally with all Shares currently in issue or to be issued (including all Preferred Shares re-designated into Shares upon completion of the **[REDACTED]**) and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this document.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the Cayman Companies Law and the terms of the Articles of Association, our Company may from time to time by ordinary resolution of Shareholders (i) increase its share capital; (ii) consolidate and divide its share capital into Shares of larger amount; (iii) divide its Shares into several classes; and (iv) cancel any Shares which have not been taken or agreed to be taken. In addition, our Company may, subject to the provisions of the Cayman Companies Law, reduce its share capital or capital redemption reserve by its Shareholders passing a special

resolution. For further details, please see the section headed "Appendix IV — Summary of the Constitution of the Company and Cayman Companies Law — Summary of the Constitution of the Company — Articles of Association — Alteration of Capital" in this document.

SHARE INCENTIVIZATION SCHEMES

Incentivization Schemes

We have granted options under the Pre-**[REDACTED]** Incentivization Scheme. For further details, please see the section headed "Appendix V — Statutory and General Information — D. Share Incentivization Schemes — 1. Pre-**[REDACTED]** Incentivization Scheme" to this document. We have also conditionally adopted the Post-**[REDACTED]** Incentivization Scheme. For further details, please see the section headed "Appendix V — Statutory and General Information — D. Share Incentivization Schemes — 3. Post-**[REDACTED]** Incentivization Scheme" in this document.

Restricted Share Unit Scheme

We have granted RSUs under the Restricted Share Unit Scheme. For further details, please see the section headed "Appendix V — Statutory and General Information — D. Share Incentivization Schemes — 2. Restricted Share Unit Scheme" in this document.

GENERAL MANDATE TO ISSUE SHARES

Subject to the **[REDACTED]** becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with a total nominal value of not more than the sum of:

(i) 20% of the aggregate nominal value of the Shares in issue immediately following completion of the **[REDACTED]** (excluding any Shares which may be issued pursuant to the exercise of the **[REDACTED]**, any additional Shares which may be issued under the Share Incentivization Schemes and no Syracuse Holdback Shares and Juno Settlement Shares are issued); and

(ii) the aggregate nominal value of Shares repurchased by the Company under the authority referred to in "— General Mandate to Repurchase Shares" in this section.

This general mandate to issue Shares will expire at the earliest of:

(i) the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which our Company's next annual general meeting is required by the Memorandum of Association and Articles of Association or any other applicable laws to be held; or

(iii) the date on which it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

For further details on this general mandate, please see the section headed "Appendix V — Statutory and General Information — A. Further Information about our Company and our Subsidiaries — 4. Resolutions of the Shareholders of our Company dated [•], 2020" in this document.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the **[REDACTED]** becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase our own securities with nominal value of up to 10% of the aggregate nominal value of our Shares in issue immediately following the completion of the **[REDACTED]** (excluding any Shares which may be allotted and issued pursuant to the exercise of the **[REDACTED]**, any additional Shares which may be issued under the Share Incentivization Schemes and no Syracuse Holdback Shares or Juno Settlement Shares are issued).

The repurchase mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which our Shares are listed (and which are recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. For a summary of the relevant Listing Rules, please see the section headed "Appendix V — Statutory and General Information — A. Further Information about our Company and our Subsidiaries — 5. Repurchase of Our Own Securities" in this document.

This general mandate to repurchase Shares will expire at the earliest of:

(i) the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which our Company's next annual general meeting is required by the Memorandum of Association and Articles of Association or any other applicable laws to be held; or

(iii) the date on which it is varied or revoked by an ordinary resolution of our Shareholders passed in a general meeting.

For further details of the purchase mandate, please see the section headed "Appendix V — Statutory and General Information — A. Further Information about our Company and our Subsidiaries — 5. Repurchase of Our Own Securities" in this document.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the **[REDACTED]**, assuming the **[REDACTED]** is not exercised and without taking into account any additional Shares which may be issued under the Share Incentivization Schemes, the Syracuse Holdback Shares and Juno Settlement Shares, the following persons will have interests and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, 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 member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company:

Name of Substantial Shareholder	Capacity/Nature of Interest	Total number of Shares/underlying shares as at the Latest Practicable Date	Approximate percentage of interest in our Company as at the Latest Practicable Date	Total number of Shares/underlying shares immediately after completion of the [REDACTED]	Approximate percentage of interest in our Company immediately after completion of the [REDACTED]
Juno[(1)]	Beneficial interest	[74,896,670]	[27.83]%	**[REDACTED]**	**[REDACTED]**
Celgene[(1)]	Interest in controlled corporation	[74,896,670]	[27.83]%	**[REDACTED]**	**[REDACTED]**
Bristol Myers Squibb[(1)]	Interest in controlled corporation	[74,896,670]	[27.83]%	**[REDACTED]**	**[REDACTED]**
Syracuse Cayman[(2)]	Beneficial interest	[48,513,377]	[18.02]%	**[REDACTED]**	**[REDACTED]**
WXAT HK[(3)]	Beneficial interest	[38,232,570]	[14.20]%	**[REDACTED]**	**[REDACTED]**
WXAT Shanghai[(3)]	Interest in controlled corporation	[38,232,570]	[14.20]%	**[REDACTED]**	**[REDACTED]**
WuXi AppTec[(3)]	Interest in controlled corporation	[38,232,570]	[14.20]%	**[REDACTED]**	**[REDACTED]**
TLS Beta Pte. Ltd.[(4)]	Beneficial interest	[22,668,740]	[8.42]%	**[REDACTED]**	**[REDACTED]**
Temasek Life Sciences Private Limited[(4)]	Interest in a controlled corporation	[22,668,740]	[8.42]%	**[REDACTED]**	**[REDACTED]**
Fullerton Management Pte Ltd[(4)]	Interest in a controlled corporation	[22,668,740]	[8.42]%	**[REDACTED]**	**[REDACTED]**
Temasek Holdings (Private) Limited[(4)]	Interest in a controlled corporation	[22,668,740]	[8.42]%	**[REDACTED]**	**[REDACTED]**
Dr. Li[(5)]	Beneficial interest	[21,795,080]	[8.10]%	**[REDACTED]**	**[REDACTED]**

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Capacity/Nature of Interest	Total number of Shares/underlying shares as at the Latest Practicable Date	Approximate percentage of interest in our Company as at the Latest Practicable Date	Total number of Shares/underlying shares immediately after completion of the [REDACTED]	Approximate percentage of interest in our Company immediately after completion of the [REDACTED]
JDI Capital Management Limited[5]	Interest in a controlled corporation	[21,795,080]	[8.10]%	**[REDACTED]**	**[REDACTED]**
Park Place Capital Management & Consulting Limited[5]	Interest in a controlled corporation	[21,795,080]	[8.10]%	**[REDACTED]**	**[REDACTED]**
CJW Therapeutics Investment Limited[6]	Beneficial interest	[19,552,250]	[7.26]%	**[REDACTED]**	**[REDACTED]**
CPEChina Fund III, L.P.[6]	Interest in a controlled corporation	[19,552,250]	[7.26]%	**[REDACTED]**	**[REDACTED]**
CPE Funds III Limited[6]	Interest in a controlled corporation	[19,552,250]	[7.26]%	**[REDACTED]**	**[REDACTED]**
CPE Holdings Limited[6]	Interest in a controlled corporation	[19,552,250]	[7.26]%	**[REDACTED]**	**[REDACTED]**
CPE Holdings International Limited[6]	Interest in a controlled corporation	[19,552,250]	[7.26]%	**[REDACTED]**	**[REDACTED]**

Notes:

(1) As of the Latest Practicable Date, Juno directly held [70,231,140] Shares, consisting of 25,000,000 Shares, [6,419,750] Series A1 Preferred Shares, [33,168,250] Series A2 Preferred Shares, [4,665,530] Series X Preferred Shares and [977,610] Series B Preferred Shares (of which the Preferred Shares will be converted into Shares on a 1:1 basis by way of re-designation before **[REDACTED]**). Upon conversion of the Preferred Shares it holds, Juno will directly hold [70,231,140] Shares. Pursuant to the BCMA License Agreement, the [4,665,530] Juno Settlement Shares may be issued to Juno upon exercise of the second warrant as part of the second upfront payment. Juno is wholly-owned by Celgene which is in turn wholly-owned by Bristol Myers Squibb. As such, under the SFO, Bristol Myers Squibb (through its interest in a controlled corporation) is deemed to be interested in [74,896,670] Shares held by Juno.

(2) As of the Latest Practicable Date, Syracuse Cayman directly held [43,380,910] Shares. Pursuant to the Asset Purchase Agreement, a maximum of [5,132,467] Syracuse Holdback Shares may be issued to Syracuse Cayman to settle US$10.5 million for any future adjustments, without deductions including net working capital adjustment and taxes to be paid under the Asset Purchase Agreement. Syracuse Cayman is owned by approximately 150 individual and corporate entities and none of them is entitled to directly or indirectly control Syracuse Cayman in accordance with the SFO. As such, under the SFO, Syracuse Cayman is deemed to be interested in [48,513,377] Shares.

(3) As of the Latest Practicable Date, WXAT HK directly held [38,232,570] Shares, consisting of [32,500,000] Shares, [2,166,670] Series A1 Preferred Shares, [2,099,480] Series A2 Preferred Shares and [1,466,420] Series B Preferred Shares (of which the Preferred Shares will be converted into Shares on a 1:1 basis by way of re-designation before **[REDACTED]**). WXAT HK is directly owned by WXAT Shanghai as to 80% and WuXi AppTec (Tianjin) Co., Ltd. as to 20%. WXAT Shanghai and WuXi AppTec (Tianjin) Co., Ltd. are directly wholly-owned by WuXi AppTec. As such, under the SFO, WXAT Shanghai and WuXi AppTec (through its interest in controlled corporations) are deemed to be interested in the [38,232,570] Shares held by WXAT HK.

(4) As of the Latest Practicable Date, TLS Beta Pte. Ltd. directly held [22,668,740] Shares, consisting of [10,271,600] Series A1 Preferred Shares, [9,953,110] Series A2 Preferred Shares and [2,444,030] Series B Preferred Shares (of which the Preferred Shares will be converted into Shares on a 1:1 basis by way of re-designation before **[REDACTED]**). TLS Beta Pte. Ltd is a wholly-owned subsidiary of Temasek Life Sciences Private Limited, which is in turn a wholly-owned subsidiary of Fullerton Management Pte Ltd, which is in turn a wholly-owned subsidiary of Temasek Holdings (Private) Limited. As such, under the SFO, Temasek Life Sciences Private Limited, Fullerton Management Pte Ltd and Temasek Holdings (Private) Limited are each deemed to be interested in the [22,668,740] Shares held by TLS Beta Pte. Ltd..

(5) Includes (1) [7,500,000] Shares held by Dr. Li through his direct interests in JDI Capital Management Limited and (2) [1,706,460] Shares consisting of [866,670] Series A1 Preferred Shares and [839,790] Series A2 Preferred Shares held by Dr. Li through his indirect interests in Park Place Capital Management & Consulting Limited. Dr. Li is interested in [12,588,620] underlying Shares relating to the Restricted Share Units granted to him pursuant to the Restricted Share Unit Scheme. Accordingly, Dr. Li will be interested in [21,795,080] Shares. Dr. Li is in the process of setting up a family trust with his interest in JDI Capital Management Limited and Park Place Capital Management & Consulting Limited as part of the trust assets. Dr. Li and his family will remain the beneficiaries of the interest in the share capital of JDI Capital Management Limited and Park Place Capital Management & Consulting Limited. This change (if confirmed) will be reflected in future proof as soon as possible.

(6) As of the Latest Practicable Date, CJW Therapeutics Investment Limited directly held [19,552,250] Shares, consisting of [19,552,250] Series B Preferred Shares (of which the Preferred Shares will be converted into Shares on a 1:1 basis by way of re-designation before **[REDACTED]**). CJW Therapeutics Investment Limited is directly owned by CPEChina Fund III, L.P. ("**CPE Fund III**") as to 85% and CPE GLOBAL OPPORTUNITIES FUND, L.P. as to 15%. The general partner of CPE Fund III is CPE Funds III Limited which is wholly-owned by CPE Holdings Limited. CPE Holdings Limited is wholly-owned by CPE Holdings International Limited. CPE Holdings International Limited is owned by a number of shareholders that are natural persons, each holding less than 10% in CPE Holdings International Limited. As such, under the SFO, CPE Fund III, CPE Funds III Limited, CPE Holdings Limited and CPE Holdings International Limited are deemed to be interested in the [19,552,250] Shares held by CJW Therapeutics Investment Limited.

(7) Assuming all Preferred Shares are converted into Shares on a one to one basis.

(8) Figures above as adjusted after Share Subdivision.

BOARD OF DIRECTORS

As of the date of this document, our Board of Directors comprises 11 Directors, including one executive Director, six non-executive Directors and four independent non-executive Directors.

The following table sets forth certain information relating to the members of the Board of Directors of our Company:

Name	Age	Date of Joining our Group	Date of Appointment as Director	Current position in our Company	Key roles and responsibilities
Dr. Yiping James Li	56	February 15, 2016	November 14, 2017	Chairman, executive Director and CEO	Day-to-day management, participating in major decision-making of the Company's business operations, strategies, R&D activities, etc.
Mr. Hans Edgar Bishop	56	November 14, 2017	November 14, 2017	Non-executive Director	Providing strategic guidance and high-level insight in relation to cellular therapy, supervising and providing oversight to the Board
Dr. Krishnan Viswanadhan	42	November 20, 2019	November 20, 2019	Non-executive Director	Supervising and providing oversight to the Board
Ms. Xing Gao (高星)	35	May 22, 2020	May 22, 2020	Non-executive Director	Supervising and providing oversight to the Board
Dr. Ann Li Lee	59	May 22, 2020	May 22, 2020	Non-executive Director	Supervising and providing oversight to the Board

Name	Age	Date of Joining our Group	Date of Appointment as Director	Current position in our Company	Key roles and responsibilities
Mr. Jinyin Wang (王金印)	43	May 22, 2020	May 22, 2020	Non-executive Director	Supervising and providing oversight to the Board
Dr. Cheng Liu	54	June 30, 2020	June 30, 2020	Non-executive Director	Supervising and providing oversight to the Board
Mr. Yanling Cao (曹彥凌)	36	May 22, 2020	May 22, 2020	Independent non-executive Director	Providing independent view to the Board
Mr. Chi Shing Li (李志成)	63	[•]	[•]	Independent non-executive Director	Providing independent view to the Board
Mr. Yiu Leung Andy Cheung (張耀樑)	60	[•]	[•]	Independent non-executive Director	Providing independent view to the Board
Mr. Kin Cheong Kelvin Ho (何建昌)	53	[•]	[•]	Independent non-executive Director	Providing independent view to the Board

Executive Director

Dr. Li, M.D., aged 56, is an executive Director, chairman of the Board and CEO. He joined our Group on February 15, 2016 as the chief executive officer and was appointed as our Director on November 14, 2017 and was re-designated as an executive Director on August 5, 2020. He is primarily responsible for the overall corporate management, strategic planning, business development, day-to-day management and product research and development of our Group.

Prior to joining our Company, Dr. Li was the founding general manager for Amgen Biotechnology Consulting (Shanghai) Co., Ltd.* (安進生物技術諮詢(上海)有限公司) ("**Amgen**") in China from January 2012 to July 2015.

From September 2006 to December 2011, Dr. Li was a partner in the life science practice of Kleiner Perkins Caufield & Byers, first in the US Pandemic Fund and later from December 2009 to January 2012, in its China Fund. He managed various investments such as early stage university spin out, growth stage companies and helped a portfolio company to go public in 2010.

From March 1991 to October 2006, Dr. Li served in various positions at Merck & Co. Inc. ("**Merck**") where he held leadership positions in clinical research and franchise management, both in the US and Asia, including obtaining regulatory approvals of Merck vaccines across the Asia Pacific region, building the foundations of Merck's medical operations in China and expanding Merck's franchise in Asia at the time.

Dr. Li obtained his medical degree from Shanghai Medical College of Fudan University* (復旦大學上海醫學院) (previously known as Shanghai Medical University* (上海醫科大學)) in the PRC in July 1987 and a master's degree in microbiology from the University of Montana in the United States in December 1991.

Non-executive Directors

Mr. Hans Edgar Bishop ("**Mr. Bishop**"), aged 56, is a non-executive Director of our Group. He joined the Group on November 14, 2017 and was appointed as a non-executive Director on the same date. Mr. Bishop has provided strategic guidance and high-level insight in relation to cellular therapy, particularly in the early stages of the Company. He is also responsible for supervising and providing oversight to the Board.

Mr. Bishop has been the chief executive officer of Grail, Inc. since June 2019. He has extensive experience in the biotechnology industry. He co-founded Juno in August 2013 and served as its president and chief executive officer until the company was acquired by Celgene in March 2018. Earlier in his career, Mr. Bishop was the executive vice president and chief operating officer for Dendreon Corporation between 2010 and 2011. He currently serves as the executive chairman of the board of directors of Sana Biotechnology, Inc. and as a director of Agilent Technologies, Inc. (NYSE: A), and Lyell Immunopharma, Inc.

Dr. Krishnan Viswanadhan ("**Dr. Viswanadhan**"), aged 42, is a non-executive Director of our Group. He joined our Group on November 20, 2019 and was appointed as a non-executive Director on the same date. He is primarily responsible for supervising and providing oversight to the Board.

Dr. Viswanadhan has been acting as a senior vice president and global cell therapy franchise lead at Bristol Myers Squibb since August 2019. Prior to that, he served at Celgene starting as an executive director, global project leader and strategic development leader in 2014. Prior to that, he served at F. Hoffmann-La Roche Ltd. ("**Roche**") where he first began as program manager in the drug regulatory department in July 2002. In July 2001, Dr. Viswanadhan was appointed as a post-doctoral fellow at Rutgers University for a two-year program in industrial clinical pharmacy.

Dr. Viswanadhan obtained a bachelor of science degree and a doctor of pharmacy degree from Rutgers University in the United States in May 2001. He obtained a master of business administration degree from Cornell University in the United States in May 2010.

Ms. Xing Gao (高星) ("**Ms. Gao**"), aged 35, is a non-executive Director of our Group. She joined our Group on May 22, 2020 and was appointed as a non-executive Director on the same date. She is primarily responsible for supervising and providing oversight to the Board.

Ms. Gao has over 10 years of healthcare investment related experience. She currently serves as a principal at Beijing Panmao Consulting Co., Ltd.* (北京磐茂諮詢有限公司), a member of a leading alternative asset manager in the PRC. Prior to that, she worked as associate at N M Rothschild & Sons Limited from October 2011 to June 2013 and as analyst at the Bank of America Merrill Lynch from June 2007 to September 2011.

Ms. Gao obtained a bachelor's degree in biochemical engineering from University College London in the United Kingdom in August 2008 and a master of business administration degree from Harvard Business School in the United States in May 2015.

Dr. Ann Li Lee, Ph.D. ("**Dr. Lee**"), aged 59, is a non-executive Director of our Group. She joined our Group on May 22, 2020 and was appointed as a non-executive Director on the same date. She is primarily responsible for supervising and providing oversight to the Board.

Dr. Lee possesses over 30 years of experience in the biotechnology industry. She has worked at Celgene since March 2018 as executive vice president and global head of cell therapy technical operations, before transitioning to her role as senior vice president and head of cell therapy development operations since November 2019. Earlier on in her career, she was appointed as executive vice president, technical operations of Juno in November 2017 and this position was preceded by her roles as vice president and senior vice president in Genentech, Inc. ("**Genentech**") which she started serving at in May 2009. She also has worked at Merck where she first started as an engineering associate in the biochemical process research and development department in March 1989.

Dr. Lee obtained a Ph.D. in engineering and applied science from Yale University in the United States in May 1990. She obtained her bachelor of science degree from Cornell University in the United States in May 1983.

Mr. Jinyin Wang (王金印) ("**Mr. Wang**"), aged 43, is a non-executive Director of our Group. He joined our Group on May 22, 2020 and was appointed as a non-executive Director on the same date. He is primarily responsible for supervising and providing oversight to the Board.

Mr. Wang is currently working at Mirae Asset Global Investments (Hong Kong) Limited since March 2020, advising on securities and asset management. He has over 13 years of private investment experience in China. Prior to his employment with Mirae Asset Global Investments (Hong Kong) Limited, he was appointed as the executive director and a chairman of Standard Chartered Corporate Advisory Co., Ltd in July 2012. He also worked as director at Olympus Capital Investment Co., Ltd.* (美岱安投資諮詢(上海)有限公司) from June 2009 to May 2012. He worked as an associate at Lehman Brothers Asia Limited from June 2007 to September 2008.

Mr. Wang obtained his master of business administration degree from Ross School of Business at University of Michigan in the United States in April 2007. He received his bachelor and master of finance degrees from University of International Business and Economics* (對外經濟貿易大學) in the PRC in June 1998 and June 2001, respectively.

Dr. Cheng Liu ("**Dr. Liu**"), aged 54, is a non-executive Director of our Group. He joined our Group on June 30, 2020 and was appointed as a non-executive Director on the same date. He is primarily responsible for supervising and providing oversight to the Board.

Dr. Liu is the founder and has served as the president and chief executive officer of Eureka since May 2006. Prior to that, Dr. Liu was a principal scientist in antibody drug discovery at Chiron Corporation (now integrated into Novartis), where he championed the anti-CSF1 antibody program for the treatment of bone metastases to human clinical trials. He is the inventor of multiple issued US patents in drug discovery. In 2007, he was awarded a Special US Congressional Recognition for his contributions to improving human health.

Dr. Liu received his bachelor's degree in cell biology and genetics from Peking University (北京大學) in the PRC in July 1988 and a Ph.D in molecular cell biology from the University of California, Berkeley in the United States in May 1996.

Independent Non-executive Directors

Mr. Yanling Cao (曹彦凌) ("Mr. Cao"), aged 36, is an independent non-executive Director of our Group. He joined our Group on May 22, 2020 and was appointed as an independent non-executive Director on the same date. He is primarily responsible for providing independent view to the Board.

Mr. Cao has over ten years of experience in private equity investment and management. From December 2007 to January 2011, he served as a senior investment manager at General Atlantic LLC, a company primarily engaged in private equity and venture capital investment, and was responsible for development, execution and management of equity investment. Mr. Cao is one of the founding members of Boyu Capital Group Management Ltd. in March 2011 and currently serves as a partner, mainly responsible for investments in the healthcare industry. Mr. Cao has served as a director of Gan & Lee Pharmaceuticals Co. Ltd. (甘李藥業股份有限公司) (SSE: 603087) since September 2015. He also served as a non-executive director of CStone Pharmaceuticals (基石藥業) (HKSE: 2616) from April 2016 to March 2017 and has been a non-executive director since May 2019. He has been a director of Hygeia Healthcare Holdings Co., Limited (海吉亞醫療控股有限公司) (HKSE: 6078) since June 2019 and has been a non-executive director since September 2019. He has also been a non-executive director of Wuxi Biologics (Cayman) Inc. (藥明生物技術有限公司) (HKSE: 2269) since May 2016, Viela Bio, Inc. (NASDAQ: VIE) since February 2018 and Ocumension Therapeutics (歐康維視生物) (HKSE: 1477.HK) since June 2019.

Mr. Cao obtained a bachelor's degree in economics and mathematics from Middlebury College in the United States in May 2006.

The Directors and the Joint Sponsors have considered Mr. Cao's concurrent directorships and other positions in listed companies. The Directors are of the view that Mr. Cao would be able to commit sufficient time to the affairs of the Company, having regard to the following factors:

(i) while Mr. Cao is holding position in six listed companies currently, his role with the Company is an independent non-executive Director for providing independent advice to the Board. Mr. Cao has confirmed to the Company that he has the capacity and ability to devote sufficient time to discharge his duties and responsibilities as an independent non-executive Director, taking into account his experience and positions that he has previously held in different listed companies;

(ii) Mr. Cao has held different directorships in Hong Kong, Shanghai and Nasdaq listed companies since September 2015, and the Directors believe that he has demonstrated his ability to handle multiple demands with his time. He has confirmed that he has not encountered any difficulty in devoting and managing his time among different listed companies that he has been involved in, and none of the listed companies that he participated in had questioned or complained about his time devoted to any of them; and

(iii) in addition, pursuant to the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules, the Board will regularly review whether each of the Directors is spending sufficient time in performing his or her responsibilities. The Board will, from time to time, review the Directors' attendance record of their meetings with the Board and its committees. The Board will be regularly appraised of any significant changes to the time commitments of the Directors, and in the event that any concerns arise, the Board will seek to resolve such concerns with the relevant Director. At the time when any Director is proposed to be re-elected, we will also set out in the circular to the Shareholders and/or explanatory statements accompanying the notice of the relevant general meeting as to the reasons why the Board believes such individual should be elected, and if appropriate or otherwise required, whether such individual would be able to devote sufficient time to the Board. On the basis of the factors as set out above, the Joint Sponsors concur with the Directors' view on Mr. Cao's ability to commit sufficient time to his duties as an independent non-executive Director.

Mr. Chi Shing Li (李志成) ("**Mr. Li**"), aged 63, is an independent non-executive Director of our Group. He joined our Group on [•] and was appointed as an independent non-executive Director on the same date. He is primarily responsible for providing independent view to the Board.

Mr. Li is currently working as a vice president and general manager of CSL Behring Asia Pacific Limited since March 2015. He was the chief executive officer of Quality Healthcare Medical Services Limited from January 2012 to February 2015. Prior to that, he started as the vice president of the Asia Pacific region in April 2006 at Cephalon Inc. He spent eight years, between 1997 to August 2005, with Merck, where he held positions of as the regional director of Asia North, with responsibility for leading operations in China, Hong Kong, Korea and Taiwan, vice president for Asia as well as president for China and Hong Kong. He served as the commercial director of Abbott Laboratories Taiwan Limited in 1996. From June 1980 to December 1995, he held various positions at Eli Lilly and Company including sales and marketing training manager of the South East Asia region and director of pharmaceutical marketing in Taiwan and the PRC.

Mr. Li is currently the chairman of the board of CSL Asia Pacific Limited. He was a member of the Steering Committee on Electronic Health Record Sharing established by the Secretary for Food and Health of Hong Kong and facilitated the commencement of the operation of the record sharing system in March 2016. He was member of professional services advisory committee of Hong Kong Trade Development Council from 2012 to March 2015.

Mr. Li obtained his diploma in chemistry from Hong Kong Baptist University in November 1980 in Hong Kong. He achieved a master of business administration degree from the University of East Asia in Macau in September 1986. He achieved his post-graduate diploma in management consulting from the University of Hong Kong in October 2006 in Hong Kong.

Mr. Yiu Leung Andy Cheung (張耀樑) ("**Mr. Cheung**"), aged [60], is an independent non-executive Director of our Group. He joined our Group on [•] and was appointed as an independent non-executive Director on the same date. He is primarily responsible for providing independent view to the Board.

Mr. Cheung has many years of auditing and accounting professional experience. From July 2018 to June 2020, he was deputy area managing partner of Ernst & Young ("**EY**") in Asia Pacific overseeing the business operations, finance, information technology and risk management functions. From July 2013 to June 2018, he was the assurance leader for EY in Greater China. From July 2009 to June 2010, he worked as the chief financial officer of EY Far East Area and led the effort to set up EY's China overseas investment network in 2007.

Mr. Cheung received his bachelor's degree in accounting and finance from the University of Lancaster in the United Kingdom in June 1982. He obtained a master's degree in accounting and finance from London School of Economics in the United Kingdom in August 1983. He is a member of Hong Kong Institute of Certified Public Accountants and a member of its disciplinary panel.

Mr. Kin Cheong Kelvin Ho (何建昌) ("**Mr. Ho**"), aged 53, is an independent non-executive Director of our Group. He joined our Group on [•] and was appointed as an independent non-executive Director on the same date. He is primarily responsible for providing independent view to the Board.

Mr. Ho has over 20 years of experience in finance and accounting, company secretary, initial public offering and debt restructuring. He is currently the independent non-executive director of Green Leader Holdings Group Limited (HKSE: 0061) since August 5, 2020 and the independent non-executive director of Rosan Resources Holdings Limited (HKSE: 0578) since July 1, 2020.

Mr. Ho held multiple managerial roles, including as financial controller and company secretary, in Hong Kong listed companies from 1999 to 2020, namely Shenzhen High-Tech Holding Limited (now known as Landsea Green Group Co., Ltd) (HKSE: 0106), Hanny Holdings Limited (now known as Master Glory Group Limited) (HKSE: 0275), Garron International Limited (now known as China Investment and Finance Group Limited) (HKSE: 1226), Anhui Tianda Oil Pipe Company Limited (HKSE: 0839 before being privatized in 2016), FU JI Foods and Catering Services Limited (now known as Fresh Express Delivery Holdings Group Co Ltd) (HKSE: 1175), Greens Holdings Ltd (HKSE: 1318 before delisted in 2020) and Richly Field China Development Limited (HKSE: 0313). Since August 6, 2018, Mr. Ho has been an independent nonexecutive director of CECEP COSTIN New Materials Group Limited (In Provisional Liquidation) ("**CECEP COSTIN**") (HKSE: 2228). Based on published information, CECEP COSTIN received a winding up petition and a summons for the appointment of joint provisional liquidators dated October 30, 2017. Mr. Ho's appointment was subsequent to the winding up petition against CECEP COSTIN . He was also a non-executive director of E-rental Car Company Limited (now known as Hong Da Financial Holdings Limited) (HKSE: 1822) from April 11, 2016 for a one-year term and he was an independent non-executive director of Cheung Tai Hong Holdings Limited (now known as ITC Properties Group Limited) (HKSE: 0199) from October 29, 2001 to May 20, 2003.

Mr. Ho obtained his bachelor's degree in business administration from Hong Kong Baptist University (previously known as Hong Kong Baptist College) in Hong Kong in November 1990. He is an associate member of the Hong Kong Institute of Certified Public Accountants, and a fellow member of the Association of Chartered Certified Accountants.

SENIOR MANAGEMENT

The senior management is responsible for the day-to-day management and the implementation and operation of the business of our Group.

The following table sets out certain information about the senior management of our Company.

Name	Age	Date of joining our Group	Date of Appointment	Current position in our Company	Key roles and responsibilities
Dr. Yiping James Li	56	February 15, 2016	February 15, 2016	Chairman, executive Director and CEO	Day-to-day management, participating in major decision-making of the Company's business operations, strategies, R&D activities, etc.
Mr. Xin Fu (傅欣)	42	July 10, 2020	July 10, 2020	Senior vice president and chief finance officer	The financial management of our Group companies, financing activities and investor relations management
Dr. Lapyuen Harry Lam	62	September 1, 2018	September 1, 2018	Executive vice president and chief technology officer	Technical operations
Dr. Hongxia Zheng	51	February 18, 2019	February 18, 2019	Senior vice president	Clinical development
Dr. Su Yang (楊蘇)	41	May 23, 2017	May 23, 2017	Executive director [(1)]	Clinical research operations
Mr. Wenjun Sun	54	September 26, 2016	September 26, 2016	Vice president	Business development and governmental affairs

Note:

(1) For the avoidance of doubt, despite the title as director, Dr. Su Yang is a member of the Company's senior management and not a member of the Board.

Dr. Li, M.D., aged 56, is an executive Director, Chairman and CEO. He joined the Company on February 15, 2016 and was appointed as an executive Director on November 14, 2017. For further details, please see "— Executive Director" in this section.

Mr. Xin Fu (傅欣) ("**Mr. Fu**"), aged 42, is the senior vice president and chief finance officer of our Company. He joined our Group on July 10, 2020. He is primarily responsible for the financial management of our Group companies, financing activities and investor relations management.

Mr. Fu has approximately 20 years of financial management experience including 12 years of experience in healthcare industry. He served various leadership positions at Pfizer China and responsible for finance and compliance.. From July 2018 to July 2020, he was the chief financial officer of Pfizer Investment Co., Ltd.* (輝瑞投資有限公司); from April 2017 to June 2018, he served as the chief compliance officer; from April 2016 to April 2017, he was the acting chief financial officer; from June 2011 to March 2016, he worked as head of business finance and tax; from September 2008 to May 2011, he served as the China tax leader.

Prior to joining Pfizer China, Mr. Fu was a tax manager at KPMG Huazhen LLP* (畢馬威華振會計師事務所) from July 2001 to November 2007.

Mr. Fu obtained a bachelor's degree in accounting from Fudan University (復旦大學) in July 2001 in the PRC. He has been a Certified Management Accountant since 2015.

Dr. Lapyuen Harry Lam, Ph.D. ("**Dr. Lam**"), aged 62, is the executive vice president and chief technology officer of our Company. Before he joined our Group, he started consulting and advisory work for our Group on cell therapy process development, CMC and manufacturing on March 27, 2017. He joined our Group on September 1, 2018, and is primarily responsible for technical operations. Prior to joining our Group in March 2017, he was our consultant primarily responsible for cell therapy process development, CMC and manufacturing.

Dr. Lam is an experienced management executive with over 30 years of experience in biopharmaceutical technical operations. Prior to joining our Company, he worked as the chief technology officer and vice president of CMC development at Affinita Biotech Inc. from May 2016 to March 2017. Prior to that, he was appointed as vice president of biologics manufacturing at Sanofi US Services Inc. in 2015, and this was preceded by his role as vice president of manufacturing operations at Progenitor Cell Therapy LLC, the global contract development and manufacturing services platform of the Hitachi Chemical Regenerative medicine business sector from September 2014. Before joining Progenitor Cell Therapy LLC, he worked as the head of manufacturing of Kalobios Pharmaceuticals Inc. from January 2014 and this was preceded by his role as vice president of manufacturing of Shire Regenerative Medicine Inc. in 2013.

Prior to Shire Regenerative Medicine Inc., Dr. Lam spent 17 years at Genentech, which became a member of the Roche Group in March 2009, in various departments including in Singapore, and where he was ultimately promoted to head of commercial drug substance, contract manufacturing operations of Genentech. Prior to Genentech, Dr. Lam worked from 1985 to March 1996 at Pfizer.

Dr. Lam received his bachelor's degree in chemical engineering from the University of Birmingham in the United Kingdom in July 1981 and his Ph.D. in chemical engineering from Rensselaer Polytechnic Institute in the United States in December 1985.

Dr. Hongxia Zheng, M.D., Ph.D. ("**Dr. Zheng**"), aged 51, is the senior vice president of our Company. She joined our Group on February 19, 2019. She is primarily responsible for clinical development.

From June 2015 to August 2018, she served as the global clinical leader of oncology clinical development at Bayer U.S. LLC.. Prior to that, in January 2013, she was appointed as the medical director of oncology at EMD Serono, Inc., a subsidiary of Merck KGaA. In 2013, she was the medical director at Amgen Inc.

Dr. Zheng obtained her medical degree in medicine from Capital Medical University* (首都醫科大學) in the PRC in July 1993. She obtained her Ph.D in medicine from the University of Pittsburgh in the United States in December 2003.

Dr. Su Yang (楊蘇) ("Dr. Yang"), aged 41, is an executive director of our Group. She joined our Group on May 23, 2017 and was appointed as an executive director[(1)] of clinical research operations on the same date.

Before joining our Group, Dr. Yang worked as a therapeutical area leader at Roche (China) Holding., Ltd.* (羅氏(中國)投資有限公司) from February 2014 to May 2017.

Dr. Yang obtained her medical degree in clinical medicine from Nanjing Medical University* (南京醫科大學) in the PRC in June 2001.

Mr. Wenjun Su ("**Mr. Sun**"), aged 54, is the vice president of our Company. He joined our Group on September 26, 2016 and was appointed as vice president on the same date. He is primarily responsible for business development and governmental affairs.

Note:

(1) For the avoidance of doubt, despite the title as director, Dr. Su Yang is a member of the Company's senior management and not a member of the Board.

Prior to joining our Group, from May 2014 to September 2016, Mr. Sun worked as the China Senior Program Officer at the Bill & Melinda Gates Foundation, where he was responsible for leading healthcare related strategy, partnership, and execution in global healthcare innovation.

Mr. Sun obtained his bachelor degree in microbiology at University of Washington in the United States in June 1990 and obtained his master of business administration degree from Stern School of Business at New York University in the United States in May 1999, and his master of science degree in microbial engineering at University of Minnesota in the United States in July 1993.

Directors' and Senior Management's Interests

Save as disclosed above in this section, none of our Directors or senior management 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 above in this section, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as at the Latest Practicable Date. Save as disclosed in the section headed "Appendix V — Statutory and General Information — C. Further Information About Our Directors" in this document, as at the Latest Practicable Date, none of our Directors held any interest in the securities within the meaning of Part XV of the SFO. Save as disclosed above in this section, as at the Latest Practicable Date, none of our Directors or senior management is related to other Directors or senior management of our Company.

COMPANY SECRETARY

Ms. Suet Wing Leung (梁雪穎) ("**Ms. Leung**"), was appointed as our company secretary on August 5, 2020. Ms. Leung has more than nine years of experience in the company secretarial management and compliance, and currently works as a manager of the listing services department of TMF Hong Kong Limited and is responsible for providing company secretarial and compliance services. From June 2011 to June 2013, she consecutively served as an associate and an officer at the corporate services division of Tricor Services Limited.

Ms. Leung graduated with a master's degree in science with a major in professional accounting and corporate governance from City University of Hong Kong in July 2016. Ms. Leung has been an associate member of both the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom since December 2016.

BOARD DIVERSITY

We recognize and embrace the benefits of having a diverse Board to capture different talents so as to further bolster our Board's performance. This would also enable us in achieving a sustainable and balanced development in the long run. Our Board has adopted a board diversity policy which sets out the approach to achieve and maintain its diversity. The board diversity policy provides that the selection of Board candidates should be based on a range of diversity considerations, including but not limited to professional experience, skills, knowledge, gender, age, cultural and educational background, ethnicity and length of service. Our Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of business management, biotechnology, clinical research, life science, finance, investment, and accounting. They obtained degrees in various areas including microbiology, chemistry, pharmacy, biochemical engineering, chemical engineering, business administration, economics, mathematics, accounting and business law. Our board diversity policy is well implemented as evidenced by the fact that there are two female and nine male Directors ranging from 35 years old to 63 years old with experience from different industries and sectors.

We will continue to implement measures and steps to promote and enhance gender diversity at all levels of our Company. We will select potential Board candidates based on merit and his/her potential contribution to our Board while taking into account our board diversity policy and other factors, including but not limited to, his/her integration into our management mindset and business model and any specific requirements from time to time.

After the **[REDACTED]**, the Nomination Committee of our Board will review the board diversity policy and its implementation from time to time to ensure its implementation and monitor its continued effectiveness, and the same will be disclosed in our corporate governance report in accordance with the Listing Rules after the **[REDACTED]**.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability.

We consider that having Dr. Li acting as both the chairman of the Board and CEO will provide a strong and consistent leadership to us and allow for more effective planning and management of our Group. Pursuant to A.2.1 of Appendix 14 of the Listing Rules, the roles of the chairman of the Board and CEO should be separate and should not be performed by the same individual. However, in view of Dr. Li's extensive experience in the industry, personal profile and critical role in our Group and our historical development, we consider that it is beneficial to the business prospects of our Group that Dr. Li continues to act as both the chairman of the Board and CEO upon **[REDACTED]**.

Save as disclosed above, as at the Latest Practicable Date, the Directors consider that our Company has fully complied with the applicable code provisions as set out in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code each financial year and comply with the "comply or explain" principle in our corporate governance report which will be included in our annual reports after **[REDACTED]**.

BOARD COMMITTEES

Our Company has established three committees under the Board pursuant to the corporate governance practice requirements under the Listing Rules, including the Audit Committee, Remuneration Committee and Nomination Committee.

Audit Committee

The Audit Committee has been established by the Board with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to oversee and manage the overall risks associated with our business operation, including (i) reviewing and approving our risk management policies to ensure that it is consistent with our corporate objects; (ii) reviewing and approving our corporate risk tolerance; (iii) monitoring the most significant risks associated with our business operation and our management's handling of such risks; (iv) reviewing our corporate risk in light of our corporate risk tolerance; and (v) monitoring and ensuring the appropriate application of our risk management framework across our Company.

The Audit Committee consists of three members, all of whom are independent non-executive Directors, namely Mr. Cheung, Mr. Ho and Ms. Gao. The chairman of the Audit Committee is Mr. Cheung who is an independent non-executive Director with appropriate professional qualifications.

Remuneration Committee

The Remuneration Committee has been established by the Board with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Remuneration Committee are to establish, review and make recommendations to the Directors on our Company's policy and structure concerning remuneration of the Directors and senior management, on the diversity policy of the Board and senior management, on the establishment of a formal and transparent procedure for developing policies concerning such remuneration, determine the terms of the specific

remuneration package of each executive Director and senior management and review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

The Remuneration Committee consists of three members, namely Mr. Li, Mr. Cheung and Mr. Bishop. The chairman of the Remuneration Committee is Mr. Li.

Nomination Committee

The Nomination Committee has been established by the Board with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board, assess the independence of the independent non-executive Directors and make recommendations to the Board on the appointment and re-appointment of Directors and succession planning for Directors.

The Nomination Committee consists of three members, namely Mr. Li, Mr. Cao and Dr. Viswanadhan. The chairman of the Nomination Committee is Mr. Li.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Key Terms of Employment Contract

We normally enter into (i) an employment contract, and (ii) a proprietary inventions and non-compete agreement with our senior management members and technical staff (other than Directors). Below sets forth the key terms of these contracts.

- Terms: We normally enter into three years' employment contract with our senior management members.

- No conflict: During the term of the employment, the employee shall work on a full-time basis for us and shall not engage in any commercial activities directly related to the Company's business or any other activities which conflict with the obligations to the Company.

Confidentiality

- Confidential information: The employees shall keep confidential information, including but not limited to our inventions, trade secrets, knowledge or data of our Company or any such information of our clients, customers, consultants, shareholders, licensees, licensors, vendors or affiliates in confidence.

- Obligation and duration: The employees shall not, for the term of their employment and thereafter, directly or indirectly, use, divulge, publish or otherwise disclose or allow to be disclosed any aspect of any confidential information.

Inventions Assignment

- Acknowledgement: The employees acknowledge and agrees that we shall have a complete, absolute and exclusive right, title and interest in the work that they produce, solely or jointly with others, (a) during the period of the employment with the Company (i) that relates to the actual or demonstrably anticipated business, work, or research and development of our Company, (ii) that is developed in whole or in part using our equipment, supplies, facilities or confidential information or (iii) that results from any task assigned to the employee, any work performed by the employee for us and on our behalf, or are otherwise within the employee's scope of work with our Company, and (b) within 1 year after termination of employment that are obtained in relation to their activities during their employment with the Company.

- Assignment: The employees agree to assign, upon entering into the agreement, any rights, title or interest falling within the above scope to us. The employees further agree to grant an exclusive, royalty-free, assignable, irrevocable and worldwide license to us for any such rights that cannot be assigned to us.

Non-competition and Non-solicitation

- Non-competition obligation: the employee shall not, directly or indirectly, engage in any work, employment, consulting or other services for any other person or business whose products are with substantially similar indications as our existing products at the time of termination.

- Non-solicitation obligation: the employee shall not, directly or indirectly, either on their own or on another person's behalf, (i) solicit, induce, attempt to induce any of our employees to terminate their employment, (ii) hire, recruit or attempt to hire any of our employees at any time during the employee's employment, or (iii) solicit the clients or previous clients of the Company.

- Duration: the non-competition and non-solicitation obligations shall subsist throughout the employee's period of employment and up to 12 months after termination of employment.

Directors' Service Contracts and Remuneration

The Company does not have service contracts with any of its Directors. Each of the independent non-executive Directors has entered into an appointment letter with our Company effective upon the date of this document. For further details on the appointment letters, please see the section headed "Appendix V — Statutory and General Information — Further Information about Our Directors — 1. Particulars of Directors' Service Contracts and Appointment Letters" to this document.

For each of the years ended December 31, 2018 and 2019 and six months ended June 30, 2020, the aggregate amount of remuneration (including fees, salaries, contributions to pension schemes, discretionary bonuses, housing and other allowances and other benefits in kind) paid to the Directors was approximately RMB3,726,000, RMB3,660,000 and RMB46,513,000, respectively. Save as disclosed above, no other emoluments have been paid or are payable, in respect of each of the years ended December 31, 2018 and 2019 and six months ended June 30, 2020 to the Directors.

The aggregate amount of remuneration (including fees, salaries, contributions to pension schemes, discretionary bonuses, housing and other allowances and other benefits in kind) paid to our Group's five highest paid individuals for each of the years ended December 31, 2018 and 2019 and six months ended June 30, 2020 was approximately RMB8,243,000, RMB20,622,000 and RMB59,120,000, respectively.

During the Track Record Period, no remuneration was paid by our Group to, or receivable by, the Directors or the five highest paid individuals as an inducement to join or upon joining our Group. No compensation was paid by our Group to, or receivable by, the Directors or the five highest paid individuals during the Track Record Period for the loss of any office in connection with the management of the affairs of any subsidiary of our Company.

None of the Directors waived or agreed to waive any remuneration during the Track Record Period.

The Board will review and determine the remuneration and compensation packages of the Directors and senior management and will, upon and following the **[REDACTED]**, receive recommendation from the Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of our Group. Accordingly, the historical remuneration to the Directors during the Track Record Period may not reflect and are not indicative of the future levels of remuneration of the Directors.

Save as disclosed in this document, no other payments had been made, or are payable, by any member of our Group to the Directors or the five highest paid individuals during the Track Record Period. Under the arrangements currently in force, the aggregate basic annual remuneration (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) of our Directors for the year ending December 31, 2020 is estimated to be approximately RMB3,844,912.

For further details on the remuneration of the Directors during the Track Record Period as well as information on the five highest paid individuals, please see Note 9 to "Appendix I — Accountant's Report" in this document.

Employees' Remuneration and Benefits

Our employees are remunerated according to their job scope and responsibilities.

Share Incentivization Schemes

Our Company has adopted the Share Incentivization Schemes on September 4, 2019 to enable our Group to grant options to selected participants as incentives or reward for their contribution to our Group. For further details, please see the section headed "Appendix V — Statutory and General Information — D. Share Incentivization Schemes" in this document.

COMPLIANCE ADVISOR

We have appointed Guotai Junan Capital Limited as our Compliance Advisor pursuant to Rule 3A.19 of the Listing Rules. Our Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, our Compliance Advisor will advise our Company in certain circumstances including: (a) before the publication of any regulatory announcement, circular, or financial report; (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases; (c) where we propose to use the **[REDACTED]** of the **[REDACTED]** in a manner different from that detailed in this document or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this document, and (d) where the Stock Exchange makes an inquiry to our Company under Rule 13.10 of the Listing Rules.

The term of appointment of our Compliance Advisor shall commence on the **[REDACTED]** and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the **[REDACTED]**.

COMPETITION

Each of our Directors confirms that as at the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business and requires 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 these non-executive Directors are not 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 these Directors may hold directorships from time to time.

CONNECTED TRANSACTIONS

OVERVIEW

Prior to the **[REDACTED]**, we entered into certain transactions with parties who will, upon the **[REDACTED]**, become connected persons of the Company. Details of such continuing connected transactions and one-off connected transactions of the Company following the **[REDACTED]** are set out below.

Connected Persons

We have entered into certain transactions with the following connected persons, which will constitute our continuing connected transactions upon **[REDACTED]**:

Connected Person	Connected Relationship
Juno	Following the **[REDACTED]** (assuming the **[REDACTED]** is not exercised, no additional Shares are issued pursuant to the Share Incentivization Schemes and no Syracuse Holdback Shares and Juno Settlement Shares are issued), we will become directly owned as to **[REDACTED]**% by Juno. Juno is therefore one of the Substantial Shareholders. Pursuant to Rule 14A.07(1) of the Listing Rules, Juno is a connected person of our Company.
WXAT HK	Following the **[REDACTED]** (assuming the **[REDACTED]** is not exercised, no additional Shares are issued pursuant to the Share Incentivization Schemes and no Syracuse Holdback Shares and Juno Settlement Shares are issued), we will become directly owned as to **[REDACTED]**% by WXAT HK. WXAT HK is therefore one of our Substantial Shareholders. Pursuant to Rule 14A.07(1) of the Listing Rules, WXAT HK is a connected person of our Company.

Connected Person	Connected Relationship
WXAT Shanghai	Following the **[REDACTED]** (assuming the **[REDACTED]** is not exercised, no additional Shares are issued pursuant to the Share Incentivization Schemes and no Syracuse Holdback Shares and Juno Settlement Shares are issued), we will become directly owned as to **[REDACTED]**% by WXAT HK. WXAT Shanghai is the holding company of WXAT HK and therefore an associate of our Substantial Shareholder, WXAT HK. Pursuant to Rule 14A.07(4), WXAT Shanghai is a connected person of our Company.
Ms. Xing Gao	Ms. Xing Gao is one of our Directors. Pursuant to Rule 14A.07(1) of the Listing Rules, Ms. Xing Gao is a connected person of our Company.
Shanghai Ju Ming	As at the Latest Practicable Date, Shanghai Ju Ming is held by Ms. Xing Gao, our non-executive Director, as to 50%. Pursuant to Rule 14A.07(4), Shanghai Ju Ming is an associate of our Director and therefore a connected person of our Company.
Syracuse Cayman	Following the **[REDACTED]** (assuming the **[REDACTED]** is not exercised, no additional Shares are issued pursuant to the Share Incentivization Schemes and no Syracuse Holdback Shares and Juno Settlement Shares are issued), we will become directly owned as to **[REDACTED]**% by Syracuse Cayman. Syracuse Cayman is one of our Substantial Shareholders. Pursuant to Rule 14A.07(1) of the Listing Rules, Syracuse Cayman is a connected person of our Company.

CONTINUING CONNECTED TRANSACTIONS

Summary of Our Continuing Connected Transactions

No.	Nature of Transactions	Relevant Listing Rules	Connected Person(s)	Waiver Sought
IT Service Agreement				
1.	IT service provided by WXAT Shanghai	14A.76 *de minimis* transactions	WXAT Shanghai	Not applicable
Administrative Integrated Service Agreement				
2.	Administrative integrated service with WXAT Shanghai	14A.76 *de minimis* transactions	WXAT Shanghai	Not applicable
Equipment Lease Framework Agreement				
3.	Equipment lease provided by WXAT Shanghai	14A.35, 14A.36 and 14A.105	WXAT Shanghai	Waiver from strict compliance with reporting and announcement requirements
Vector Supply Agreements				
4.	Viral vectors supplied by Juno	14A.35, 14A.36 and 14A.105	Juno	Waiver from strict compliance with reporting and announcement requirements
Framework Agreement for Clinical Service				
5.	Clinical service provided by WXAT Shanghai	14A.35, 14A.36 and 14A.105	WXAT HK and WXAT Shanghai	Waiver from strict compliance with reporting and announcement requirements
License and Strategic Alliance Agreement				
6.	License and strategic alliance with Juno	14A.35, 14A.36, 14.52, 14A.53 and 14A.105	Juno	Waiver from strict compliance with reporting, announcement and independent Shareholders' approval requirements, the requirement of limiting the term of agreement to three years or less and the annual cap requirement

No.	Nature of Transactions	Relevant Listing Rules	Connected Person(s)	Waiver Sought
BCMA License Agreement				
7.	BCMA license with Juno	14A.35, 14A.36, 14.52, 14A.53 and 14A.105	Juno	Waiver from strict compliance with reporting, announcement and independent Shareholders' approval requirements, the requirement of limiting the term of agreement to three years or less and the annual cap requirement
Contractual Arrangements				
8.	Contractual Arrangements	14A.35, 14A.36, 14A.52, 14A.53 and 14A.105	Ms. Xing Gao and Shanghai Ju Ming	Waiver from strict compliance with reporting, announcement and independent Shareholders' approval requirements, the requirement of limiting the term of agreement to three years or less and the annual cap requirement

FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. IT Service Agreement with WXAT Shanghai

Principal terms

JW Shanghai entered into an IT service agreement on June 1, 2020 with WXAT Shanghai, pursuant to which WXAT Shanghai provided services covering IT platform service and infrastructure service (the "**IT Service Agreement**"). The term of the IT Service Agreement commenced on June 1, 2020 and will expire on May 31, 2021, and upon mutual agreement, may be renewed subject to compliance with all applicable laws and regulations and the Listing Rules.

Pricing policy

The service fees to be incurred by our Group to WXAT Shanghai shall be determined after arm's length negotiation between the parties with reference to the prevailing market rate in respect of similar IT services provided by other independent IT service providers and we will engage WXAT Shanghai to provide such services if they are provided on normal commercial terms or better to the Group when compared with other independent third parties.

Reasons for and benefits of the transactions

Our Company requires various supporting services in connection with our IT infrastructure and platform to support our business operation that are better handled and outsourced by service providers equipped with better technical services capabilities. As such, it would be more cost effective and efficient to outsource such services to WXAT Shanghai, which is a leading global pharmaceutical research and development services platform that can provide highly responsive and convenient specialized IT support.

Historical amounts

For the two years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, the total amount of service fees incurred by our Group to WXAT Shanghai was approximately RMB272,422, RMB441,699 and RMB207,417 respectively.

Listing Rule Implications

Although the revenue ratio and the profit ratio are not applicable given that the Company is a pre-revenue biopharmaceutical company, the assets ratio remains applicable and does not produce any anomalous result. The transactions contemplated under the IT Service Agreement are conducted in the ordinary and usual course of business on normal commercial terms or better and our Directors currently expect that the asset ratio in respect of such transactions will be less than 5% and the total consideration will be less than HKD3 million. As such, these transactions will be fully-exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Administrative Integrated Service Agreement with WXAT Shanghai

Principal terms

JW Shanghai entered into an administrative integrated service agreement on August 1, 2020 with WXAT Shanghai, pursuant to which WXAT Shanghai provided services relating to administrative support and environmental protection (the "**Administrative Integrated Service Agreement**"). The term of the Administrative Integrated Service Agreement commences on July 1, 2019 and will expire on December 31, 2021, and upon mutual agreement, may be renewed subject to compliance with all applicable laws and regulations and the Listing Rules.

Pricing policy

The service fees to be incurred by our Group to WXAT Shanghai shall be determined after arm's length negotiation between the parties with reference to the prevailing market rate in respect of similar administrative integrated services provided by other independent administrative integrated service providers and we will engage WXAT Shanghai to provide such services if they are provided on normal commercial terms or better to the Group when compared with other independent third parties.

Reasons for and benefits of the transactions

Due to the close proximity of WXAT Shanghai and our Group, it would be more convenient and cost effective for the Group to engage WXAT Shanghai to provide such support services in connection with our administrative services to support our business operation. Comparing to other independent third parties, WXAT is able to provide comprehensive administrative services around its campus.

Historical amounts

For the two years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, the total amount of service fees incurred by our Group to WXAT Shanghai was approximately RMB466,320, RMB466,320 and RMB233,160 respectively.

Listing Rule Implications

Although the revenue ratio and the profit ratio are not applicable given that the Company is a pre-revenue biopharmaceutical company, the assets ratio remains applicable and does not produce any anomalous result. The transactions contemplated under the Administrative Integrated Service Agreement are conducted in the ordinary and usual course of business on normal commercial terms or better and our Directors currently expect that the asset ratio in respect of such transactions will be less than 5% and the total consideration will be less than HKD3 million. As such, these transactions will be fully-exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

3. Equipment Lease Framework Agreement with WXAT Shanghai

Principal terms

JW Shanghai entered into an equipment lease framework agreement with WXAT Shanghai on August 1, 2020, pursuant to which WXAT Shanghai leased to JW Shanghai certain specialized clinical equipments for the operation of our clinical laboratories (the "**Equipment Lease Framework Agreement**"). The Equipment Lease Framework Agreement commenced from Febraury 1, 2019 to December 31, 2021.

Pricing policy

Under the Equipment Lease Framework Agreement, WXAT Shanghai leases certain specialized clinical equipments to JW Shanghai. The rent of each equipment was determined, after arm's length negotiations between the parties, with reference to the prevailing market prices in respect of similar equipment as well as the depreciation of the fixed assets of the equipment, plus a profit mark-up of 5%.

Reasons and benefits of the transactions

The Company requires certain specialized clinical equipments for the purpose of research and development from time to time and it would be better and more cost-effective to obtain these equipments through leasing from WXAT Shanghai as compared to purchasing these clinical equipments.

Historical amount

For the two years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, the total amount of rent incurred by our Group to WXAT Shanghai was approximately RMB2,459,516 and RMB2,576,844 and RMB1,387,267.

Annual cap

For the two years ending December 31, 2020 and 2021, the total amount payable by our Group to WXAT Shanghai under the Equipment Lease Framework Agreement is not expected to exceed RMB3.5 million and RMB4 million respectively.

Basis of cap

The above proposed annual caps are set based on the following factors: (i) the historical transaction amount paid by our Group to WXAT Shanghai and (ii) the anticipation of the increase of rent due to the additional costs arising from increased research and development activities and increasing demand and enhancement for specialized clinical equipment.

Listing Rules Implications

Although the revenue ratio and the profit ratio are not applicable given that the Company is a pre-revenue biopharmaceutical company, the assets ratio remains applicable and does not produce any anomalous result. The transactions contemplated under the Equipment Lease Framework Agreement are conducted in the ordinary and usual course of business on normal commercial terms or better and our Directors currently expect that the asset ratio in respect of such transactions will be more than 0.1% but less than 5%. As such, these transactions will constitute continuing connected transactions exempt from the independent shareholders' approval requirements and would require compliance with the reporting and announcement requirements and annual review requirements under Chapter 14A of the Listing Rules.

4. Vector Supply Agreements

Principal terms

Our Company entered into vector supply agreements with Juno on June 29, 2020 and June 19, 2020, pursuant to which we agree to procure viral vectors from Juno in connection with the clinical development of relma-cel and JWCAR129, as well as the commercialization of relma-cel, subject to the terms and conditions therein (the "**Vector Supply Agreements**"). The Vector Supply Agreements are effective from the date of the agreement and will expire on the later of (i) three years from the date of agreement or (ii) the completion of services provided under the relevant Vector Supply Agreement prior to the third anniversary of the date of agreement. The terms of the Vector Supply Agreements may be extended only upon mutual agreement.

Pricing policy

The prices of the viral vectors are determined on an arm's length standard which includes considerations of (i) Juno's costs for the procurement of viral vectors from independent contractors; (ii) profit mark-up of not exceeding 15% and (iii) specific requirements due to potential commercialization of our drug candidates.

Reasons for and benefits of the transactions

Juno is a global leading company in the development of cell therapies. Juno procures viral vectors from independent contractors globally for both clinical stage developments as well as anticipated commercialization of its own pipeline products. Our pipeline products, relma-cel and JWCAR129, are developed based on the CAR construct we in-licensed from Juno and share similar characteristics and requirements for viral vector supplies. Accordingly, Juno has been providing the Group with high quality and cost effective supply of viral vectors for our research and development of relma-cel and JWCAR129 during the Track Record Period, as well as the anticipated commercialization of relma-cel.

Historical amounts

For the two years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, the total amount of fees incurred by our Group to Juno was approximately USD572,646 (equivalent to RMB3,994,320), USD327,248 (equivalent to RMB2,282,620) and USD103,560 (equivalent to RMB722,352).

Annual cap

For the three years ending December 31, 2020, 2021 and 2022, the total amount payable by our Group to Juno under the Vector Supply Agreements is not expected to exceed USD0.6 million (equivalent to RMB4,185,120), USD3.2 million (equivalent to RMB22,320,640) and USD12.8 million (equivalent to RMB89,282,560) respectively.

Basis of cap

The above proposed annual caps are set based on the following factors: (i) the historical transaction amount paid by our Group to Juno for the purchase of viral vectors for use in clinical trials; (ii) the anticipated significant increase in the use of viral vectors for both the commercialization of relma-cel in 2021 and expanded clinical trial programs in 2020, 2021 and 2022 as the Group's business continues to grow and expand while approaching commercialization stage; (iii) pricing of viral vectors for commercialization and clinical trial purposes are priced on actual procurement costs incurred by Juno and up to 15% profit mark-up for quality control and other services and (iv) significantly higher unit price of GMP grade viral vectors for commercialization purpose compared to non-GMP grade viral vectors used in clinical trials. GMP grade viral vectors are more costly due to lower production yield as a result of GMP QC testing and sample retention requirements, additional costs for GMP qualification and maintenance, as well as additional costs for securing capacity and supply with qualified suppliers.

Listing Rule Implications

Although the revenue ratio and the profit ratio are not applicable given that the Company is a pre-revenue biopharmaceutical company, the assets ratio remains applicable and does not produce any anomalous result. The transactions contemplated under the Vector Supply Agreements are conducted in the ordinary and usual course of business on normal commercial terms or better and our Directors currently expect that the asset ratio in respect of such transactions will be more than 0.1% but less than 5%. As such, these transactions will constitute continuing connected transactions exempt from the independent shareholders' approval requirements and would require compliance with the reporting and announcement requirements and annual review requirements under Chapter 14A of the Listing Rules.

5. Framework Agreement for Clinical Service with WXAT HK and WXAT Shanghai

Principal terms

The Company, its subsidiaries and Consolidated Affiliated Entities entered into a framework agreement for clinical service on August 1, 2020 with WXAT HK and WXAT Shanghai, pursuant to which WXAT Shanghai will provide us various clinical services including but not limited to plasmid construction, bacteria banking and clinical research services (the "**Framework Agreement for Clinical Service**"). The Framework Agreement for Clinical Service will be effective from August 1, 2020 until December 31, 2022 and upon mutual agreement, may be renewed subject to compliance with all applicable laws and regulations and the Listing Rules.

Pricing policy

The service fees will be determined on arm's length basis with reference to prevailing market price based on same supply conditions and technical specifications and we will engage WXAT Shanghai to provide such services if they are provided on normal commercial terms or better to the Group when compared with other independent third parties.

Reasons for and benefits of the transactions

It is complementary and beneficial to our Group to enter into the Framework Agreement for Clinical Service to receive quality and specialized clinical services which could be better provided by WXAT Shanghai, which is a leading global pharmaceutical research and development services platform with capabilities in providing clinical services. By entering into the Framework Agreement for Clinical Service, our Directors are of the view that WXAT Shanghai could provide us with comprehensive and cost-effective clinical services.

Historical amounts

For the two years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, there were no service fees incurred by our Group to WXAT Shanghai.

Annual cap

For the three years ending December 31, 2020, 2021 and 2022, the total amount payable by our Group to WXAT HK under the Framework Agreement for Clinical Service is not expected to exceed USD2.0 million (equivalent to RMB13,950,400), USD4.8 million (equivalent to RMB33,480,960) and USD5.4 million (equivalent to RMB37,666,080) respectively.

Basis of cap

The above proposed annual caps are set based on (i) the anticipated increase to the number of clinical trials in the second half of 2020, 2021 and 2022, which is primarily driven by our clinical development and increased clinical trial demands in 2020, 2021 and 2022 with more drug candidates as the Group's business continue to grow and expand while approaching commercialization stage and (ii) the estimated costs per trial which is in line with prevailing market price.

Listing Rule Implications

Although the revenue ratio and the profit ratio are not applicable given that the Company is a pre-revenue biopharmaceutical company, the assets ratio remains applicable and does not produce any anomalous result. The transactions contemplated under the Framework Agreement for Clinical Service are conducted in the ordinary and usual course of business on normal commercial terms or better and our Directors currently expect that the asset ratio will be more than 0.1% but less than 5%. As such, these transactions will constitute continuing connected transactions exempt from the independent shareholders' approval requirements and would require compliance with the reporting and announcement requirements and annual review requirements under Chapter 14A of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

6. License and Strategic Alliance Agreement with Juno

Principal terms of the transaction

The Company entered into the License and Strategic Alliance Agreement with Juno on December 13, 2017, pursuant to which the Company has the right of first negotiation to license or obtain the rights to Juno's engineered T-cell pipeline product candidates in the ROFN Field for further development and commercialization in the Territory. Juno also granted us an exclusive, sublicensable, transferable and fee-bearing license under Juno's interest in or Juno's license rights to certain patent rights and know-how, and a non-exclusive, sublicensable, transferable and fee-bearing license under certain patent rights and know-how covering Juno's platform technology, solely to research, develop, commercialize, and manufacture or have manufactured relma-cel in China, Hong Kong and Macau. For further details, please see the section headed "Business — Collaboration and License Agreements — License Agreements with Juno" in this document. In consideration of the rights granted to us, we are required to make various upfront, milestone, royalty payments and reimbursement to Juno as follows:

Upfront payment : The Company shall provide Juno upfront share-based payment by (i) issuing Series A1 Preferred Shares to Juno in Series A1 financing with an aggregate value of approximately US$8.9 million and (ii) issuing such number of Series A2 Preferred Shares to Juno in Series A2 financing such that immediately following closing of the Series A2 financing, Juno will be the holder of such number of Shares, Series A1 Preferred Shares and Series A2 Preferred Shares that together represent an indirect ownership interest of 35% of all of the equity interests in JW Shanghai on a fully-diluted basis.

The Company made the above upfront payment by issuing 641,975 Series A1 Preferred Shares on February 23, 2018 and 3,316,825 Series A2 Preferred Shares to Juno on May 9, 2019.

Milestone payment : The Company to provide Juno milestone payment in an amount of USD 5 million based on earlier occurrence of (i) milestone events relating to certain regulatory approvals and (ii) treatment of 100 patients with relma-cel in clinical trials.

As at the Latest Practicable Date, no milestone payment was made by the Company to Juno.

Royalty payment : We will pay Juno tiered royalty payments at rates ranging from the mid to high single digit percentages for relma-cel and royalty payments at a low single digit percentages for any related diagnostic products, in each case, of annual net sales in the Territory, subject to certain adjustments in specified circumstances.

As at the Latest Practicable Date, no royalty payment was made by the Company to Juno.

Reimbursement : We are required to pay to Juno the sum of all milestone payments and royalties owed by Juno to third parties with respect to relma-cel and related diagnostic products in the Territory pursuant to in-license agreements existing at the time of such development or commercialization.

As at the Latest Practicable Date, no reimbursement was made by the Company to Juno.

The License and Strategic Alliance Agreement became effective on December 13, 2017 and continues until the later of (i) the expiration or termination of all then existing Juno pipeline product licenses; or (ii) the expiration of the royalty term. The royalty term applies on a product-by-product and country-by-country basis commencing upon the first commercial sale of relma-cel or a related diagnostic product in the Territory, with the end date varying depending on the type of royalty owed to Juno. It may also be terminated earlier by mutual agreement, by either party for the other party's uncured material breach, upon our or JW Shanghai's dissolution, by either party upon the bankruptcy of the other party, or by Juno for safety or regulatory concerns with respect to relma-cel. For further details of the License and Strategic Alliance Agreement, please see the section headed "Business — License Agreements with Juno — Rights In-licensed from Juno — relma-cel" in this document.

Reasons for and benefits of the transactions

As the Company is a clinical stage cell therapy platform company in the early stages of development, the licenses, technologies and know-how granted by Juno are essential to our development process. Juno and our Company established a strategic alliance to utilize Shanghai Ming Ju to conduct clinical trials in connection with the research, development, manufacturing and commercialization of certain cellular therapy products, including relma-cel, in China.

The royalty payment is a revenue sharing arrangement which was determined after arm's length negotiations between us and Juno, taking into account that it is common practice to share future sales revenue and proceeds from transfer of sub-licensing rights which in turn lowers the upfront fixed payment payable by the licensee in the Chinese biopharmaceutical market, according to Frost & Sullivan.

Historical amounts

As relma-cel has not been commercialized in China and it is currently at clinical stage, there are no fees paid under the License and Strategic Alliance Agreement. For the two years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, there were no fees paid by our Group to Juno under the License and Strategic Alliance Agreement.

Listing Rules implications

Although the revenue ratio and the profit ratio are not applicable given that the Company is a pre-revenue biopharmaceutical company, the assets ratio remains applicable and does not produce any anomalous result. The asset ratio in respect of the transactions associated with the License and Strategic Alliance Agreement is expected to be more than 5%. As such, the transactions will be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Waiver from strict compliance with contractual term requirements

Under Rule 14A.52 of the Listing Rules, a listed issuer is required to set a contractual term not exceeding three years. It is impracticable and extremely difficult for us to set a contractual term not exceeding three years in respect of the License and Strategic Alliance Agreement. Therefore, the Company applied to the Stock Exchange for, and the Stock Exchange [has granted] to the Company, a waiver under Rule 14A.52 of the Listing Rules from strict compliance with the contractual term requirements.

The License and Strategic Alliance Agreement is of an indefinite term longer than three years as otherwise normally permitted for the continuing connected transactions under the Listing Rules. Our Directors consider that the terms of the License and Strategic Alliance Agreement are consistent with normal business practices for agreements of similar nature in the biotechnology pharmaceutical industry and are in the best interest of our Group and our Shareholders as a whole. The indefinite term of the License and Strategic Alliance Agreement can secure long-term license rights for us, thus avoiding unnecessary disruptions to our business and enable long-term

development and continuity of our operations. In addition, based on Frost & Sullivan Report, it is not uncommon in the biotechnology pharmaceutical industry where similar long-term licensing arrangements are adopted.

Waiver from strict compliance with annual cap requirements

Under Rule 14A.53 of the Listing Rules, the listed issuer must set an annual cap for the continuing connected transactions. The Directors believe that strict compliance with the requirements of Rule 14A.53 of the Listing Rules for setting annual caps in respect of the License and Strategic Alliance Agreement is impracticable and not in the best interests of the Shareholders. Therefore, the Company applied to the Stock Exchange for, and the Stock Exchange [has granted] to the Company, a waiver under Rule 14A.105 of the Listing Rules from strict compliance with the annual cap requirements on the basis, and (where applicable) conditional on, the following, and [has allowed] us not to set annual caps for transactions contemplated under the License and Strategic Alliance Agreement within its indefinite terms:

(i) **A fixed annual cap will limit the business development of the Company.** Given that relma-cel is one of our key drug candidates and the patent rights and know-how under the License and Strategic Alliance Agreement which is crucial for the development of relma-cel, setting annual caps with fixed monetary amounts would place an arbitrary ceiling on the sale by the Company of relma-cel, and therefore the Company's revenue, which will hinder its development and will not be in the interests of the Company and any of the Shareholders, including the minority Shareholders.

(ii) **Impracticable and extremely difficult to set annual caps.**

(a) It is impracticable and extremely difficult to set meaningful annual caps considering the long term nature of the License and Strategic Alliance Agreement as it would involve making assumptions on the future performance of, and relma-cel sold by, the Company over an indefinite term. In addition, the performance of relma-cel is primarily driven by scientific results in clinical studies and is therefore beyond the complete planning and control of the Company.

(b) The Company believes that the revenues generated from the sale of relma-cel (and therefore the related fees payable by the Company under the License and Strategic Alliance Agreement) should increase over the life of the License and Strategic Alliance Agreement, although it is not possible to predict with any degree of accuracy such revenues or the proportion of Group's total revenues that will be represented by drugs manufactured by Group under the License and Strategic Alliance Agreement.

(c) In addition, it is impossible to predict other factors which may impact the Company's revenues over such a period, such as inflation, currency fluctuations, governmental regulations, regulatory approval process, clinical study results and expansion into new markets. Accordingly, an annual cap in monetary terms will have to be set very high if it is not to stifle the growth of the Company and such a cap may become misleading or meaningless to shareholders, investors and the market.

(iii) **A formula-based pricing mechanism without monetary annual caps is the only practical resolution.**

As opposed to monetary annual caps, fees calculated with reference to certain pricing policies is the only practical solution. The amount and timing of the milestone payment and royalty payment under License and Strategic Alliance Agreement are primarily driven by regulatory approval process and market demand which are beyond the control of the parties.

(iv) **Uncertainty to the business operation/management of the Company.** Given the transactions contemplated under the License and Strategic Alliance Agreement are the core strategic transactions for the businesses of the Company, it is therefore necessary for the Company to apply for a waiver from setting annual caps for long term. If the absence of a monetary cap is subject to the approval of the independent Shareholders of the Company, it would give rise to significant uncertainty as to whether the License and Strategic Alliance Agreement will be functional within their whole terms.

(v) **Full disclosure.** This document has clearly disclosed the basis of the fee calculation under the License and Strategic Alliance Agreement during the Track Record Period and going forward. The Company would separately disclose in its annual reports after **[REDACTED]** the related amounts of the fees paid under the License and Strategic Alliance Agreement.

(vi) **Material changes subject to the approval of Shareholders.** Any material change to the basis of calculating the fees under the License and Strategic Alliance Agreement would be subject to the approval of Shareholders.

7. BCMA License Agreement with Juno

Principal terms

The Company entered into a license agreement with Juno on April 11, 2019 pursuant to which Juno granted the Company an exclusive, sublicensable, transferable and fee-bearing license under certain patent rights and know-how covering Juno's platform technology, solely to research, develop, commercialize, and manufacture or have manufactured JWCAR129, or related diagnostic products, in the JWCAR129 Field in the Territory. For further details, please see the section headed "Business — Collaboration and License Agreements — License Agreements with Juno" in this document. In consideration of the rights granted to us, we are required to make various upfront, milestone, royalty payments and reimbursement to Juno as follows:

Upfront payment : The Company shall provide Juno upfront payment comprising of (i) issuing 466,553 Series X Preferred Shares to Juno shortly after closing of Series A2 financing and (ii) issuing 4,665,530 (as adjusted after the Share Subdivision) Shares at nil consideraton by June 11, 2022 if no product failure as defined in the BCMA License Agreement has occurred prior April 2022, being to the third anniversary of the date of the BCMA License Agreement.

The Company has issued 466,553 Series X Preferred Shares to Juno on November 20, 2019 under (i) above and as at the Latest Practicable Date, no Shares have been issued under (ii) above. For further details, please see "— One-off Connected Transactions" in this section.

Milestone payment : The Company shall provide Juno milestone payments in an aggregate amount of up to USD35 million which are contingent on the occurrence of (i) milestone events relating to obtaining regulatory approvals for JWCAR129 and (ii) an milestone event relating to sales in the Territory relating to JWCAR129.

As at the Latest Practicable Date, no milestone payment has been made by the Company to Juno.

Royalty payment : We will pay Juno tiered royalty payments at rates ranging from the mid to high single digit percentages for JWCAR129 and royalty payments at a low single digit percentage for any related diagnostic products, in each case, of annual net sales in the Territory, subject to certain adjustments in specified circumstances.

As at the Latest Practicable Date, no royalty payment was made by the Company to Juno.

Reimbursement : We are required to pay to Juno the sum of all milestone payments and royalties owed by Juno to third parties with respect to JWCAR129 and related diagnostic products in the Territory pursuant to in-license agreements existing at the time of such development or commercialization.

As at the Latest Practicable Date, no reimbursement was made by the Company to Juno.

The BCMA License Agreement became effective on April 11, 2019 and will remain in effect and until the expiration of the royalty term. The royalty term applies on a product-by-product and country-by-country basis commencing upon the first commercial sale of JWCAR129 or a related diagnostic product in the Territory, with the end date varying depending on the type of royalty owed to Juno. It may also be terminated earlier by mutual agreement, by either party for the other party's uncured material breach, upon our or JW Shanghai's dissolution, by either party upon the bankruptcy of the other party, by Juno for safety or regulatory concerns with respect to JWCAR129 if attributable to the CAR construct licensed from Juno, by Juno if the additional preferred shares are not issued by the timeline set forth in the BCMA License Agreement, or by us for Juno's termination of development in the United States of the licensed CAR construct. For further details of the BCMA License Agreement, please see the section headed "Business — License Agreements with Juno — Rights In-licensed from Juno — BCMA License Agreement " in this document.

Reasons for and benefits of the transactions

As the Company established a stable strategic alliance with Juno, it entered into the BCMA License Agreement to develop JWCAR129 further strengthen such alliance and expand the Company's pipeline products.

The royalty and milestone payment is a revenue sharing arrangement which was determined after arm's length negotiations between us and Juno, taking into account that it is common practice to share future sales revenue and proceeds from transfer of sub-licensing rights which in turn lowers the upfront fixed payment payable by the licensee in the Chinese biopharmaceutical market, according to Frost & Sullivan.

Historical amounts

As JWCAR129 has not been commercialized in China and it is currently at pre-clinical stage, there are no fees paid under the BCMA License Agreement. For the two years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, there were no fees paid by our Group to Juno under the BCMA License Agreement.

Listing Rules implications

Although the revenue ratio and the profit ratio are not applicable given that the Company is a pre-revenue biopharmaceutical company, the assets ratio remains applicable and does not produce any anomalous result. The asset ratio in respect of the transactions associated with the BCMA License Agreement is expected to be more than 5%. As such, the transactions will be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Waiver from strict compliance with contractual term requirements

Under Rule 14A.52 of the Listing Rules, a listed issuer is required to set a contractual term not exceeding three years. It is impracticable and extremely difficult for us to set a contractual term not exceeding three years in respect of the BCMA License Agreement. Therefore, the Company applied to the Stock Exchange for, and the Stock Exchange [has granted] to the Company, a waiver under Rule 14A.52 of the Listing Rules from strict compliance with the contractual term requirements

The BCMA License Agreement is of an indefinite term longer than three years as otherwise normally permitted for the continuing connected transactions under the Listing Rules. Our Directors consider that the terms of the BCMA License Agreement are consistent with normal business practices for agreement of similar nature in the biotechnology pharmaceutical industry and are in the best interest of our Group and our Shareholders as a whole, because (i) the indefinite term of the BCMA License Agreement can secure long-term license rights for us, thus

avoiding unnecessary disruptions to our business and enable long-term development and continuity of our operations and (ii) based on Frost & Sullivan Report, it is not uncommon in the biotechnology pharmaceutical industry where similar long-term licensing arrangements are adopted.

Waiver from strict compliance with annual cap requirements

Under Rule 14A.53 of the Listing Rules, the listed issuer must set an annual cap for the continuing connected transactions. The Directors believe that is impracticable and extremely difficult to set annual caps in respect of the BCMA License Agreement. Therefore, the Company applied to the Stock Exchange for, and the Stock Exchange [has granted] to the Company, a waiver from strict compliance with the annual cap requirements on the basis, and (where applicable) conditional on, the following and [has allowed] us not to set annual caps for transactions contemplated under the BCMA License Agreement within its indefinite term:

(i) **A fixed annual cap will limit the business development of the Company.** Given that JWCAR129 is one of our key drug candidates and the patent rights and know-how under the BCMA License Agreement which is crucial for the development of JWCAR129, setting annual caps with fixed monetary amounts would place an arbitrary ceiling on the sale by the Company of JWCAR129, and therefore the Company's revenue, which will hinder its development and will not be in the interests of the Company and any of the Shareholders, including the minority Shareholders.

(ii) **Impracticable and extremely difficult to set annual caps.**

(a) It is impracticable and extremely difficult to set meaningful annual caps considering the long term nature of the BCMA License Agreement as it would involve making assumptions on the future performance of, and JWCAR129 sold by, the Company over an indefinite term. In addition, the performance of JWCAR129 is primarily driven by scientific results in clinical studies and is therefore beyond the complete planning and control of the Company.

(b) The Company believes that the revenues generated from the sale of JWCAR129 (and therefore the related fees payable by the Company under the BCMA License Agreement) should increase over the life of the BCMA License Agreement, although it is not possible to predict with any degree of accuracy such revenues or the proportion of Group's total revenues that will be represented by drugs manufactured by Group under the BCMA License Agreement.

(c) In addition, it is impossible to predict other factors which may impact the Company's revenues over such a period, such as inflation, currency fluctuations, governmental regulations, regulatory approval process, clinical study results and expansion into new markets. Accordingly, an annual cap in monetary terms will have to be set very high if it is not to stifle the growth of the Company and such a cap may become misleading or meaningless to shareholders, investors and the market.

(iii) **A formula-based pricing mechanism without monetary annual caps is the only practical resolution.** As opposed to monetary annual caps, fees calculated with reference to certain pricing policies is the only practical solution. The amount and timing of the milestone payment and royalty payment under the BCMA License Agreement are primarily driven by regulatory approval process and market demand which are beyond the control of the parties.

(iv) **Uncertainty to the business operation/management of the Company.** Given the transactions contemplated under the BCMA License Agreement represented a core part of the businesses of the Company, it is therefore necessary for the Company to apply for a waiver from setting annual caps for a long term. If the absence of a monetary cap is subject to the approval of the independent Shareholders of the Company, it would give rise to significant uncertainty as to whether the BCMA License Agreement will be functional within their whole terms.

(v) **Full disclosure.** This document has clearly disclosed the basis of the fee calculation under the BCMA License Agreement during the Track Record Period and going forward. The Company would separately disclose in its annual reports after **[REDACTED]** the related amounts of the fees paid under the BCMA License Agreement.

(vi) **Material changes subject to the approval of Shareholders.** Any material change to the basis of calculating the fees under the BCMA License Agreement would be subject to the approval of Shareholders.

9. Contractual Arrangements

As disclosed in "Contractual Arrangements", due to regulatory restrictions on foreign ownership in the PRC, we conduct certain businesses through Shanghai Ju Ming, being our Consolidated Affiliated Entity, which holds the requisite licence, permit and approval required for clinical trial of CAR-T therapies which involve the development and application of gene diagnostic and therapeutic technologies in the PRC. The Contractual Arrangements entered into among JW Shanghai, Shanghai Ju Ming and the Registered Shareholders of Shanghai Ju Ming

enable us to (i) receive substantially all of the economic benefits from Shanghai Ju Ming in consideration for the services provided by JW Shanghai to Shanghai Ju Ming under the Exclusive Business Cooperation Agreement; (ii) exercise effective control over Shanghai Ju Ming to conduct the relevant business; and (iii) hold an exclusive option to purchase all or any part of equity interests in Shanghai Ju Ming and/or assets or interests in any of the assets of Shanghai Ju Ming. The transactions contemplated under the Contractual Arrangements are continuing connected transactions of our Group and are subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Principal terms of the transactions

The Contractual Arrangements comprise the following agreements: Exclusive Business Cooperation Agreements, Powers of Attorney, Exclusive Option Agreements, Loan Agreements, Equity Interest Pledge Agreements and Spouse Undertaking made by the spouse of a Registered Shareholder. For further details of the Contractual Arrangements, please see the section headed "Contractual Agreements" in this document.

Listing Rules implications

Although the revenue ratio and the profit ratio are not applicable given that the Company is a pre-revenue biopharmaceutical company, the assets ratio remains applicable and does not produce any anomalous result. The asset ratio in respect of the transactions associated with the Contractual Arrangements is expected to be more than 5%. As such, the transactions will be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Our Directors, including our independent non-executive Directors, are of the view that (i) the Contractual Arrangements are fundamental to our Group's legal structure and business operations; and (ii) the Contractual Arrangements are on normal commercial terms or on terms more favorable to our Group in the ordinary and usual course of our Group's business and are fair and reasonable or to the advantage of our Group and are in the interests of our Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that, given that our Group is placed in a special situation in relation to the connected transactions rules under the Contractual Arrangements, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company, for all the transactions contemplated under the Contractual Arrangements to be subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among other things, the announcement and approval of independent Shareholders.

Waiver relating to Contractual Arrangements

In relation to the Contractual Arrangements, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted], a waiver from strict compliance with (i) the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules; (ii) setting a maximum aggregate annual value, i.e. an annual cap, for the fees payable to JW Shanghai from Shanghai Ju Ming under the Contractual Arrangements; and (iii) fixing the term of the Contractual Arrangements to three years or less, for so long as our Shares are listed on the Hong Kong Stock Exchange subject to the following conditions. If any terms of the Contractual Arrangements are altered or if we enter into any new agreements with any connected persons in the future, we must comply with the relevant requirements under Chapter 14A of the Listing Rules and, where appropriate, obtain a separate waiver from the Hong Kong Stock Exchange.

(a) No change without independent non-executive Directors' approval

No changes to the terms of any of the agreements constituting the Contractual Arrangements will be made without the approval of our independent non-executive Directors.

(b) No change without independent shareholders' approval

Save as described in paragraph (d) below, no changes to the terms of any of the agreements constituting the Contractual Arrangements will be made without the approval of the independent Shareholders. Once independent Shareholders' approval of any change has been obtained, no further announcement or approval of the independent Shareholders, will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of our Company (as set out in paragraph (e) below) will however continue to be applicable.

(c) Economic benefits flexibility

The Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the Consolidated Affiliated Entity through: (i) our Group's potential right (if and when so allowed under the applicable PRC laws) to acquire the equity interests in and/or assets of the Consolidated Affiliated Entity; (ii) the business structure under which the net profits generated by the Consolidated Affiliated Entity (after deducting the necessary costs, expenses, taxes and other statutory contribution in relation to the respective fiscal year) is substantially retained by us (such that no annual caps shall be set on the amount of services fees payable to JW

Shanghai under the Exclusive Business Cooperation Agreement); and (iii) our right to control the management and operation of, as well as, in substance, all of the voting rights of the Consolidated Affiliated Entity.

(d) Renewal and reproduction

On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and our subsidiaries in which our Company has direct shareholding, on one hand, and the Consolidated Affiliated Entity, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as described in "Contractual Arrangements" in this document. The directors, chief executive or substantial shareholders of any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group may establish when justified by business expediency will, upon renewal and/or cloning of the Contractual Arrangements, however be treated as our Group's connected persons and transactions between these connected persons and our Group other than those under similar Contractual Arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to the relevant PRC laws, regulations and approvals.

(e) Ongoing reporting and approvals

We will disclose details relating to the Contractual Arrangements on an ongoing basis as follows:

(1) The Contractual Arrangements in place during each financial period will be disclosed in our annual report in accordance with the relevant provisions of the Listing Rules.

(2) Our independent non-executive Directors will review the Contractual Arrangements annually and confirm in our annual report for the relevant year that: (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements; (ii) no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group; and (iii) any new contracts entered into, renewed or reproduced between our Group and the

Consolidated Affiliated Entity during the relevant financial period under paragraph (d) above are fair and reasonable, or advantageous, so far as our Group is concerned and in the interests of the Company and the Shareholders as a whole.

(3) Our auditors will carry out review procedures annually on the transactions carried out pursuant to the Contractual Arrangements and will provide a letter to our Directors with a copy to the Stock Exchange confirming that the transactions carried out pursuant to the Contractual Arrangements have received the approval of our Directors and that no dividends or other distributions have been made by the Consolidated Affiliated Entity to the holders of its equity interests which are not otherwise subsequently assigned/transferred to our Group.

(4) For the purposes of Chapter 14A of the Listing Rules, and in particular the definition of "connected person," the Consolidated Affiliated Entities will be treated as the Company's wholly-owned subsidiary, and the directors, chief executives or Substantial Shareholders of the Consolidated Affiliated Entity and its associates will be treated as the Company's "connected persons". As such, transactions between these connected persons and our Group (including, for this purpose, the Consolidated Affiliated Entity) other than those under the Contractual Arrangements shall comply with Chapter 14A of the Listing Rules.

(5) The Consolidated Affiliated Entities further undertakes that, for so long as the Shares are listed on the Hong Kong Stock Exchange, the Consolidated Affiliated Entities will provide our Group's management and our auditors with full access to its relevant records for the purpose of procedures to be carried out by our auditors' on the connected transactions.

Waiver Applications

We expect the non-exempt and partially-exempt continuing connected transactions disclosed above will be carried out on a continuing basis and will extend over a period of time, and our Directors consider that strict compliance with the announcement, circular and independent shareholders' approval (as applicable) requirements under the Listing Rules would be impractical, unduly burdensome and would impose unnecessary administrative costs on our Company.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver to us under Rule 14A.105 of the Listing Rules from compliance with the announcement and independent shareholders' approval requirements (if applicable) in respect of the above non-exempt and partially-exempt continuing connected transactions in respect of the Equipment Lease Framework Agreement, Vector Supply Agreements, Framework Agreement for

Clinical Service, the License and Strategic Alliance Agreement and the BCMA License Agreement. In addition, we confirm that we will comply with the Listing Rules in relation to the non-exempt and partially-exempt continuing connected transactions.

In addition, we have applied for, and the Stock Exchange [has granted] us, in respect of the Contractual Arrangements, the License and Strategic Alliance Agreement and the BCMA License Agreement, a waiver from strict compliance with the requirements to set monetary annual caps under Rule 14A.53(1) of the Listing Rules. We have also applied for, and the Stock Exchange [has granted] us, in respect of the Contractual Arrangements, the License and Strategic Alliance Agreement and the BCMA License Agreement, a waiver from strict compliance with the requirements to set contractual term not exceeding three years under Rule 14A.52 of the Listing Rules.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this document, our Company will take immediate steps to ensure compliance with such new requirements within a reasonable time.

Directors' views

The Directors (including the independent non-executive Directors) are of the view that (i) the continuing connected transactions as set out above have been and will be entered into in the ordinary and usual course of business of the Company and on normal commercial terms, and are fair and reasonable and in the interest of the Company and the Shareholders as a whole, and the absence of annual caps or the proposed annual caps for those transactions (as applicable) is fair and reasonable and in the interests of the Company and the Shareholders as a whole; (ii) the indefinite term of those transactions under the Contractual Arrangements, the License and Strategic Alliance Agreement and the BCMA License Agreement is in accordance with normal business practice, and the purpose of the agreements is to provide stability and certainty to the business of the Company and that therefore the indefinite term of those transactions is fair and reasonable, and in the interests of Shareholders as a whole; (iii) the proposed caps (where applicable) for the non-exempt and partially-exempt continuing connected transactions as described above are fair and reasonable and in the interests of our Shareholders as a whole; and (iv) the absence of the proposed caps for non-exempt continuing connected transactions on the Contractual Arrangements, the License and Strategic Alliance Agreement and BCMA License Agreement is fair and reasonable and in the interests of our Shareholders as a whole.

Joint Sponsors' confirmation

Based on the documentation and data provided by the Company and the Joint Sponsors' participation in the due diligence and discussions with the management of the Company, the Joint Sponsors are of the view that (i) the non-exempt and partially-exempt continuing connected transactions set out above have been entered into in the ordinary and usual course of business of the Group on normal commercial terms or better, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole; (ii) the indefinite tenure of the Contractual Arrangements, the License and Strategic Alliance Agreement and the BCMA License Agreement is normal business practice for agreement of their types, as comparable contractual arrangements have similar long-term arrangements; (iii) the proposed caps (where applicable) for the non-exempt and partially-exempt continuing connected transactions as described above are fair and reasonable and in the interests of our Shareholders as a whole; and (iv) the absence of the proposed caps for non-exempt continuing connected transactions on the Contractual Arrangements, the License and Strategic Alliance Agreement and BCMA License Agreement is fair and reasonable and in the interests of our Shareholders as a whole.

In forming a view on the above matters, the Joint Sponsors have considered, among others, the historical terms and arrangements, the basis of the historical amounts and their importance to the business and operations of the Company, the nature and coverage of the licenses, the rationale and basis for determining the pricing policies or mechanism, measures to review and adjust the pricing policies on a regular basis, the duration for similar arrangements for other companies, the business plan of the company, information and data in the public domain, as well as the views and opinions of Industry Consultant, Frost & Sullivan and the internal controls and measures to monitor the non-exempt and partially-exempt continuing connected transactions.

ONE-OFF CONNECTED TRANSACTIONS

1. Juno Settlement Shares relating to BCMA License Agreement

Pursuant to the BCMA License Agreement and a warrant issued by the Company, the Company shall provide Juno upfront share-based payment by issuing 4,665,530 Shares (adjusted after the Share Subdivision) at nil consideration if no product failure as defined in the BCMA License Agreement has occurred prior to the third anniversary of the date of the BCMA License Agreement. As at the Latest Practicable Date, the warrant has not been exercised. For further details, please see "— BCMA License Agreement with Juno" in this section.

The allotment of the Juno Settlement Shares under the BCMA License Agreement to be issued to Juno as part of upfront share-based payment under the agreement should be regarded as a one-off connected transaction entered into by the Company prior to **[REDACTED]** and in which case, the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules will not be applicable.

2. Syracuse Holdback Shares relating to Asset Purchase Agreement

As part of the Asset Purchase Agreement, we set aside an initial holdback amount of US$10.5 million from Eureka (equivalent to a maximum of 5,132,467 Shares) for any future adjustments, including net working capital adjustment and taxes to be paid by us in connection with the Asset Purchase Agreement. The holdback after adjustments on the Share Subdivision will be settled by issuance of our Company's Shares by June 30, 2021 at nil consideration. For further details, please see the section headed "Financial Information — Contingent Liabilities" in this document.

The allotment of the Syracuse Holdback Shares under of the Asset Purchase Agreement should be regarded as a one-off connected transaction entered into by the Company prior to **[REDACTED]** rather than a continuing connected transaction and in which case, the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules will not be applicable to the Syracuse Holdback Shares in respect of the Asset Purchase Agreement.

FUTURE PLANS

For further details of our future plans, please see the section headed "Business — Our Strategies" in this document.

[REDACTED]

We estimate that we will receive net **[REDACTED]** of approximately HK$**[REDACTED]** million after deducting the **[REDACTED]** fees and expenses payable by us in the **[REDACTED]**, assuming no **[REDACTED]** is exercised and assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, being the mid-point of the indicative **[REDACTED]** range of HK$**[REDACTED]** to HK$**[REDACTED]** per **[REDACTED]** in this document. If the **[REDACTED]** is set at HK$**[REDACTED]** per Share, being the high end of the indicative **[REDACTED]** range, the net **[REDACTED]** from the **[REDACTED]** will increase by approximately HK$**[REDACTED]** million. If the **[REDACTED]** is set at HK$**[REDACTED]** per Share, being the low end of the indicative **[REDACTED]** range, the **[REDACTED]** from the **[REDACTED]** will decrease by approximately HK$**[REDACTED]** million.

We intend to use the **[REDACTED]** we will receive from this **[REDACTED]** for the following purposes:

(i) approximately HK$**[REDACTED]** million (representing approximately **[REDACTED]**% of the **[REDACTED]**) is expected to be used for our Core Product Candidate, relma-cel, of which:

- approximately HK$**[REDACTED]** million (representing approximately **[REDACTED]**% of the **[REDACTED]**) is expected to be used for ongoing research and development activities relating to relma-cel, including progressing relma-cel as a second-line treatment for DLBCL and conducting further clinical trials for relma-cel for other hematological cancers, including FL, MCL, CLL and ALL. For further details, please see the section headed "Business — Our Product Pipeline — Our Core Product — relmacabtagene autoleucel ("**relma-cel**") — Plan for Further Clinical Development of Relma-cel" in this document;

- approximately HK$**[REDACTED]** million (representing **[REDACTED]**% of the **[REDACTED]**) is expected to be used for building a focused in-house sales and marketing team to market relma-cel across China, including implementation of our marketing and academic education strategy and enhancing our existing collaboration with KOLs and other physicians. For further details, please see the section headed "Business — Our Strategies — Drive full-scale commercialization of relma-cel and build upon our significant first mover advantage" in this document;

(ii) approximately HK$**[REDACTED]** million (representing **[REDACTED]**% of the **[REDACTED]**) is expected to be used for our other products candidates, of which:

- approximately HK$**[REDACTED]** million (representing **[REDACTED]**% of the **[REDACTED]**) is expected to be used for ongoing research and development activities relating to JWCAR129 as a treatment for r/r MM. For further details, please see the section headed "Business — Our Product Pipeline — JWCAR129 — Further Clinical Development Plan" in this document];

- approximately HK$**[REDACTED]** million (representing **[REDACTED]**% of the **[REDACTED]**) is expected to be used for ongoing research and development activities relating to our other pre-clinical product candidates including our JWATM203 Program, our JWATM204 Program and Nex-G. Based on our current clinical development plan, we anticipate our JWATM203 Program, our JWATM204 Program and Nex-G will represent **[REDACTED]**%, **[REDACTED]**% and **[REDACTED]**% of the net **[REDACTED]**, respectively. For further details, please see the sections headed "Business — Our Product Pipeline — Our Solid Tumor Platform" and "Business — Our Product Pipeline — Next-generation ("**Nex-G**") anti-CD19 Product Candidate" in this document;

(iii) approximately HK$**[REDACTED]** million (representing **[REDACTED]**% of the **[REDACTED]**) is expected to be used for our potential pipeline products, of which:

- approximately HK$**[REDACTED]** million (representing **[REDACTED]**% of the **[REDACTED]**) is expected to be used for the acquisition of the Acepodia license through exercising the Acepodia Option. For further details, please see the section headed "Business — Collaboration and License Agreement — Acepodia Option and License Agreement" in this document;

- approximately HK$**[REDACTED]** million (representing **[REDACTED]**% of the **[REDACTED]**) is expected to be used for potential acquisitions and in-licensing opportunities that are complementary to our existing platform. As of the Latest Practicable Date, we have not identified any specific acquisition target or in-licensing opportunity, or entered into any agreements, commitments or understandings with respect to any such transaction; and

(iv) approximately HK$**[REDACTED]** million (representing **[REDACTED]**% of the **[REDACTED]**) is expected to be used for working capital and general corporate purposes.

The above allocation of 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 estimated **[REDACTED]** range.

If the **[REDACTED]** is exercised in full, and net **[REDACTED]** that we will receive will be approximately HK$**[REDACTED]** million, assuming an **[REDACTED]** of HK$**[REDACTED]** per Share (being the mid-point of the indicative **[REDACTED]** range). In the event that the **[REDACTED]** is exercised in full, we intend to apply the additional net **[REDACTED]** to the above purpose in the proportions stated above.

To the extent that the **[REDACTED]** are not immediately applied to the above purposes and to the extent permitted by the relevant law and regulations, we intend to deposit the **[REDACTED]** into short-term demand deposits and/or money market instruments with banks or financial institutions in Hong Kong or the PRC. We will make an appropriate announcement if there is any change to the above proposed use of **[REDACTED]** or if any amount of the **[REDACTED]** will be used for general corporate purpose.

[REDACTED]

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The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of 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.

[Letterhead of PricewaterhouseCoopers]

[DRAFT]

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF JW (CAYMAN) THERAPEUTICS CO. LTD, GOLDMAN SACHS (ASIA) L.L.C. AND UBS SECURITIES HONG KONG LIMITED

Introduction

We report on the historical financial information of JW (Cayman) Therapeutics Co. Ltd (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-4 to I-96, which comprises the consolidated balance sheets as at 31 December 2018 and 2019 and 30 June 2020, the Company's balance sheets as at 31 December 2018 and 2019 and 30 June 2020, and the consolidated statements of comprehensive loss, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2018 and 2019 and the six months ended 30 June 2020 (the "**Track Record Period**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-4 to I-96 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [date] (the "**Document**") in connection with the initial **[REDACTED]** of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of 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 Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's 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 accountant's judgment, 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 accountant considers internal control relevant to the entity's preparation of 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 accountant's report, a true and fair view of the financial position of the Company as at 31 December 2018 and 2019 and 30 June 2020 and the consolidated financial position of the Group as at 31 December 2018 and 2019 and 30 June 2020 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statements of comprehensive loss, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2019 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of the Company are responsible for the presentation and preparation of the Stub Period 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 Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board ("**IAASB**"). 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 International 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 Stub Period Comparative Financial Information, for the purposes of the accountant's 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 of Hong Kong Limited (the "Listing Rules") 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-4 have been made.

Dividends

We refer to Note 24 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

No statutory financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

[PricewaterhouseCoopers]
Certified Public Accountants
Hong Kong
[date]

I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report. The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing ("**ISAs**") issued by the International Auditing and Assurance Standards Board ("**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 COMPREHENSIVE LOSS

		Year ended 31 December		Six months ended 30 June	
	Note	**2018**	**2019**	**2019**	**2020**
		RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue		—	—	—	—
Other income	*6*	215	5,483	402	847
Other gains/(losses) — net	*7*	4,801	(1,165)	(695)	4,115
General and administrative expenses	*8*	(41,259)	(72,892)	(25,556)	(81,007)
Research and development expenses	*8*	(75,989)	(136,107)	(54,256)	(82,266)
Operating loss		**(112,232)**	**(204,681)**	**(80,105)**	**(158,311)**
Finance income	*10*	1,092	1,820	155	126
Finance costs	*10*	(2,917)	(1,351)	(884)	(290)
Finance (costs)/income — net	*10*	(1,825)	469	(729)	(164)
Fair values loss of preferred shares	*28*	(46,028)	(128,781)	(3,901)	(484,442)
Fair values loss of warrants	*29*	(112,531)	(300,264)	(273,134)	(7,112)
Loss before income tax		**(272,616)**	**(633,257)**	**(357,869)**	**(650,029)**
Income tax expense	*11*	—	—	—	—
Loss for the year/period and attribute to the equity holders of the Company		**(272,616)**	**(633,257)**	**(357,869)**	**(650,029)**

	Note	Year ended 31 December		Six months ended 30 June	
		2018	2019	2019	2020
		RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Loss for the year/period		**(272,616)**	**(633,257)**	**(357,869)**	**(650,029)**
Other comprehensive loss:					
Items that will not be reclassified to profit or loss					
Exchange differences on translation		(14,208)	(11,324)	(1,680)	(18,338)
Other comprehensive loss for the year/period, net of tax		**(14,208)**	**(11,324)**	**(1,680)**	**(18,338)**
Total comprehensive loss for the year/period and attribute to the equity holders of the Company		**(286,824)**	**(644,581)**	**(359,549)**	**(668,367)**
Basic and diluted loss per share for the loss attributable to owners of the Company (in RMB)	*12*	**(4.19)**	**(9.74)**	**(5.51)**	**(9.96)**

CONSOLIDATED BALANCE SHEETS

	Note	As at 31 December 2018	As at 31 December 2019	As at 30 June 2020
		RMB'000	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Property, plant and equipment	*13*	52,940	178,932	248,405
Right-of-use assets	*14*	18,162	23,784	19,100
Intangible assets	*15*	80,002	156,947	835,940
Prepayment for license	*16*	—	—	7,080
Other non-current assets	*17*	18,404	47,616	43,214
		169,508	407,279	1,153,739
Current assets				
Other receivables and prepayments	*18*	1,276	2,986	7,153
Restricted bank deposits	*19*	36,375	3,488	3,540
Cash and cash equivalents	*19*	133,663	254,866	860,197
		171,314	261,340	870,890
Total assets		**340,822**	**668,619**	**2,024,629**
EQUITY				
Share capital	*21*	4	4	7
Reserves	*22*	38,610	42,729	710,073
Accumulated losses		(351,815)	(985,072)	(1,635,101)
Capital and reserves attribute to the equity holders of the Company		(313,201)	(942,339)	(925,021)
Total deficit		**(313,201)**	**(942,339)**	**(925,021)**
LIABILITIES				
Non-current liabilities				
Borrowings	*26*	—	50,823	100,000
Lease liabilities	*27*	15,538	16,864	12,124
Preferred shares	*28*	413,195	1,420,454	2,637,440
		428,733	1,488,141	2,749,564
Current liabilities				
Borrowings	*26*	40,054	—	—
Lease liabilities	*27*	3,098	10,096	10,135
Accruals and other payables	*25*	48,443	93,404	111,390
Contingent consideration for business combination	*32*	—	—	51,793
Warrants	*29*	133,695	19,317	26,768
		225,290	122,817	200,086
Total liabilities		**654,023**	**1,610,958**	**2,949,650**
Total equity and liabilities		**340,822**	**668,619**	**2,024,629**

BALANCE SHEETS — COMPANY

	Note	As at 31 December 2018	As at 31 December 2019	As at 30 June 2020
		RMB'000	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Intangible assets	*15*	79,407	144,477	146,616
Prepayment for license	*16*	—	—	7,080
Investments in subsidiaries	*34*	—	15,443	752,921
		79,407	159,920	906,617
Current assets				
Other receivables and prepayments	*18*	339,892	725,691	1,304,620
Cash and cash equivalents	*19*	5,700	12,588	144,219
		345,592	738,279	1,448,839
Total assets		**424,999**	**898,199**	**2,355,456**
EQUITY				
Share capital	*21*	4	4	7
Reserves	*22*	38,606	48,531	722,289
Accumulated losses		(160,501)	(590,517)	(1,089,941)
Total deficit		**(121,891)**	**(541,982)**	**(367,645)**
LIABILITIES				
Non-current liabilities				
Preferred shares	*28*	413,195	1,420,454	2,637,440
Current liabilities				
Accruals and other payables	*25*	—	410	7,100
Warrants	*29*	133,695	19,317	26,768
Contingent consideration for business combination	*32*	—	—	51,793
		133,695	**19,727**	**85,661**
Total liabilities		**546,890**	**1,440,181**	**2,723,101**
Total equity and liabilities		**424,999**	**898,199**	**2,355,456**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Attributable to equity holders of the Company			
	Note	**Share capital**	**Reserves**	**Accumulated losses**	**Total**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2018		4	52,818	(79,199)	(26,377)
Loss for the year		—	—	(272,616)	(272,616)
Other comprehensive loss	*22*	—	(14,208)	—	(14,208)
Total comprehensive loss		**—**	**(14,208)**	**(272,616)**	**(286,824)**
Balance at 31 December 2018		**4**	**38,610**	**(351,815)**	**(313,201)**
Balance at 1 January 2019		**4**	**38,610**	**(351,815)**	**(313,201)**
Loss for the year		—	—	(633,257)	(633,257)
Other comprehensive loss	*22*	—	(11,324)	—	(11,324)
Total comprehensive loss		**—**	**(11,324)**	**(633,257)**	**(644,581)**
Transactions with owners					
Share-based compensation expenses	*9*	—	15,443	—	15,443
Total transactions with owners		**—**	**15,443**	**—**	**15,443**
Balance at 31 December 2019		**4**	**42,729**	**(985,072)**	**(942,339)**

		Attributable to equity holders of the Company			
	Note	**Share capital**	**Reserves**	**Accumulated losses**	**Total**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2019		**4**	**38,610**	**(351,815)**	**(313,201)**
Loss for the period		—	—	(357,869)	(357,869)
Other comprehensive loss	*22*	—	(1,680)	—	(1,680)
Total comprehensive loss		**—**	**(1,680)**	**(357,869)**	**(359,549)**
Balance at 30 June 2019 (Unaudited)		**4**	**36,930**	**(709,684)**	**(672,750)**
Balance at 1 January 2020		**4**	**42,729**	**(985,072)**	**(942,339)**
Loss for the period		—	—	(650,029)	(650,029)
Other comprehensive loss	*22*	—	(18,338)	—	(18,338)
Total comprehensive loss		**—**	**(18,338)**	**(650,029)**	**(668,367)**
Transactions with owners					
Issuance of ordinary shares	*32*	3	628,211	—	628,214
Share-based compensation expenses	*9*	—	57,471	—	57,471
Total transactions with owners		**3**	**685,682**	**—**	**685,685**
Balance at 30 June 2020		**7**	**710,073**	**(1,635,101)**	**(925,021)**

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended 31 December		Six months ended 30 June	
		2018	2019	2019	2020
		RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cash flows from operating activities					
Cash used in operations	*30(a)*	(107,318)	(190,743)	(103,881)	(107,003)
Interest received		1,092	1,820	155	126
Net cash used in operating activities		**(106,226)**	**(188,923)**	**(103,726)**	**(106,877)**
Cash flows from investing activities					
Purchases of property, plant and equipment		(43,647)	(101,946)	(18,478)	(77,642)
Purchases of intangible assets		(501)	(12,120)	(1,004)	(2,353)
Prepayment for license		—	—	—	(7,007)
Increase in restricted bank deposits		—	(3,488)	—	—
Cash acquired from acquisition of subsidiaries	*32*	—	—	—	45,308
Net cash used in investing activities		**(44,148)**	**(117,554)**	**(19,482)**	**(41,694)**

	Note	Year ended 31 December		Six months ended 30 June	
		2018	2019	2019	2020
		RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cash flows from financing activities					
Proceeds from issuance of preferred shares	*28*	281,706	373,811	373,811	709,132
Payment for **[REDACTED]** expenses		—	—	—	(783)
Payment of lease liabilities	*30(d)*	(2,643)	(5,243)	(975)	(4,701)
Interest paid for lease liabilities	*30(d)*	(900)	(884)	(499)	(290)
Proceeds from bank borrowings	*30(d)*	10,054	50,823	—	49,177
Repayments of bank borrowings	*30(d)*	—	(40,054)	(16,645)	—
Interest paid for bank borrowings		(2,017)	(779)	(385)	(2,009)
(Increase)/decrease in restricted bank deposits		(36,375)	36,375	—	—
Net cash generated from financing activities		**249,825**	**414,049**	**355,307**	**750,526**
Net increase in cash and cash equivalents		**99,451**	**107,572**	**232,099**	**601,955**
Cash and cash equivalents at beginning of the year/period		21,202	133,663	133,663	254,866
Exchange gain on cash and cash equivalents		13,010	13,631	7,423	3,376
Cash and cash equivalents at end of the year/period		**133,663**	**254,866**	**373,185**	**860,197**

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. General information

JW (Cayman) Therapeutics Co. Ltd (the "**Company**") was incorporated in the Cayman Islands, with its registered office situate at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, on 6 September 2017 as an exempted company with limited liability.

The Company and its subsidiaries, hereinafter collectively referred to as the "Group" are primarily engaged in research and development ("**R&D**"), manufacturing, and marketing of anti-tumor drugs in the People's Republic of China (the "**PRC**").

The Group's consolidated financial statements include the financial statements of the Company, its subsidiaries and the entities which the Group controls through the contractual arrangements as set out in Note 2.1.2.

As of 31 December 2018 and 2019 and 30 June 2020, the Group's subsidiaries are as follows:

					As at 30 June 2020	
					Ownership interest held by	
Company name	Country/place and date of incorporation	Principal activities	Type of legal entity	Registered capital	Company	Group
JWS Therapeutics Investment Co. Ltd	Cayman Islands, 19 June 2020	Holding company	Exempted company with limited liability	US$50,000	100%	100%
JW (Hong Kong) Therapeutics Limited	Hong Kong, 3 October 2017	Holding company	Limited liability company	USD 6,200,000 & HKD 10,000	100%	100%
JW Therapeutics (Shanghai) Co., Ltd. (上海藥明巨諾生物科技有限公司)	the PRC, 18 February 2016	Drug research and development and import and export handling	Limited liability company	USD 40,500,000	—	100%
Shanghai Ju Ming Medical Technology Co., Ltd. (上海炬明醫療技術有限公司)	the PRC, 10 July 2017	Medical research and experimental development	Limited liability company	RMB1,000,000	—	100%

					As at 30 June 2020	
					Ownership interest held by	
Company name	Country/place and date of incorporation	Principal activities	Type of legal entity	Registered capital	Company	Group
Shanghai Ming Ju Biotechnology Co., Ltd. (上海明聚生物科技有限公司)	the PRC, 30 August 2017	Clinical trial and CRO	Limited liability company	RMB1,000,000	—	100%
Suzhou Ming Ju Biotechnology Co., Ltd. (蘇州明聚生物科技有限公司)	the PRC, 30 August 2018	Drug research and development	Limited liability company	RMB500,000	—	100%
JW Therapeutics R&D (Shanghai) Co., Ltd (上海藥明巨諾生物醫藥研發有限公司) .	the PRC, 5 December 2018	Drug research and development	Limited liability company	USD 15,000,000	—	100%
JW Therapeutics (Suzhou) Co., Ltd. (蘇州藥明巨諾生物科技有限公司)	the PRC, 12 September 2018	Drug research and development and manufacturing and import and export handling	Limited liability company	USD 15,000,000	—	100%
Syracuse Biopharma (Hong Kong) Limited *(Note a)*	Hong Kong, 7 June 2018	Holding company	Limited liability company	USD 13,894,000	—	100%
Eureka (Beijing) Biotechnology Co., Ltd (優瑞科(北京)生物技術有限公司) *(Note a)*	The PRC, 2 April 2007	Conducts clinical studies of T-cell therapies in China	Limited liability company	RMB40,000,000	—	100%

					As at 30 June 2020	
					Ownership interest held by	
Company name	Country/place and date of incorporation	Principal activities	Type of legal entity	Registered capital	Company	Group
Syracuse Biopharma (Jiangsu) Co., Ltd. (賽諾思遠生物科技(江蘇)有限公司) *(Note a)*	The PRC, 18 September 2018	Conducts clinical studies of T-cell therapies in China	Limited liability company	RMB100,000,000	—	100%
Aeon Therapeutics (Beijing) Limited (頤昂生物科技(北京)有限公司) *(Note a)*	The PRC, 8 March 2017	Conducts clinical studies of T-cell therapies in China	Limited liability company	RMB40,000,000	—	100%
Wuhan Guanggu Aeon Therapeutics Limited (武漢光谷頤昂生物科技有限公司) *(Note a)*	The PRC, 28 August 2018	Conducts clinical studies of T-cell therapies in China	Limited liability company	RMB10,000,000	—	100%

Note (a): These subsidiaries were acquired on 30 June 2020 (Note 32).

As of the date of this report, there were no changes to the ownership interest held by the Company in these subsidiaries since 30 June 2020.

					As at 31 December 2019	
					Ownership interest held by	
Company name	Country/place and date of incorporation	Principal activities and place of operation	Type of legal entity	Registered capital	Company	Group
JW (Hong Kong) Therapeutics Limited *(Note (a))*	Hong Kong, 3 October 2017	Holding company	Limited liability company	USD6,200,000 & HKD10,000	100%	100%
JW Therapeutics (Shanghai) Co., Ltd. (上海藥明巨諾生物科技有限公司) *(Note (b))*	the PRC, 18 February 2016	Drug research and development and import and export handling	Limited liability company	USD40,500,000	—	100%
Shanghai Ju Ming Medical Technology Co., Ltd. (上海炬明醫療技術有限公司) *(Note (c))*	the PRC, 10 July 2017	Medical research and experimental development	Limited liability company	RMB1,000,000	—	100%
Shanghai Ming Ju Biotechnology Co., Ltd. (上海明聚生物科技有限公司) *(Note (b))*	the PRC, 30 August 2017	Clinical trial and CRO	Limited liability company	RMB1,000,000	—	100%
Suzhou Ming Ju Biotechnology Co., Ltd. (蘇州明聚生物科技有限公司) *(Note (c))*	the PRC, 30 August 2018	Drug research and development	Limited liability company	RMB500,000	—	100%
JW Therapeutics R&D (Shanghai) Co., Ltd (上海藥明巨諾生物醫藥研發有限公司) *(Note (b))*	the PRC, 5 December 2018	Drug research and development	Limited liability company	USD15,000,000	—	100%

					As at 31 December 2019	
					Ownership interest held by	
Company name	Country/place and date of incorporation	Principal activities and place of operation	Type of legal entity	Registered capital	Company	Group
JW Therapeutics (Suzhou) Co., Ltd. (蘇州藥明巨諾生物科技有限公司) *(Note (b))*	the PRC, 12 September 2018	Drug research and development and manufacturing and import and export handling	Limited liability company	USD15,000,000	—	100%

Notes:

(a) The audited financial information of the subsidiary for the year ended 31 December 2019 has not been issued as of the date of this report.

(b) The statutory auditor of the subsidiaries of the Group for the year ended 31 December 2019 is PricewaterhouseCoopers Zhong Tian LLP, certified public accountants registered in the PRC.

(c) No audited financial statements have been prepared for these companies for the year ended 31 December 2019, as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation.

					As at 31 December 2018	
					Ownership interest held by	
Company name	Country/place and date of incorporation	Principal activities and place of operation	Type of legal entity	Registered capital	Company	Group
JW (Hong Kong) Therapeutics Limited *(Note (a))*	Hong Kong, 3 October 2017	Holding	Limited liability company	USD6,200,000 & HKD10,000	100%	100.00%
JW Therapeutics (Shanghai) Co., Ltd. (上海藥明巨諾生物科技有限公司) *(Note (b))*	the PRC, 18 February 2016	Drug research and development and import and export handling	Limited liability company	USD40,500,000	—	100.00%
Shanghai Ju Ming Medical Technology Co., Ltd. (上海炬明醫療技術有限公司) *(Note (c))*	the PRC, 10 July 2017	Medical research and experimental development	Limited liability company	RMB1,000,000	—	100.00%
Shanghai Ming Ju Biotechnology Co., Ltd. (上海明聚生物科技有限公司) *(Note (b))*	the PRC, 30 August 2017	Clinical trial and CRO	Limited liability company	RMB1,000,000	—	100.00%
Suzhou Ming Ju Biotechnology Co., Ltd. (蘇州明聚生物科技有限公司), *(Note (c))*	the PRC, 30 August 2018	Drug research and development	Limited liability company	RMB500,000	—	100.00%
JW Therapeutics R&D (Shanghai) Co., Ltd (上海藥明巨諾生物醫藥研發有限公司) *(Note (d))*	the PRC, 5 December 2018	Drug research and development	Limited liability company	USD2,000,000	—	100.00%

					As at 31 December 2018	
					Ownership interest held by	
Company name	Country/place and date of incorporation	Principal activities and place of operation	Type of legal entity	Registered capital	Company	Group
JW Therapeutics (Suzhou) Co., Ltd. (蘇州藥明巨諾生物科技有限公司) *(Note (b))*	the PRC, 12 September 2018	Drug research and development and manufacturing and import and export handling	Limited liability company	USD1,600,000	—	100.00%

Notes:

(a) The statutory auditor of the subsidiary of the Group for the year ended 31 December 2018 is PricewaterhouseCoopers, certified public accountants registered in the Hong Kong.

(b) The statutory auditor of the subsidiaries of the Group for the year ended 31 December 2018 is PricewaterhouseCoopers Zhong Tian LLP, certified public accountants registered in the PRC.

(c) No audited financial statements have been prepared for these companies for the year ended 31 December 2018, as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation.

(d) No audited financial statements have been prepared for the period ended 31 December 2018 for this company was newly incorporated.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years/periods presented, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information of the Group has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by International Accounting Standards Board ("**IASB**").

The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial liabilities at fair value through profit or loss, which are carried at fair value.

The preparation of Historical Financial Information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

The Group is in the development phase and has not generated revenue from sales of drugs and has been incurring losses from operations since incorporation.

As at 30 June 2020, the Group had a total equity in deficit of RMB925,021,000 and cash and cash equivalents of RMB860,197,000. While the Group has net deficits and net operating cash outflows, the Group has positive working capital resulting from capital raising activities through issuance of preferred shares.

Preferred shares with carrying amount of RMB2,637,440,000 issued to investors was accounted under non-current liabilities, which would not be contractually redeemable within the next twelve months period, subject to redemption and other clauses as set out in Note 28. Such preferred shares will automatically be converted into ordinary shares upon the closing of the **[REDACTED]**. Accordingly, the directors are of the opinion that the preferred shares are not expected to have cash flow impact on the Group's cash flow and the Group has sufficient cash for its daily operation for the next twelve months.

Therefore, the directors of the Company consider that it is appropriate to prepare the Historical Financial Information on a going concern basis.

All effective standards, amendments to standards and interpretations, including IFRS 15 and IFRS 9, which are mandatory for the financial year beginning 1 January 2018, and IFRS 16, which is mandatory for the financial year beginning 1 January 2019, are consistently applied to the Group for the Track Record Period.

2.1.1 New standards, amendments to standards and interpretations not yet adopted

Standards, amendments and interpretations that have been issued but not yet effective and not been early adopted by the Group during the Track Record Period are as follows:

Standards	Key requirements	Effective for annual periods beginning on or after
IFRS 10 and IAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
IFRS 17	Insurance Contracts	1 January 2023
IAS 1 (Amendment)	Classification of liabilities as current or non-current	1 January 2023
IAS 37 (Amendment)	Onerous contracts — Cost of fulfilling a contract	1 January 2022
Annual Improvements	Annual Improvements to IFRS standard 2018-2020	1 January 2022
IAS 16 (Amendment)	Property, plant and equipment — proceeds before intended use	1 January 2022

The Group has already commenced an assessment of the impact of these new or revised standards and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors, these standards and amendments are not expected to have a significant impact on the Group's financial performance and position.

2.1.2 Contractual arrangements

Due to the restrictions imposed by the relevant laws and regulatory regime of the PRC on foreign ownership of companies engaged in the gene therapy business carried out by subsidiaries of the Group, namely Shanghai Ju Ming Medical Technology Co., Ltd (上海炬明醫療技術有限公司) ("**Shanghai Juming**") and its wholly owned subsidiaries, Shanghai Ming Ju Biotechnology Co., Ltd (上海明聚生物科技有限公司) and Suzhou Ming Ju Biotechnology Co., Ltd. (蘇州明聚生物科技有限公司) ("**Shanghai Juming Group**"), JW Therapeutics (Shanghai) Co., Ltd. (上海藥明巨諾生物科技有限公司) ("**JW Shanghai**") entered into the contractual arrangements (the "**Contractual Arrangements**") with Shanghai Juming and its equity holders on 2 November 2017 and 29 July 2020, which enable JW Shanghai and the Group to:

- expose, or have rights, to variable returns from their involvement with the investee and have ability to affect those returns through its power over Shanghai Juming;

- exercise equity holders' controlling voting rights of Shanghai Juming;

- receive substantially all of the economic interest returns generated by Shanghai Juming in consideration for the business support, technical and consulting services provided by Shanghai Juming;

- obtain an irrevocable and exclusive right to purchase all or part of equity interests in Shanghai Juming from its equity holders at the same amount of its registered capital, which was loaned from JW Shanghai. JW Shanghai may exercise such options at any time until it has acquired all equity interests and/or all assets of Shanghai Juming. In addition, Shanghai Juming is not allowed to sell, transfer, or dispose of any assets, or make any distributions to its equity holders without prior consent of JW Shanghai; and

- obtain a pledge over the entire equity interest of Shanghai Juming from its equity holders as collateral security to guarantee performance of their contractual obligations under the Contractual Arrangements.

The Group does not have any equity interest in Shanghai Juming Group. However, as a result of the Contractual Arrangements, the Group has power over Shanghai Juming Group, has rights to variable returns from its involvement with Shanghai Juming Group and has the ability to affect those returns through its power over Shanghai Juming Group and is considered to have control over Shanghai Juming Group. Consequently, the Company regards Shanghai Juming Group as indirect subsidiaries for accounting purpose. The Company consolidates the assets, liabilities, income and expenses of Shanghai Juming Group upon the execution of the Contractual Arrangements.

2.2 Subsidiaries

(a) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between entities within the Group are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

(i) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the statement of profit or loss.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The Company's functional currency is United States Dollars ("**USD**"); however, the consolidated financial statements are presented in RMB. As the major operations of the Group are within the PRC, the Group determined to present its consolidated financial statements in RMB (unless otherwise stated).

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in consolidated statements of comprehensive loss in the period in which they arise.

Monetary assets and liabilities denominated in foreign currencies at the year/period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

All foreign exchange gains and losses are presented in the consolidated statements of comprehensive loss within "Other gains/(losses) — net".

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each statement of financial position are translated at the closing rate;

(ii) Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rate; and

(iii) All resulting exchange differences are recognized in other comprehensive income and accumulated as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognized in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs incurred during the construction period are capitalized.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs less their residual values over their estimated useful lives, as follows:

Machinery	5 years
Electronic equipment	5-10 years
Leasehold improvements	Over the shorter of the lease term or the estimated useful life

The assets' residual value and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognized as "Other gains/(losses) — net" in the consolidated statements of comprehensive loss.

Construction in progress represents unfinished construction and equipment under construction or pending installation, and is stated at cost less impairment losses. Cost comprises direct costs of construction including borrowing costs attributable to the construction during the period of construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use.

2.6 Intangible assets

(a) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purpose, being the operating segments.

(b) Software

Computer software is recognized at historical cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses. The Group amortized on a straight-line basis over their estimated useful lives of 5-10 years.

(c) Licenses

Intangible assets acquired separately are measured on initial recognition at cost.

Certain intangible assets are for license of intellectual properties in development, with non-refundable upfront payment, milestone payment and royalty payment. Upfront payment is capitalized when paid. The milestone payment is capitalized as intangible assets when incurred, unless the payment is for outsourced research and development work which would follow the capitalization policy in Note 2.6 (d). Royalty payment would be accrued for in line with the underlying sales and recognized as a cost of sales. However, if the intangible asset is acquired in a business combination, it is measured at fair value at initial recognition.

In-licenses with finite useful life are amortized using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

(d) Research and development

The Group incurs significant costs and efforts on research and development activities, which include expenditures on drug products. Research expenditures are charged to the profit or loss as an expense in the period the expenditures are incurred. Development costs are recognized as assets if they can be directly attributable to a newly developed drug products and all the following can be demonstrated:

(i) the technical feasibility of completing the intangible assets so that it will be available for use or sale;

(ii) the intention to complete the intangible asset and use or sell it;

(iii) the ability to use or sell the intangible assets;

(iv) the intangible asset will generate probable future economic benefits;

(v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

(vi) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The cost of an internally generated intangible asset is the sum of the expenditures incurred from the date the asset meets the recognition criteria above to the date when it is available for use. The costs capitalized in connection with the intangible asset include costs of materials and services used or consumed, employee costs incurred in the creation of the asset and an appropriate portion of relevant overheads. The Group generally considers capitalization criteria for internally generated intangible assets is met when obtaining regulatory approval of new drug license.

Capitalized development expenditures are amortized using the straight-line method over the life of the related drug products. Amortization shall begin when the asset is available for use. Subsequent to initial recognition, internally generated intangible assets are reported as cost less accumulated amortization and accumulated impairment losses (if any).

Development expenditures not satisfying the above criteria are recognized in the profit or loss as incurred and development expenditures previously recognized as an expense are not recognized as an asset in a subsequent period.

2.7 Impairment of non-financial assets

Intangible assets, right-of-use assets and property, and plant and equipment that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Goodwill and intangible assets with indefinite useful lives or not ready for use will not be amortized but tested for impairment annually either individually or at the cash-generating unit level. The impairment test would compare the recoverable amount of the in-licenses to its carrying value. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

2.8 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and

- Those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("**FVOCI**").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVPL**"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in income using the effective interest method.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in "other gains/losses ". Interest income from these financial assets is included in finance income using the effective interest method. Foreign exchange gains and losses and impairment expenses are presented in "Other gains/(losses) — net ".

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the consolidated statements of comprehensive loss within "Other gains/(losses) — net", net in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) — net in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.9 Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheets when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.10 Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant credit risk. Note 3.1(b) details how the Group determines whether there has been a significant increase in credit risk.

Impairment on other receivables is measured as either 12-month expected credit loss or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit loss.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.12 Share capital

Ordinary shares are classified as equity. Preferred shares are classified as liabilities based on the respective contract terms.

Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction, net of tax, from the proceeds.

2.13 Accruals and other payables

Accruals and other payables mainly represent the obligations to pay for services that have been acquired in the ordinary course of business. Accruals and other payables are presented as current liabilities unless payment is not due within one year or less after the reporting period.

Accruals and other payables are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2.14 Preferred shares

During the Track Record Period and as at the date of this report, the Company entered into a series of share purchase agreements with financial investors and issued convertible redeemable preferred shares.

The preferred shares issued by the Company are redeemable upon occurrence of certain future events. These instruments can be converted into ordinary shares of the Company at any time at the option of the holders or automatically converted into ordinary shares upon occurrence of an **[REDACTED]** ("**[REDACTED]**") of the Company as set out in Note 28.

The Group designated the preferred shares as financial liabilities at fair value through profit or loss. They are initially recognized at fair value.

Subsequent to initial recognition, the preferred shares are carried at fair value with changes in fair value recognized in the consolidated statements of comprehensive loss.

If the Company's own credit risk results in fair value changes in financial liabilities designated as at fair value through profit or loss, they are recognized in other comprehensive income in the circumstances other than avoiding accounting mismatch or recognizing in profit or loss for loan commitments or financial guarantee contracts.

2.15 Warrants

The Group issued warrants for the upfront payments to purchase license as cash-settled share-based payments. The warrants can be exercised and settled with preferred shares upon certain conditions. The fair value of the warrants for cash-settled transaction is remeasured at each reporting date and at the date of settlement. Any changes in fair value of warrants are recognized in profit or loss. Upon exercise of the warrants, the share-based payments are settled with preferred shares and accounted for as financial liabilities measured at fair value (Note 2.14).

2.16 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in consolidated statements of comprehensive loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed as incurred.

2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheets date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.18 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Pension obligations

Full-time employees in the PRC are covered by various government-sponsored defined contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these retired employees. The Group contributes on a monthly basis to these pension plans. Under these plans, the Group has no further payment obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred and contributions paid to the defined-contribution pension plans for an employee are not available to reduce the Group's future obligations to such defined-contribution pension plans even if the employee leaves.

(c) Housing funds, medical insurance and other social insurance

Employees in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plans. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contribution payable.

(d) Bonus plan

The expected cost of bonus is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2.19 Share-based payment

(a) Equity-settled share-based payment transactions

The Group operates stock options and restricted share units ("**RSUs**") granted to employees, under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of equity instruments (options and RSUs) is recognized as an expense on the consolidated financial statements. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

(i) including any market performance conditions;

(ii) excluding the impact of any service and non-market performance vesting conditions (for example, the requirement for employees to serve); and

(iii) including the impact of any non-vesting conditions.

At the end of each reporting period, the Group revises its estimates of the number of options and RSUs that are expected to vest based on the non-market vesting performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statements of comprehensive loss, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense in full on grant date as these equity instruments granted can be vested immediately.

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognized for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognized over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognized over the remainder of the original vesting period.

(b) Share-based payment transaction among group entities

The grant by the Company of options over its equity instruments to the employees of subsidiaries in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investment in subsidiaries undertakings, with a corresponding credit to equity in separate financial statements of the Company.

2.20 Government grants

Government grants are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all the attached conditions. Government grants related to costs are recognized in consolidated statements of comprehensive loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

Government grants related to property, plant and equipment are recognized as non-current liabilities and are amortized to consolidated statements of comprehensive loss over the estimated useful lives of the related assets using the straight-line method.

2.21 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

2.22 Leases and right of use assets

The Group leases various properties. Property leases are typically made for fixed periods of one to five years. Lease terms are negotiated on an individual basis and contain various different terms and conditions.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentive received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of less than 12 months. Low-value assets comprise equipment and small items of office furniture.

2.23 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

2.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's directors or shareholders, where applicable.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cashflow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the Group entities' functional currency. The Company's functional currency is USD. The Company's primary subsidiaries were incorporated in the PRC and these subsidiaries considered RMB as their functional currency.

Certain bank balances and other receivables and other payables are denominated in foreign currencies of respective group entities which are exposed to foreign currency risk. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The Group has entities operating in USD, Hong Kong Dollar ("**HKD**") and RMB, and the Group will constantly review the economic situation and its foreign exchange risk profile, and will consider appropriate hedging measures in the future, as may be necessary.

Most foreign exchange transactions were denominated in USD for the group companies that have functional currency in RMB. At 31 December 2018 and 2019 and 30 June 2020, if the USD strengthened/weakened by 5% against the RMB with all other variables held constant, net loss for the years/period would have been RMB3,244,000 lower/higher, RMB9,296,000 lower/higher and RMB38,885,000 lower/higher, respectively.

(ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest-rate risk. The Group has not hedged its cash flow or fair value interest-rate risk. The interest rates and terms of repayments of borrowings are disclosed in Note 26.

If interest rates on borrowings had been 50 basis point higher with all other variables held constant, the Group's loss would approximately increase by RMB10,000, RMB2,000 and Nil for each of the years ended 31 December 2018 and 2019 and the six months ended 30 June 2020 respectively.

(b) Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of cash and cash equivalents, restricted bank deposits, other receivables included in the statements of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

As at 31 December 2018 and 2019 and 30 June 2020, cash and cash equivalents and restricted bank deposits were all deposited in high quality financial institutions without significant credit risk.

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited with state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

Management has assessed that during the Track Record Period, other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The Group does not expect any losses from nonperformance by the counterparties of other receivables and no loss allowance provision for other receivables was recognized.

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents or adjust financing arrangements to meet the Group's liquidity requirements.

The Group recognizes preferred shares at fair value through profit or loss. Accordingly, the preferred shares are managed on a fair value basis rather than by maturing dates.

The table below analyzes the Group's non-derivative financial liabilities that will be settled into relevant maturity grouping based on the remaining period at each balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 30 June 2020					
Accruals and other payables	98,182	—	—	—	98,182
Borrowings (including interest payables)	4,900	6,992	83,360	26,000	121,252
Lease liabilities	10,881	9,619	2,769	—	23,269
	113,963	16,611	86,129	26,000	242,703
As at 31 December 2019					
Accruals and other payables	80,008	—	—	—	80,008
Borrowings (including Interest payables)	2,490	2,490	53,611	2,881	61,472
Lease liabilities	11,094	9,814	7,702	—	28,610
	93,592	12,304	61,313	2,881	170,090
As at 31 December 2018					
Accruals and other payables	39,748	—	—	—	39,748
Borrowings (including interest payables)	40,274	—	—	—	40,274
Lease liabilities	3,890	6,048	10,272	—	20,210
	83,912	6,048	10,272	—	100,232

3.2 Capital management

The Group's objectives of managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to equity holders, return capital to equity holders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the net debt equity ratio. This ratio is calculated as "net debt" divided by "total equity". Net debt is calculated as total borrowings, total lease liabilities and preferred shares less cash and cash equivalents and restricted bank deposits. The net debt ratios of 31 December 2018 and 2019 and 30 June 2020 were as follows:

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Borrowings	40,054	50,823	100,000
Lease liabilities	18,636	26,960	22,259
Preferred shares	413,195	1,420,454	2,637,440
Less: cash and cash equivalents	(133,663)	(254,866)	(860,197)
Less: restricted bank deposits	(36,375)	(3,488)	(3,540)
Net debts	301,847	1,239,883	1,895,962
Total deficit	(313,201)	(942,339)	(925,021)
Net debt equity ratio	N/A	N/A	N/A

3.3 Fair value estimation

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, restricted bank deposits, other receivables and prepayments (excluding prepayments), borrowings and accruals and other payables) approximate their fair values.

The Group applies IFRS 13 for financial instruments that are measured in the consolidated balance sheets at fair value, which requires disclosure of fair value measurements by levels of the following fair value measurement hierarchy:

Level 1: The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table presents the Group's liabilities that were measured at fair value at 31 December 2018:

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Liabilities				
Preferred Shares	—	—	413,195	413,195

The following table presents the Group's liabilities that are measured at fair value at 31 December 2019.

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Liabilities				
Preferred Shares	—	—	1,420,454	1,420,454

The following table presents the Group's liabilities that are measured at fair value at 30 June 2020.

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Liabilities				
Contingent consideration for business combination	—	—	51,793	51,793
Preferred Shares	—	—	2,637,440	2,637,440
	—	—	2,689,233	2,689,233

Specific valuation techniques used to value financial instruments include the use of quoted market prices or dealer quotes for similar instruments or discounted cash flow analysis.

There were no changes in valuation techniques during the Track Record Period.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the Track Record Period.

The changes in level 3 instruments of preferred shares for the years ended 31 December 2018 and 2019 and the six months ended 30 June 2020 are presented in Notes 28. The changes in level 3 instruments of contingent consideration for business combination for the six months ended 30 June 2020 are presented in Note 32.

4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Intangible assets acquired in a business combination

If an intangible asset is acquired in a business combination, the cost of that intangible asset is its fair value at the acquisition date. The fair value of an intangible asset will reflect market participants' expectations at the acquisition date about the probability that the expected future economic benefits embodied in the asset will flow to the entity. In other words, the entity expects there to be an inflow of economic benefits, even if there is uncertainty about the timing or the amount of the inflow. If an asset acquired in a business combination is separable or arises from contractual or other legal rights, sufficient information exists to measure reliably the fair value of the asset.

An acquirer recognizes at the acquisition date, separately from goodwill, an intangible asset of the acquiree, irrespective of whether the asset had been recognized by the acquiree before the business combination. This means that the acquirer recognizes as an asset separately from goodwill an in-process research and development project of the acquiree if the project meets the definition of an intangible asset. An acquiree's in-process research and development project meets the definition of an intangible asset when it:

(i) meets the definition of an asset; and

(ii) is identifiable, i.e., is separable or arises from contractual or other legal rights.

If an intangible asset acquired in a business combination is separable or arises from contractual or other legal rights, sufficient information exists to measure reliably the fair value of the asset. Determination of the fair value is an area involving management judgment in order to assess whether the carrying value of the intangible assets not ready for use can be supported by the net present value of future cash flows. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of (i) timing of commercialization, productivity and market penetration rate; (ii) revenue growth rate; (iii) costs and operating expenses; (iv) the selection of discount rates; and (v) success rate of commercialization to reflect the risks involved.

An intangible asset acquired in a business combination might be separable, but only together with a related contract, identifiable asset or liability. In such cases, the acquirer recognizes the intangible asset separately from goodwill, but together with the related item.

(b) Impairment of property, plant and equipment

The Group assesses impairment based on its subjective judgment and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilized and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

(c) Impairment testing of intangible assets not ready for use

Intangible assets not ready for use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The Group obtained in-licenses through separate acquisition or business combination to continue research and development work and commercialize the products, which are classified as intangible assets not ready for use.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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.

(d) Estimation of fair value of preferred shares and warrants

Preferred shares and warrants for purchase of preferred shares issued by the Company are not traded in an active market and the respective fair values are determined using valuation techniques. The discounted cash flow method was used to determine the total equity value of the Company and the equity allocation model was adopted to determine the fair value of the financial instruments. Key assumptions, such as discount rate, risk-free interest rate and volatility are disclosed in Note 28 and Note 29.

(e) Deferred income tax

The Group recognises deferred tax assets based on estimates that is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilised. The recognition of deferred tax assets mainly involved management's judgements and estimations about the timing and the amount of taxable profits of the companies who had tax losses. During the Track Record Period, deferred tax assets have not been recognised in respect of these accumulated tax losses and other deductible temporary differences based on the fact that there were several drug candidates of the Company and most of them were in earlier research and development stage and the future taxable profits would be uncertain.

(f) Research and development expenses

Development costs incurred on the Group's drug product pipelines are capitalized only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria are expensed when incurred. Determining the amounts to be capitalized requires management to make judgment regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. During the Track Record Period, all expenses incurred for research and development activities were regarded as research expenses and therefore were expensed when incurred.

5 Segment information

The Group's business activities are regularly reviewed and evaluated by the chief operating decision-makers.

As a result of this evaluation, the executive directors of the Group consider that the Group's operations are operated and managed as a single reportable segment. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

6 Other income

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Government grants — cost related *(Note)*	215	5,483	402	847

Note: The government grants and subsidies related to funding received to compensate for the Group's research and development expenses. Some of the grants received are related to future costs expected to be incurred and require the Group to comply with conditions attached to the grants and the government to acknowledge the compliance of these conditions. When the required conditions set by the government for such grants are met, the proportion of the qualified funds is recognized as "other income" and the remaining balance is recorded as "Accruals and other payables — deferred income".

7 Other gains/(losses) — net

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Net foreign exchange gain/(losses)	4,524	(1,086)	(381)	(1,901)
Bargain purchase gain *(Note 32)*	—	—	—	6,016
Others	277	(79)	(314)	—
Total	**4,801**	**(1,165)**	**(695)**	**4,115**

8 Expenses by nature

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Employee benefit expenses (including directors' emoluments) *(Note 9)*	39,238	96,835	31,467	102,991
R&D materials and consumables	21,164	33,180	17,091	8,777
Testing and clinical expenses	23,024	27,818	10,751	19,729
Professional service expenses	12,444	14,110	6,093	7,152
Depreciation-right of use assets *(Note 14)*	4,001	7,945	3,411	4,457
Depreciation of property, plant and equipment *(Note 13)*	1,075	9,113	3,396	6,041
Amortization of intangible assets *(Note 15)*	33	245	108	176
Office expenses	3,081	7,368	2,776	2,858
Short term lease and low value lease expenses	5,575	5,064	1,940	2,211
Auditors' remuneration-audit service				
— Audit service	156	358	—	—
— Non-audit service	—	178	—	—
[REDACTED] expenses	—	—	—	7,669
Other expenses	7,457	6,785	2,779	1,212
Total general and administrative expenses and research and development expenses	**117,248**	**208,999**	**79,812**	**163,273**

9 Employee benefit expenses

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(Unaudited)	
Wages, salaries and bonuses	31,631	67,463	25,462	40,275
Contributions to pension plans *(Note)*	2,366	4,006	1,919	381
Welfare and other expenses	2,189	4,368	1,916	1,957
Share based payment expenses *(Note 23)*	—	15,443	—	57,471
Other welfare for employees	3,052	5,555	2,170	2,907
	39,238	**96,835**	**31,467**	**102,991**

Note: Pensions — defined contribution plans

Full time PRC employees of the Group are members of state-managed retirement benefit schemes operated by the PRC government. The Group is required to contribute a specified percentage of payroll costs, subject to certain ceiling, as determined by the local government authority to fund these schemes. The Group's liabilities in respect of benefits schemes are limited to the contribution payable in each year.

(a) Directors' and senior management's emoluments

Directors and chief executives' emoluments for the Track Record Period are set out as follows:

	Fees	Salary	Discretionary bonus	Social security costs	Share-based compensation expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2018						
Chairman and executive director						
Yiping James Li (i)	—	2,762	964	—	—	3,726
Non-executive Director						
Edward Hu (ii)	—	—	—	—	—	—
Steven Daniel Harr (iii)	—	—	—	—	—	—
Ge Li (iv)	—	—	—	—	—	—
Shen Ye (v)	—	—	—	—	—	—
Yang Yunxia (vi)	—	—	—	—	—	—
Independent Director						
Hans Edgar Bishop (vii)	—	—	—	—	—	—
	—	**2,762**	**964**	**—**	**—**	**3,726**

	Fees	Salary	Discretionary bonus	Social security costs	Share-based compensation expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2019						
Chairman and executive director						
Yiping James Li (i)	—	2,816	844	—	—	3,660
Non-executive Director						
Edward Hu (ii)	—	—	—	—	—	—
Steven Daniel Harr (iii)	—	—	—	—	—	—
Ge Li (iv)	—	—	—	—	—	—
Shen Ye (v)	—	—	—	—	—	—
Yang Yunxia (vi)	—	—	—	—	—	—
Robert Hershberg (viii)	—	—	—	—	—	—
Miao Jingwen (ix)	—	—	—	—	—	—
Krishnan Viswanadhan (x)	—	—	—	—	—	—
Independent Director						
Hans Edgar Bishop (vii)	—	—	—	—	—	—
	—	**2,816**	**844**	**—**	**—**	**3,660**

	Fees	Salary	Discretionary bonus	Social security costs	Share-based compensation expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2019 (Unaudited)						
Chairman and executive director						
Yiping James Li (i)	—	1,385	—	—	—	1,385
Non-executive Director						
Edward Hu (ii)	—	—	—	—	—	—
Steven Daniel Harr (iii)	—	—	—	—	—	—
Ge Li (iv)	—	—	—	—	—	—
Shen Ye (v)	—	—	—	—	—	—
Yang Yunxia (vi)	—	—	—	—	—	—
Robert Hershberg (viii)	—	—	—	—	—	—
Independent Director						
Hans Edgar Bishop (vii)	—	—	—	—	—	—
	—	**1,385**	**—**	**—**	**—**	**1,385**

	Fees	Salary	Discretionary bonus	Social security costs	Share-based compensation expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 30 2020						
Chairman and executive director						
Yiping James Li (i)	—	1,398	—	—	45,115	46,513
Non-executive Director						
Edward Hu (ii)	—	—	—	—	—	—
Ge Li (iv)	—	—	—	—	—	—
Yang Yunxia (vi)	—	—	—	—	—	—
Miao Jingwen (ix)	—	—	—	—	—	—
Krishnan Viswanadhan (x)	—	—	—	—	—	—
Xing Gao (xi)	—	—	—	—	—	—
Ann Li Lee (xii)	—	—	—	—	—	—
Jinyin Wang (xiii)	—	—	—	—	—	—
Cheng Liu (xiv)	—	—	—	—	—	—
Independent Director	—	—	—	—	—	—
Hans Edgar Bishop (vii)	—	—	—	—	—	—
Yanling Cao (xv)	—	—	—	—	—	—
	—	**1,398**	**—**	**—**	**45,115**	**46,513**

(i) Dr. Yiping James Li was appointed as director on 14 November 2017.

(ii) Mr. Edward Hu was appointed as director on 6 September 2017 and resigned as a director on 22 March 2020.

(iii) Mr. Steven Daniel Harr was appointed as director on14 November 2017 and resigned as a director on 15 February 2019.

(iv) Mr. Ge Li was appointed as director on 14 November 2017 and resigned as a director on 22 March 2020.

(v) Ms. Shen Ye was appointed as director on 23 February 2018 and resigned as a director on 20 November 2019.

(vi) Ms. Yang Yunxia was appointed as director on 23 February 2018.

(vii) Mr. Hans Edgar Bishop was appointed as director on 14 November 2017.

(viii) Mr. Robert Hershberg was appointed as director on 15 February 2019 and resigned as a director on 20 November 2019.

(ix) Ms. Miao Jingwen was appointed as director on 20 November 2019.

(x) Dr. Krishnan Viswanadhan was appointed as director on 20 November 2019.

(xi) Ms. Gao Xing was appointed as director on 22 May 2020.

(xii) Dr. Ann Li Lee was appointed as director on 22 May 2020.

(xiii) Mr. Jinyin Wang was appointed as director on 22 May 2020.

(xiv) Dr. Cheng Liu was appointed as director on 30 June 2020.

(xv) Mr. Yanling Cao was appointed as director on 22 May 2020.

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the Track Record Period.

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the Track Record Period.

(d) Consideration provided to third parties for making available directors' services

During the Track Record Period, the Company did not pay consideration to any third parties for making available directors' services.

(e) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by or entities connected with directors

There were no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the Track Record Period.

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year/period or at any time during the Track Record Period.

(g) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include one director for the years ended 31 December 2018 and 2019 and the six months ended 30 June 2019 and 2020, respectively, whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining four individuals during the Track Record Period are as follows:

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(Unaudited)	
Salaries, wages and bonuses	7,831	11,904	5,499	6,296
Social security costs	412	150	75	438
Share-based compensation expenses	—	8,568	—	52,386
	8,243	**20,622**	**5,574**	**59,120**

The emoluments of the top five highest paid individuals fees fell within the following bands:

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	no. of individuals	*no. of individuals*	*no. of individuals*	*no. of individuals*
			(Unaudited)	
Emolument bands (in RMB)				
Less than RMB1,000,000	1	—	2	—
RMB1,000,001 to RMB1,500,000	3	2	3	1
RMB1,500,001 to RMB3,000,000	—	—	—	1
RMB3,000,001 to RMB4,500,000	1	1	—	1
RMB4,500,001 to RMB6,000,000	—	1	—	1
RMB6,000,001 to RMB8,500,000	—	1	—	—
RMB45,500,001 to RMB47,000,000	—	—	—	1
	5	**5**	**5**	**5**

10 Finance (costs)/income — net

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Finance income:				
Interest income on bank deposits	1,092	1,820	155	126
Total finance income	**1,092**	**1,820**	**155**	**126**
Finance costs				
Interest expense on bank borrowings	(2,017)	(779)	(385)	(2,009)
Less: amounts capitalized in property, plant and equipment *(Note 13)*	—	312	—	2,009
	(2,017)	(467)	(385)	—
Interest expense on lease liabilities	(900)	(884)	(499)	(290)
Total finance costs	**(2,917)**	**(1,351)**	**(884)**	**(290)**
Finance (costs)/income — net	**(1,825)**	**469**	**(729)**	**(164)**

11 Income tax expense

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.

(a) Cayman Islands income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. There is no income tax in the Cayman Islands and accordingly, the operating results reported by the Company, is not subject to any income tax in the Cayman Islands.

(b) Hong Kong income tax

No provision for Hong Kong profits tax has been provided for at the rate of 16.5% as the Company has no estimated assessable profit.

(c) The PRC corporate income tax

No provision for Mainland China income tax has been provided for at a rate of 25% pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "**CIT Law**"), as the Group's PRC entities have no estimated assessable profits.

The taxation of the Group's profit before taxation differs from the theoretical amount that would arise using the rates prevailing in the jurisdictions in which the Group operates as follows:

	Year ended 31 December		Six months ended 30 June	
	2018	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Loss before income tax	**(272,616)**	**(633,257)**	**(357,869)**	**(650,029)**
Tax calculated at applicable tax rate of 25%	(68,154)	(158,314)	(89,467)	(162,507)
Effect of different tax rate	40,824	107,954	69,748	123,984
Expenses not deductible for taxation purposes	922	4,771	233	15,147
Super deduction in respect of research and development expenditures	(13,927)	(22,162)	(7,198)	(17,337)
Tax loss not recognized as deferred tax assets	40,335	67,751	26,684	40,713
Income tax expense	**—**	**—**	**—**	**—**

(e) Deferred tax assets not recognized:

The Group has not recognized any deferred tax assets in respect of the following items:

	Year ended 31 December		Six months ended 30 June	
	2018	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Deductible losses	259,831	530,833	366,570	693,688

(f) Deductible losses that are not recognized as deferred tax assets will be expired as follows:

	As at December 31,		As at June 30,
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
2021	34,376	34,376	34,376
2022	64,115	64,115	64,115
2023	161,340	161,340	161,340
2024	—	271,002	271,002
2025	—	—	162,855
	259,831	530,833	693,688

12 Loss per share

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss of the Group attribute to owners of the Company by weighted average number of ordinary shares issued during the Track Record Period.

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
			(Unaudited)	
Loss attributable to the ordinary equity holders of the company *(RMB'000)*	(272,616)	(633,257)	(357,869)	(650,029)
Weighted average number of ordinary shares in issue *(in thousand) (Note)*	65,000	65,000	65,000	65,257
Basic loss per share *(RMB)*	(4.19)	(9.74)	(5.51)	(9.96)

Note: On 31 July 2020, the Company underwent a subdivision of shares whereby each issued and unissued share of par value US$0.0001 each in our Company's authorized share capital shall be subdivided into 10 shares of US$0.00001 par value each. Further details are set out in Note 21.

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the years ended 31 December 2018 and 2019 and the six months ended 30 June 2019 and 2020, the Company had two categories of potential ordinary shares: preferred shares (Note 28), and the stock

options granted to employees (Note 23). As the Group incurred losses for the years ended 31 December 2018 and 2019 and the six months ended 30 June 2019 and 2020, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the years ended 31 December 2018 and 2019 and the six months ended 30 June 2019 and 2020 are the same as basic loss per share of the respective years/periods.

Note: The basic and diluted loss per share as presented above has not taken into account the proposed **[REDACTED]** pursuant to the resolutions of the shareholders dated [•] 2020 because the proposed **[REDACTED]** has not become effective as at report date.

13 Property, plant and equipment — Group

	Machinery	Electronic equipment	Leasehold Improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2018					
Cost	3,452	569	—	—	4,021
Accumulated depreciation	(125)	(121)	—	—	(246)
Net book amount	**3,327**	**448**	**—**	**—**	**3,775**
Year ended 31 December 2018					
Opening net book amount	3,327	448	—	—	3,775
Additions	11,547	8,167	—	30,526	50,240
Depreciation charges *(Note 8)*	(742)	(333)	—	—	(1,075)
Closing net book amount	**14,132**	**8,282**	**—**	**30,526**	**52,940**
As at 31 December 2018					
Cost	14,999	8,736	—	30,526	54,261
Accumulated depreciation	(867)	(454)	—	—	(1,321)
Net book amount	**14,132**	**8,282**	**—**	**30,526**	**52,940**
Year ended 31 December 2019					
Opening net book amount	14,132	8,282	—	30,526	52,940
Additions	10,379	1,963	565	122,265	135,172
Disposals	(67)	—	—	—	(67)
Transfers	5,031	—	24,206	(29,237)	—
Depreciation charges *(Note 8)*	(4,217)	(1,727)	(3,169)	—	(9,113)
Closing net book amount	**25,258**	**8,518**	**21,602**	**123,554**	**178,932**

	Machinery	Electronic equipment	Leasehold Improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2019					
Cost	30,327	10,699	24,771	123,554	189,351
Accumulated depreciation	(5,069)	(2,181)	(3,169)	—	(10,419)
Net book amount	**25,258**	**8,518**	**21,602**	**123,554**	**178,932**
Six months ended 30 June 2019 (Unaudited)					
Opening net book amount	14,132	8,282	—	30,526	52,940
Additions	6,805	1,007	504	17,195	25,511
Disposals	(67)	—	—	—	(67)
Transfer	5,025	—	24,206	(29,231)	—
Depreciation charges *(Note 8)*	(1,893)	(812)	(691)	—	(3,396)
Closing net book amount	**24,002**	**8,477**	**24,019**	**18,490**	**74,988**
As at 30 June 2019 (Unaudited)					
Cost	26,747	9,743	24,710	18,490	79,690
Accumulated depreciation	(2,745)	(1,266)	(691)	—	(4,702)
Net book amount	**24,002**	**8,477**	**24,019**	**18,490**	**74,988**
Six months ended 30 June 2020					
Opening net book amount	25,258	8,518	21,602	123,554	178,932
Additions	2,450	1,084	221	64,026	67,781
Transfer	4,219	—	—	(4,219)	—
Acquisition of subsidiaries	3,815	3,918	—	—	7,733
Depreciation charges *(Note 8)*	(2,224)	(1,333)	(2,484)	—	(6,041)
Closing net book amount	**33,518**	**12,187**	**19,339**	**183,361**	**248,405**
As at 30 June 2020					
Cost	40,811	15,701	24,992	183,361	264,865
Accumulated depreciation	(7,293)	(3,514)	(5,653)	—	(16,460)
Net book amount	**33,518**	**12,187**	**19,339**	**183,361**	**248,405**

(a) Depreciation of the Group charged to profit or loss is analyzed as follows:

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(Unaudited)	
General and administrative expenses	316	2,120	1,540	1,106
Research and Development expenses	759	6,993	1,856	4,935
	1,075	9,113	3,396	6,041

(b) Capitalized borrowing costs are nil, RMB312,000 and RMB2,009,000 during the years ended 31 December 2018 and 2019 and the six months period ended 30 June 2020 respectively. The capitalization rate of borrowings was nil, 4.90% and 4.90% for the year ended 31 December 2018 and 2019 and the six months ended 30 June 2020 respectively.

14 Right-of-use Assets

The Group leases offices for its own use. Information about leases for which the Group is a lessee is presented below:

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(Unaudited)	
Cost	22,163	35,730	35,730	35,503
Accumulated depreciation	(4,001)	(11,946)	(7,412)	(16,403)
Net book amount	18,162	23,784	28,318	19,100
Opening net book amount	20,140	18,162	18,162	23,784
Additions	2,023	13,567	13,567	—
Exemption on rental fee *(Note)*	—	—	—	(227)
Depreciation charge	(4,001)	(7,945)	(3,411)	(4,457)
Closing net book amount	18,162	23,784	28,318	19,100

Note: Due to COVID-19, rental expenses from 1 February 2020 to 31 March 2020 for certain locations were exempted.

The consolidated statements of comprehensive loss and the consolidated statements of cash flows contain the following amounts relating to leases:

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Depreciation charge of right-to-use assets	(4,001)	(7,945)	(3,411)	(4,457)
Interest expenses	(900)	(884)	(499)	(290)
The cash outflow for leases as operating activities	(5,575)	(5,064)	(1,940)	(2,211)
The cash outflow for leases as financing activities	(2,643)	(5,243)	(975)	(4,701)

15 Intangible assets

Group:

	Computer software	Licenses	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2018				
Cost	137	75,601	—	75,738
Accumulated amortization	(10)	—	—	(10)
Net book amount	**127**	**75,601**	**—**	**75,728**
Year ended 31 December 2018				
Opening net book amount	127	75,601	—	75,728
Additions	501	—	—	501
Amortization charges *(Note 8)*	(33)	—	—	(33)
Currency translation differences	—	3,806	—	3,806
Closing net book amount	**595**	**79,407**	**—**	**80,002**
As at 31 December 2018				
Cost	638	79,407	—	80,045
Accumulated amortization	(43)	—	—	(43)
Net book amount	**595**	**79,407**	**—**	**80,002**

	Computer software	Licenses	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2019				
Opening net book amount	595	79,407	—	80,002
Additions	1,383	61,318	10,737	73,438
Amortization charges *(Note 8)*	(245)	—	—	(245)
Currency translation differences	—	3,752	—	3,752
Closing net book amount	**1,733**	**144,477**	**10,737**	**156,947**
As at 31 December 2019				
Cost	2,021	144,477	10,737	157,235
Accumulated amortization	(288)	—	—	(288)
Net book amount	**1,733**	**144,477**	**10,737**	**156,947**
Six months ended 30 June 2019 (unaudited)				
Opening net book amount	595	79,407	—	80,002
Additions	787	61,318	217	62,322
Amortization charges *(Note 8)*	(108)	—	—	(108)
Currency translation differences	—	1,650	—	1,650
Closing net book amount	**1,274**	**142,375**	**217**	**143,866**
As at 30 June 2019(Unaudited)				
Cost	1,425	142,375	217	144,017
Accumulated amortization	(151)	—	—	(151)
Net book amount	**1,274**	**142,375**	**217**	**143,866**
Six months ended 30 June 2020				
Opening net book amount	1,733	144,477	10,737	156,947
Additions	—	—	2,353	2,353
Transfer	1,002	—	(1,002)	—
Acquisition of subsidiaries *(Note 32)*	1	674,676	—	674,677
Amortization charges *(Note 8)*	(176)	—	—	(176)
Currency translation differences	—	2,139	—	2,139
Closing net book amount	**2,560**	**821,292**	**12,088**	**835,940**
As at 30 June 2020				
Cost	3,024	821,292	12,088	836,404
Accumulated amortization	(464)	—	—	(464)
Net book amount	**2,560**	**821,292**	**12,088**	**835,940**

Company

	Licenses
	RMB'000
As at 1 January 2018	
Cost	75,601
Accumulated amortization	—
Net book amount	**75,601**
Year ended 31 December 2018	
Opening net book amount	75,601
Currency translation differences	3,806
Closing net book amount	**79,407**
As at 31 December 2018	
Cost	79,407
Accumulated amortization	—
Net book amount	**79,407**
Year ended 31 December 2019	
Opening net book amount	79,407
Additions	61,318
Currency translation differences	3,752
Closing net book amount	**144,477**
As at 31 December 2019	
Cost	144,477
Accumulated amortization	—
Net book amount	**144,477**
Six months ended 30 June 2019 (unaudited)	
Opening net book amount	79,407
Additions	61,318
Currency translation differences	1,650
Closing net book amount	**142,375**
As at 30 June 2019 (Unaudited)	
Cost	142,375
Accumulated amortization	—
Net book amount	**142,375**

	Licenses
	RMB'000
Six months ended 30 June 2020	
Opening net book amount	144,477
Currency translation differences	2,139
Closing net book amount	**146,616**
As at 30 June 2020	
Cost	146,616
Accumulated amortization	—
Net book amount	**146,616**

(a) Amortization of intangible assets has been charged to the consolidated statements of comprehensive loss as follows:

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Administrative expenses *(Note 8)*	33	234	105	167
Research and development Expenses *(Note 8)*	—	11	3	9
	33	245	108	176

(b) Licenses

(i) License and Strategic Alliance Agreement

In December 2017, the Group entered into License and Strategic Alliance Agreement ("**License and Strategic Alliance Agreement**") with Juno Therapeutics, Inc., ("**Juno**") to develop and commercialize Relma-cel in mainland China, Hong Kong and Macau. Pursuant to the terms of License and Strategic Alliance Agreement, as disclosed in Note 29, the Group made two upfront payments for acquiring Relma-cel by the issuance of Relma-cel Warrants, which can be converted into Series A-1 and Series A-2 preferred shares. The Group recognized a total amount of USD11,570,000 (equivalent to RMB75,601,000) as intangible assets based on the fair value. The Group also agreed to pay Juno clinical development milestone payments and royalties on net sales in mainland China, Hong Kong and Macau.

(ii) BCMA license

In April 2019, the Group entered into License Agreement — BCMA ("**BCMA License Agreement**") with Juno to develop and commercialize JWCAR129 in mainland China, Hong Kong and Macau. Pursuant to the terms of the BCMA License Agreement, as disclosed in Note 29, the Group made two upfront payments for acquiring JWCAR129 by the issuance of BCMA warrants, which can be converted into Series X preferred shares. The Group recognized a total amount of USD9,140,000 (equivalent to RMB61,318,000) as intangible assets based on the fair value. The Group also agreed to pay Juno clinical development milestone payments and royalties on net sales in mainland China, Hong Kong and Macau.

Recognition

The Company has engaged an independent valuer to determine the fair value of each license. The discounted cash flow method was used to determine the value of each license. Key assumptions are listed below:

Relma-cel:	**December 2017**
Gross margin	49.4%~75.8%
Revenue growth rate	0.5%~383.7%
Discount rate	23%

JWCAR129:	**April 2019**
Gross margin	72.6%~75.9%
Revenue growth rate	3.5%~135.9%
Discount rate	23%

Impairment test

Licenses under research and development not ready for use is tested for impairment on annual basis. The annual impairment test was performed for each license by engaging an independent valuer to estimate fair value less cost to sell as the recoverable amount of each drug. The fair value is based on the multi-periods excessive earning method with key assumptions as below:

Relma-cel:

	As at 31 December		As at 30 June
	2018	2019	2020
Discount rate	25%	25%	25%
Revenue growth rate	0.5%~383.7%	0.5%~383.7%	0.5%~383.7%
Recoverable amount of CGU *(in RMB million)*	297	770	1,072

JWCAR129:

	As at 31 December	As at 30 June
	2019	2020
Discount rate	25%	25%
Revenue growth rate	3.5%~135.9%	3.5%~135.9%
Recoverable amount of CGU *(in RMB million)*	112	149

Based on the result of above assessment, these was no impairment for the intangible asset as at 31 December 2018 and 2019 and 30 June 2020.

(iii) License acquired in business combination

Licenses acquired in a business combination (Note 32) are recognized at fair value at the acquisition date, which includes certain licenses under development and commercialization in mainland China, Hong Kong, Macau, Taiwan and the member countries of Association of South East Asia Nation. The Group recognized a total amount of USD95,300,000 (equivalent to RMB674,676,000) as intangible assets based on the fair value.

Recognition

The Company has engaged an independent valuer to determine the fair value of the licenses. The discounted cash flow method was used to determine the value of each license. Key assumptions are listed below:

	As at 30 June 2020
Gross margin	79.1%~81.4%
Revenue growth rate	3.1%~229.4%
Discount rate	24%

Impairment test

The directors consider that the carrying amount of the licenses as of 30 June 2020 was equal to the fair value determined using the discounted cash flow method on the acquisition day. No impairment for the license was expected on 30 June 2020.

16 Prepayment for license

Group and Company:

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Prepayment for license *(Note)*	—	—	7,080

Note: In January 2020, the Company entered into an Option and License Agreement with Acepodia Biotechnologies, Ltd. ("**Acepodia**"), pursuant to which, the Company was granted an exclusive option to acquire an exclusive right and license to manufacture, develop, use, sell, offer for sale, import and otherwise commercialize certain products. On 3 February 2020, the Company paid first instalment of USD1,000,000 (equivalent to RMB7,080,000) to Acepodia.

17 Other non-current assets

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Value-added tax recoverable	10,657	25,059	37,456
Prepayments for property, plant and equipment	6,227	19,003	1,995
Rental deposits	1,380	2,574	2,783
Others	140	980	980
	18,404	47,616	43,214

18 Other receivables and prepayments

Group

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Prepayments to suppliers	945	2,899	5,075
Deposits	331	87	1,975
Others	—	—	103
Total	**1,276**	**2,986**	**7,153**

The carrying amounts of the Group's other receivables and prepayments are denominated in following currencies.

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
RMB	1,276	2,986	4,614
USD	—	—	2,539
Total	**1,276**	**2,986**	**7,153**

The maximum exposure to credit risk at the reporting date is the carrying value of receivables mentioned above.

The carrying amounts of the Group's other receivables approximate their fair values.

Company

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
[REDACTED] expenses	—	—	2,539
Amounts due from subsidiaries *(Note)*	339,892	725,691	1,302,081
	339,892	725,691	1,304,620

Note: The amounts are non-traded, unsecured, interest-free and repayable on demand.

19 Cash and cash equivalents

Group

(a) Restricted bank deposits

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Restricted cash pledged for borrowings *(Note 26)*	36,375	—	—
Restricted cash deposit for hedging arrangement *(Note)*	—	3,488	3,540
	36,375	3,488	3,540

Note: The Group had placed USD 500,000 cash deposits with a bank for hedging arrangement. As of 31 December 2019 and 30 June 2020, no hedging had been arranged.

(b) Cash and cash equivalents

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Cash at banks			
— RMB	65,430	66,347	42,425
— USD	68,233	188,519	817,732
— HKD	—	—	39
Cash at hand			
— RMB	—	—	1
Total	133,663	254,866	860,197

The carrying amount of bank deposits approximates their fair value.

Company

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Cash at banks			
— USD	5,700	12,588	144,219

20 Financial instruments by category

Group

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at amortized costs:			
— Deposit	1,711	2,661	4,758
— Restricted cash	36,375	3,488	3,540
— Cash and cash equivalents	133,663	254,866	860,197
Total	171,749	261,015	868,495

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Liabilities			
Financial liabilities at fair value:			
— Contingent consideration for business combination	—	—	51,793
— Preferred shares	413,195	1,420,454	2,637,440
Financial liabilities at amortized costs:			
— Other payable	39,748	80,008	98,182
— Borrowings	40,054	50,823	100,000
Lease liabilities-current	3,098	10,096	10,135
Lease liabilities-non-current	15,538	16,864	12,124
Total	511,633	1,578,245	2,909,674

Company

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at amortized costs:			
— Amounts due from subsidiaries	339,892	725,691	1,302,081
— Cash and cash equivalents	5,700	12,588	144,219
Total	345,592	738,279	1,446,300

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Liabilities			
Financial liabilities at fair value:			
— Contingent consideration for business combination	—	—	51,793
— Preferred shares	413,195	1,420,454	2,637,440
Financial liabilities at amortized costs:			
— Other payable	—	410	7,100
Total	413,195	1,420,864	2,696,333

21 Share capital-Group and Company

Authorized:

	Number of ordinary shares	Nominal value of ordinary shares	RMB equivalent value
	In thousands	*USD*	*RMB'000*
Ordinary shares upon incorporation *(Note(a))*	50	50,000	332
Shares subdivision on 14 November 2017 *(Note(a))*	499,950	—	—
As at 31 December 2018 and 2019 and 30 June 2020	500,000	50,000	332

Issued and fully paid:

	Number of ordinary shares	Nominal value	RMB equivalent value
	In thousands	*USD*	*RMB'000*
As at 1 January 2018, 31 December 2018 and 1 January 2019 *(Note(a))*	6,500	650	4
As at 31 December 2019 and 1 January 2020	6,500	650	4
Allotment of shares *(Note(b))*	4,631	463	3
As at 30 June 2020	11,131	1,113	7

Note(a): On 6 September 2017, the Company was incorporated in the Cayman Islands with an authorized share capital of USD50,000 divided into 50,000 ordinary shares with a par value of USD1.00 each. At the time of incorporation, the Company allotted and issued one Share to the initial subscriber, Mapcal Limited, which in turn on the same day transferred the one Share to WuXi AppTec (Hong Kong) Holding Limited ("**Wuxi HK**")at par value USD1.00.

On 14 November 2017, the Company underwent a subdivision of shares whereby the Company's authorized share capital of USD50,000 was amended by re-designation from 50,000 ordinary shares of USD1.00 par value each into 500,000,000 shares of USD0.0001 par value each. On the same day, Company issued 6,490,000 share capital with par value of USD0.0001, of which 3,240,000 shares were allotted to Wuxi HK, 2,500,000 shares were allotted to Juno and 750,000 shares was allotted to JDI Capital Management Limited.

Note(b): On 30 June 2020, the Company issued 4,631,374 ordinary shares to Syracuse Biopharma (Cayman) Ltd., ("**Syracuse Cayman**") with fair value of USD19.16 each as consideration for the acquisition of Syracuse Biopharma (Hong Kong) Limited ("**Syracuse HK**") and its subsidiaries ("**Syracuse Group**") (Note 32). On 1 July 2020, 293,283 ordinary shares were transferred from Syracuse Cayman to Be Angels LLC.

On 31 July 2020, the Company underwent a subdivision of shares whereby each issued and unissued share of par value US$0.0001 each in our Company's authorized share capital shall be subdivided into 10 shares of US$0.00001 par value each, such that immediately following such share subdivision, our Company's authorized share capital shall be US$50,000 divided into (a) 4,838,998,090 Shares of par value US$0.00001 each; (b) 38,518,530 Series A1 Preferred Shares of par value US$0.00001 each; (c) 64,271,700 Series A2 Preferred Shares of par value US$0.00001 each; (d) 9,331,060 Series X Preferred Shares of par value US$0.00001 each and (e) 48,880,620 Series B Preferred Shares of par value US$0.00001 each.

22 Reserves

Group

	Share premium	Share-based compensation reserve	Foreign currency translation	Capital reserve	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note(a)	*Note(b)*	*Note(c)*	*Note(d)*	
Balance at 1 January 2018	40,615	—	(22)	12,225	52,818
Currency translation differences	—	—	(14,208)	—	(14,208)
Balance at 31 December 2018	**40,615**	**—**	**(14,230)**	**12,225**	**38,610**
Balance at 1 January 2019	40,615	—	(14,230)	12,225	38,610
Share based compensation expenses *(Note 9)*	—	15,443	—	—	15,443
Currency translation differences	—	—	(11,324)	—	(11,324)
Balance at 31 December 2019	**40,615**	**15,443**	**(25,554)**	**12,225**	**42,729**
Balance at 1 January 2019	40,615	—	(14,230)	12,225	38,610
Currency translation differences	—	—	(1,680)	—	(1,680)
Balance at 30 June 2019 (Unaudited)	**40,615**	**—**	**(15,910)**	**12,225**	**36,930**
Balance at 1 January 2020	40,615	15,443	(25,554)	12,225	42,729
Share based compensation expenses *(Note 9)*	—	57,471	—	—	57,471
Currency translation differences	—	—	(18,338)	—	(18,338)
Issuance of ordinary shares *(Note 32)*	628,211	—	—	—	628,211
Balance at 30 June 2020	**668,826**	**72,914**	**(43,892)**	**12,225**	**710,073**

Company

	Share premium	Share-based compensation reserve	Foreign currency translation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	Note(a)	*Note(b)*	*Note(c)*	
Balance at 1 January 2018	40,615	—	—	40,615
Currency translation differences	—	—	(2,009)	(2,009)
Balance at 31 December 2018	**40,615**	**—**	**(2,009)**	**38,606**
Balance at 1 January 2019	40,615	—	(2,009)	38,606
Share based compensation expenses *(Note 9)*	—	15,443	—	15,443
Currency translation differences	—	—	(5,518)	(5,518)
Balance at 31 December 2019	**40,615**	**15,443**	**(7,527)**	**48,531**
Balance at 1 January 2019	40,615	—	(2,009)	38,606
Currency translation differences	—	—	(437)	(437)
Balance at 30 June 2019 (Unaudited)	**40,615**	**—**	**(2,446)**	**38,169**
Balance at 1 January 2020	40,615	15,443	(7,527)	48,531
Share based compensation expenses *(Note 9)*	—	57,471	—	57,471
Currency translation differences	—	—	(11,924)	(11,924)
Issuance of ordinary shares *(Note 32)*	628,211	—	—	628,211
Balance at 30 June 2020	**668,826**	**72,914**	**(19,451)**	**722,289**

(a) Share premium arose from:

(i) the issue of shares of the Company at a total price of USD6,200,000 (equivalent to RMB40,619,000) in excess of their par value before the Track Record Period;

(ii) the issue of shares of the Company at a total price of USD88,737,000 (equivalent to RMB628,214,000) in excess of their par value as consideration for the acquisition of subsidiaries (Note 32).

(b) Share-based compensation reserve arises from share-based payment granted to employees of the Group.

(c) Foreign currency translation represents the difference arising from the translation of financial statements of companies within the Group that have a functional currency different from the presentation currency of RMB for the financial statements of the Company and the Group.

(d) Capital reserve represents the difference of aggregate consideration paid by the Group and the aggregate capital of the subsidiaries acquired before the Track Record Period.

23 Share-based payments

(a) Stock option and restricted share unites

Pursuant to a resolution dated 4 September 2019, the Company adopted a 2019 Stock Option Scheme ("**stock option**") and a 2019 restricted share scheme ("**RSU**") (together, "**2019 Plan**"). The Company granted 346,945 stock options and 685,242 RSUs to certain directors and senior management of the Group, as rewards for their services, full time devotion and professional expertise to certain of the Group's subsidiaries. In addition, the Company granted 39,685 stock options to two consultants, as reward of their past services.

Pursuant to a resolution dated 30 June 2020, the Company adopted a 2020 Stock Option and a 2020 RSU (together, "**2020 Plan**"). The Company granted 248,441 stock options and 1,371,925 RSUs to certain directors, senior management and employees of the Group as rewards for their services, full time devotion and professional expertise to certain of the Group's subsidiaries. In addition, the Company granted 96,662 RSUs to three consultants, as reward of their past services.

For stock options and RSU granted, subject to the meeting of the criteria of the Company being approved by Listing Committee (as defined in the Listing Rules) or being listed on the Main Board of the Stock Exchange of Hong Kong Limited and the directors, senior management and employees being still on service at the end of each vesting period.

Pursuant to the 2019 Plan and 2020 Plan, certain directors and senior managements' stock options and RSUs were vested on the grant date to compensate for their past services before the date of grant. The vesting schedule for the remaining stock options and RSUs are set out below:

The granted shares of 2019 plan can be vested in four tranches with the following vesting schedule:

(a) zero percent (0%) will vest on the date of the first anniversary of the vesting commencement date,

(b) thirty percent (30%) will vest on the date of the second anniversary of the vesting commencement date,

(c) thirty percent (30%) will vest on the date of the third anniversary of the vesting commencement, and

(d) forty percent (40%) will vest on the date of the fourth anniversary of the vesting commencement date.

The granted shares of 2020 plan can be vested in four tranches with the following vesting schedule:

(a) twenty-five percent (25%) will vest on the date of the first anniversary of the vesting commencement date,

(b) twenty-five percent (25%) will vest on the date of the second anniversary of the vesting commencement date,

(c) twenty-five percent (25%) will vest on the date of the third anniversary of the vesting commencement, and

(d) twenty-five percent (25%) will vest on the date of the fourth anniversary of the vesting commencement date.

The following table summarizes the Group's stock option activities:

	Year ended 31 December			
	2018		2019	
	Weighted average exercise price (in USD)	Number of stock options	Weighted average exercise price (in USD)	Number of stock options
As at beginning of the year	—	—	—	—
Granted during the year	—	—	1.57	386,630
Forfeited during the year	—	—	—	—
As at year end	—	—	1.57	386,630
Vested at end of year	—	—	1.00	45,602

	Six months ended 30 June			
	2019		2020	
	Weighted average exercise price (in USD)	Number of stock options	Weighted average exercise price (in USD)	Number of stock options
	(Unaudited)	(Unaudited)		
As at beginning of the period	—	—	1.57	386,630
Granted during the period	—	—	0.001	248,441
Forfeited during the period	—	—	1.00	(20,940)
As at period end	—	—	0.95	614,131
Vested at end of period	—	—	1.61	92,702

The following table summarizes the Group's restricted shares activities:

	Year ended 31 December		Six months ended 30 June	
	2018 Numbers of shares	2019 Numbers of shares	2019 Numbers of shares	2020 Numbers of shares
			(Unaudited)	
At the beginning of year/period	—	—	—	685,242
Granted during the year/period	—	685,242	—	1,468,587
At the end of year/period	—	685,242	—	2,153,829
Vested at year/period end	—	131,549	—	624,983

(b) Fair value of stock option and RSU granted

Fair value of RSU is measured based on the fair value of the Group's ordinary shares, which is USD7.26 for 2019 Plan and USD19.16 for 2020 Plan. The fair value of ordinary shares is determined by discounted cash flow method. The key assumption for discounted cash flow model is the discount rate, which is 18% for 2019 and 17% for 2020 Plan.

Based on fair value of the underlying ordinary shares, the Group has used Binomial option-pricing model to determine the fair value of the stock option as of the grant date. Key assumptions are set as below:

	2019 Plan	2020 Plan
Risk-free interest rate	1.47%	0.66%
Volatility	47%	47%
Grant date option fair value per share	USD3.32~USD6.31	USD19.16
Exercise price	USD1, USD6.55	USD0.001

(c) Expenses arising from share-based payment transactions

Expenses for the share-based payments have been charged to the consolidated statements of comprehensive loss as follows:

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(Unaudited)	
Administrative expenses	—	4,642	—	47,401
Research and development expenses	—	10,801	—	10,070
Total	—	15,443	—	57,471

24 Dividend

No dividend has been paid or declared by the Company or the companies now comprising the Group during each of the years ended 31 December 2018 and 2019 and the six months ended 30 June 2019 and 2020.

25 Accruals and other payables

Group

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Payable for acquisition of a subsidiary *(Note)*	—	—	39,200
Accrued expenses	18,095	17,002	28,178
Payables for purchase of property, plant and equipment	13,173	55,305	24,065
Payables for purchase of materials	8,480	7,701	6,739
Staff salaries and welfare payables	7,776	12,009	8,137
Payroll tax	561	331	512
Deferred income	358	1,056	4,559
Total	**48,443**	**93,404**	**111,390**

Note: The payable represent the acquisition cost payable by Syracuse HK and its subsidiaries before the Group acquired Syracuse Group on 30 June 2020 (Note 32). The total cash inflow from the business combination were RMB45,308,000, which includes the funding from Syracuse HK's previous shareholder Syracuse Cayman amounting RMB39,200,000 to compensate the acquisition cost.

The carrying amounts of other payables of the Group are denominated in the following currencies:

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
RMB	26,994	73,797	40,644
USD	3,354	2,605	42,568
	30,348	**76,402**	**83,212**

Company

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Accrued **[REDACTED]** expenses	—	—	4,963
Accrued office expenses and others	—	410	2,137
Total	**—**	**410**	**7,100**

26 Borrowings — Group

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Unsecured bank borrowings	—	50,823	100,000
Current			
Secured bank borrowings *(Note)*	40,054	—	—
Total Borrowings	40,054	50,823	100,000

Note: The Group pledged cash at banks to secure the borrowings (Note 19).

At 31 December 2018,2019 and 30 June 2020, the Group's borrowings were repayable as follows:

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	40,054	—	—
Between 1 and 2 years	—	—	2,500
Between 2 and 3 years	—	5,000	8,500
Between 3 and 4 years	—	12,000	21,500
Between 4 and 5 years	—	31,000	41,500
Between 5 and 6 years	—	2,823	26,000
	40,054	50,823	100,000

The weighted average effective interest rates at each balance sheet date were as follows:

	As at 31 December		As at 30 June
	2018	2019	2020
Bank borrowings — RMB	5.68%	4.78%	4.90%

The fair values of borrowings equal to their carrying amounts as the discounting impact is not significant.

As at 31 December, 2018 and 2019, 30 June 2020, the Group has unutilized bank facility of RMB19,946,000, RMB49,177,000, and Nil, respectively.

27 Lease liabilities — Group

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Minimum lease payments due			
— Within 1 year	3,890	11,094	10,881
— Between 1 and 2 years	6,048	9,814	9,619
— Between 2 and 5 years	10,272	7,702	2,769
	20,210	28,610	23,269
Less: future finance charges	(1,574)	(1,650)	(1,010)
Present value of lease liabilities	**18,636**	**26,960**	**22,259**
Less: Current portion			
Lease liabilities	(3,098)	(10,096)	(10,135)
Non-current portion of lease liabilities	**15,538**	**16,864**	**12,124**

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
— Within 1 year	3,098	10,096	10,135
— Between 1 and 2 years	5,482	9,285	9,374
— Between 2 and 5 years	10,056	7,579	2,750
Present value of lease liabilities	**18,636**	**26,960**	**22,259**

The Group leases properties and lease liabilities were measured at net present value of the lease payments to be paid during the lease terms.

Lease liabilities were discounted at incremental borrowings rates of the Group.

For the total cash outflows for leases including payments of lease liabilities and payments of interest expenses on leases are disclosed in Note 14.

28 Preferred shares

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Preferred shares	413,195	1,420,454	2,637,440

The key terms of these financial instruments are summarized as follows:

Series A-1 Preferred shares

In 2018, the Company issued 3,209,878 shares of Series A1 Preferred Shares at cash consideration of USD44,444,444 (equivalent to RMB281,706,000) and issued 641,975 shares of Series A1 Preferred Shares as the execution of Relma-cel warrant for Series A-1 to Juno (Note 29).

Series A-2 Preferred shares

In 2019, the Company issued 3,110,345 shares of Series A2 preferred shares at cash consideration of USD55,555,556 (equivalent to RMB373,811,000) and issued 3,316,825 shares of Series A2 preferred shares as the execution of Relma-cel warrant for Series A-2 to Juno (Note 29).

Series X Preferred shares

In 2019, the Company issued 466,553 shares of Series X preferred shares as the execution of the first BCMA warrant to Juno (Note 29).

Series B Preferred shares

The company issued 4,888,062 shares of Series B preferred shares at cash consideration of USD100,000,000 (equivalent to RMB709,132,000) in May 2020.

Terms of Preferred shares

(a) Conversion right of the Preferred Shares

Each Preferred Share may, at the option of the holders, be converted at any time after the original issue date into fully-paid and non-assessable ordinary shares at an initial conversion ratio of 1:1 subject to (i) Adjustment for Share Splits and Combinations (ii) Adjustment for Ordinary

Share Dividends and Distributions (iii) Adjustments for Reorganizations, Mergers, Consolidations, Reclassifications, Exchanges, Substitutions (iv) Adjustments to Conversion Price for Dilutive Issuance (v) Other Dilutive Events.

In addition, each Preferred Share shall automatically be converted, without the payment of any additional consideration, into fully-paid and non-assessable ordinary shares based on the then-effective applicable conversion price upon the closing of a Qualified **[REDACTED]**.

(b) Liquidation preferences

In the event of any liquidation, dissolution or winding up of the Company, either voluntarily or involuntarily, the preferred shareholders shall be entitled to receive the liquidation preference amount, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of ordinary shares. After distributing or paying in full the liquidation preference amount to all of the preferred shareholders, the remaining assets of the Company available for distribution to members, if any, shall be distributed to the holders of ordinary shares.

(c) Redemption right

The holders of Preferred Shares have the right to require the Company to redeem the Preferred Shares when the following events happen:

(i) if the Company has not achieved a Qualified **[REDACTED]** on or prior to 23 February 2026, or

(ii) in the event of any early termination of the First License Agreement arising from any material breach of the First License Agreement by the Company prior to 23 February 2021.

In respect of each such Redeeming Preferred Share, the Redemption Price equal to the sum of (i) Issue Price plus interest at a simple annual interest rate of six percent (6%), and (ii) any declared but unpaid dividends on such Share, with each Redemption Price to be paid by the Company.

The aforementioned series of Preferred Shares are classified as liabilities as the Company doesn't have the unconditional right to avoid delivery cash or another financial asset. In addition, the Preferred Shares are designated at fair value through profit or loss and initially recognized at fair value.

If the Company's own credit risk results in fair value changes in financial labilities designated as at fair value through profit or loss, they are recognized in other comprehensive income in the circumstances other than avoiding accounting mismatch or recognizing in profit or loss for loan commitments or financial guarantee contracts. During the Track Record Period, the fair value change due to the company's own credit risk has been immaterial.

Movements of preferred shares for the years ended 31 December 2018, 2019 and 30 June 2020 are set out below:

Group and Company

	RMB'000
At 1 January 2018	—
Issuance for cash	281,706
Execution of Relma-cel warrant for Series A-1 *(Note 29)*	56,244
Change in fair value	46,028
Currency translation difference	29,217
At 31 December 2018	413,195
At 1 January 2019	413,195
Issuance for cash	373,811
Execution of Relma-cel warrant for Series A-2 and the first BCMA warrant *(Note 29)*	470,990
Change in fair value	128,781
Currency translation difference	33,677
At 31 December 2019	1,420,454
At 1 January 2019	413,195
Issuance for cash	373,811
Execution of Relma-cel warrant for Series A-2 *(Note 29)*	400,872
Change in fair value	3,901
Currency translation difference	15,222
At 30 June 2019 (Unaudited)	1,207,001
At 1 January 2020	1,420,454
Issuance for cash	709,132
Change in fair value	484,442
Currency translation difference	23,412
At 30 June 2020	2,637,440

The Company has engaged an independent valuer to determine the fair value of Preferred Shares. The discounted cash flow method was used to determine the total equity value of the Group and then equity allocation model was adopted to determine the fair value of the Preferred Shares as of the dates of issuance and at the end of each reporting period. Key valuation assumptions used to determine the fair value of preferred shares are as follows:

	As at 31 December		As at 30 June
	2018	2019	2020
Discount rate	19.0%	17.5%	17.0%
Risk-free interest rate	2.48%	1.59%	0.18%
Volatility	42%	48%	50%
[REDACTED] Possibility	10%	20%	60%

The fair values of preferred shares are affected by changes in volatility If the Group's volatility had increased/decreased by 5% with all other variables held constant, the loss before income tax for the years ended 31 December 2018 and 2019 and the six months ended 30 June 2019 and 2020 would have been approximately RMB1,548,000 lower/RMB1,290,000 higher, RMB3,759,000 lower/RMB3,282,000 higher, RMB4,148,000 lower/RMB3,884,000 higher and RMB1,533,000 higher/RMB1,542,000 lower respectively.

29 Warrants

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Warrants	133,695	19,317	26,768

(a) Relma-cel Warrants

In connection with the License and Strategic Alliance Agreement (Note 15), two warrants were issued to the related preferred shareholder — Juno ("**Relma-cel Warrants**"), which the Company will issue preferred shares at: (i) an aggregate value of USD8,000,000 based on ninety percent of the price per share for Series A-1, and (ii) an aggregate value up to 35% of equity interest of the Group for Series A-2.

The Group recognized Relma-cel Warrants as a cash-settled share-based payments based on the fair value of Relma-cel at the grant date, which is recorded in "Warrants" in the consolidated balance sheet. The initial fair value of USD7,003,000 (equivalent to RMB45,759,000) for Relma-cel Warrant for Series A-1 and USD4,567,000 (equivalent to RMB29,842,000) for Relma-cel Warrant for Series A-2 at the grant date is recorded immediately as cash-settled share-based payments and classified as liabilities. The warrants were remeasured at each reporting date and at the date of settlement with changes in fair value recorded in profit or loss.

In May 2018, Juno exercised the Relma-cel Warrant for Series A-1, and the Company issued 641,975 Series A-1 preferred shares at a price of USD 13.85 per share for a total amount of USD8,888,889 (equivalent to RMB56,244,000).

In May 2019, Juno exercised the Relma-cel Warrant for Series A-2, and the Company issued 3,316,825 Series A-2 preferred shares at a price of USD 17.86 per share for a total amount of USD59,243,597 (equivalent to RMB400,872,000).

(b) BCMA Warrants

In connection with the BCMA License Agreement (Note 15), two warrants were issued to the related preferred shareholder — Juno ("**BCMA Warrants**"), which the Company will issue preferred shares at two aggregate value of USD10,000,000 each for Series X.

The Group recognized BCMA Warrants as a cash-settled share-based payments based on the fair value of JWCAR129 at the grant date, which is recorded in "Warrants" in the consolidated balance sheet. The initial fair value of USD8,545,000 (equivalent to RMB57,327,000) for the first BCMA warrant and USD595,000 (equivalent to RMB3,991,000) for the second BCMA warrant at the grant date is recorded immediately as cash-settled share-based payments and classified as liabilities. The warrants were remeasured at each reporting date and at the date of settlement with changes in fair value recorded in profit or loss.

In November 2019, Juno exercised the first BCMA Warrant, and the Company issued 466,553 Series X preferred shares at a price of USD21.43 per share for a total amount of USD10,000,000 (equivalent to RMB70,118,000).

The second BCMA Warrant has not been exercised at the date of this report.

Movements of warrants for the years ended 31 December 2018, 2019 and 30 June 2020 are set out below:

Group and Company

	RMB'000
At 1 January 2018	75,601
Exercise of Relma-cel warrant for Series A-1 *(Note 28)*	(56,244)
Change in fair value	112,531
Currency translation difference	1,807
At 31 December 2018	133,695

	RMB'000
At 1 January 2019	133,695
Issuance of warrant of BCMA warrants	61,318
Exercise of Relma-cel warrant for Series A-2 and the first BCMA warrant *(Note 28)*	(470,990)
Change in fair value	300,264
Currency translation difference	(4,970)
At 31 December 2019	19,317
At 1 January 2019	133,695
Issuance of warrant of BCMA warrants	61,318
Exercise of Relma-cel warrant for Series A-2 *(Note 28)*	(400,872)
Change in fair value	273,134
Currency translation difference	(4,440)
At 30 June 2019 (Unaudited)	62,835

	RMB'000
At 1 January 2020	19,317
Change in fair value	7,112
Currency translation difference	339
At 30 June 2020	26,768

The warrants are not traded in an active securities market, as such, with the assistance from an independent valuer, the fair value of warrants using discounted cash flow method to determine the underlying equity fair value of the Group. Key assumptions at the issuance are set as below:

Relma-cel Warrants:

	As at 31 December 2018
Time to maturity	0.36 years
Discount rate	19%
Risk-free interest rate	3.5%

BCMA Warrants:

	As at 31 December 2019	**As at 30 June 2020**
Time to maturity	2.28 years	1.78 years
Discount rate	17.5%	17%
Risk-free interest rate	3.0%	2.5%

30 Cash flow information

(a) Reconciliation of loss before income tax to cash used in operation

	As at 31 December		As at 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Loss before income tax	(272,616)	(633,257)	(357,869)	(650,029)
Adjustments for				
— Depreciation *(Notes 13 and 14)*	5,076	17,058	6,807	10,498
— Amortization *(Note 15)*	33	245	108	176
— Share-based compensation expenses *(Note 23)*	—	15,443	—	57,471
— Finance costs/(income) — net *(Note 10)*	1,825	(469)	729	164
— Other gain-bargain purchase gain	—	—	—	(6,016)
— Fair value change on preferred shares *(Note 28)*	46,028	128,781	3,901	484,442
— Fair value change on warrants *(Note 29)*	112,531	300,264	273,134	7,112
— Disposal loss of property plant and equipment	—	67	67	—
	(107,123)	(171,868)	(73,123)	(96,182)
Changes in working capital:				
— Decrease/(increase) in prepayments and other receivable	3,125	(1,710)	(4,960)	(2,226)
— Increase in other assets	(7,578)	(16,436)	(8,636)	(12,225)
— Increase/(decrease) in accruals and other payable	4,258	(729)	(17,162)	3,630
Cash used in operations	(107,318)	(190,743)	(103,881)	(107,003)

(b) In consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Net book amount	—	67	67	—
Losses on disposal of property plant and equipment	—	(67)	(67)	—
Proceeds from the disposal	**—**	**—**	**—**	**—**

(c) Major non-cash transactions

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Issuance of warrants	—	61,318	61,318	—
Exercise of warrants	(56,244)	(470,990)	(400,872)	—
Issuance of preferred shares	56,244	470,990	400,872	—
Issuance of ordinary shares	—	—	—	628,214
	—	61,318	61,318	628,214

(d) Changes in liabilities from financing activities

	Lease Liabilities	Borrowings	Preferred shares
	RMB'000	*RMB'000*	*RMB'000*
1 January 2018	19,256	30,000	—
Cash flows	(2,643)	10,054	281,706
Interest expenses	(900)	—	—
Impact of changes in foreign exchange rate	—	—	29,217
Changes in fair value	—	—	46,028
Other non-cash movement	2,923	—	56,244
At 31 December 2018	**18,636**	**40,054**	**413,195**

	Lease Liabilities	Borrowings	Preferred shares
	RMB'000	*RMB'000*	*RMB'000*
1 January 2019	18,636	40,054	413,195
Cash flows	(5,243)	10,769	373,811
Interest expenses	(884)	—	—
Impact of changes in foreign exchange rate.	—	—	33,677
Changes in fair value	—	—	128,781
Other non-cash movement	14,451	—	470,990
At 31 December 2019	**26,960**	**50,823**	**1,420,454**

	Lease Liabilities	Borrowings	Preferred shares
	RMB'000	*RMB'000*	*RMB'000*
1 January 2019	18,636	40,054	413,195
Cash flows	(975)	(16,645)	373,811
Interest expenses	(499)	—	—
Impact of changes in foreign exchange rate.	—	—	15,222
Changes in fair value	—	—	3,901
Other non-cash movement	14,066	—	400,872
At 30 June 2019 (Unaudited)	**31,228**	**23,409**	**1,207,001**

	Lease Liabilities	Borrowings	Preferred shares
	RMB'000	*RMB'000*	*RMB'000*
1 January 2020	26,960	50,823	1,420,454
Cash flows	(4,701)	49,177	709,132
Interest expenses	(290)	—	—
Impact of changes in foreign exchange rate.	—	—	23,412
Changes in fair value	—	—	484,442
Other non-cash movement	290	—	—
At 30 June 2020	**22,259**	**100,000**	**2,637,440**

31 Commitments

(a) Capital commitments

Capital expenditure contracted for by the Group at the balance sheet date but not yet incurred is as follows:

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment	—	2,326	994

(b) Operating lease commitments — where the Group is the lessee

At the balance sheet dates, lease commitments of the Group for leases not yet commenced for short-term lease and low-value lease are as follows:

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
No later than 1 year	237	361	896
Later than 1 year and no later than 2 years	8	8	101
Later than 2 years and no later than 5 years	22	14	55
	267	383	1,052

32 Business Combination

On 30 June 2020, the Group acquired 100% equity interest of Syracuse Group from Syracuse Cayman which is engaged in research and development ("**R&D**"), manufacturing, and marketing of anti-tumor drugs. As part of the acquisition, the Group also entered into a License Agreement ("**Eureka License Agreement**") with Eureka Therapeutics Inc., Eureka Therapeutics (Cayman), Inc. and Syracuse Cayman. The total consideration for the acquisition including Eureka License Agreement is USD96,053,000 (equivalent to RMB680,007,000), which consists of 4,631,374 shares issued by the Company on 30 June 2020 (Note 21) and contingent consideration to be settled by ordinary shares within 12 months after acquisition date. The contingent consideration is recognized at fair value by discount cash flow model and classified as a financial liability measured at fair value through profit or loss. The key assumption for discounted cash flow model is the discount rate, which is 17%. The contingent consideration includes an initial holdback for any future adjustments with deduction, including net working capital adjustment, taxes to be paid etc. The fair value of the ordinary shares issued as the consideration was based on the share price

on 30 June 2020 of USD19.16 per share valued by an independent valuer. Issue costs directly attributable to the issue of the shares was not material. The acquisition is a business combination not under common control.

The Group controlled the board and business of Syracuse Group through the appointment of director to the board of Syracuse Hong Kong effective from 30 June 2020. Accordingly, the acquisition date was determined on 30 June 2020.

The following table summarize the consideration paid for the acquisitions, the fair value of assets acquired and liabilities assumed at the acquisition date.

	As at 30 June 2020
	RMB'000
Fair value of ordinary shares issued	628,214
— Share capital	*3*
— Reserves	*628,211*
Fair value of contingent consideration	51,793
Total consideration	680,007

Recognized amounts of identifiable assets acquired and liabilities assumed

	As at 30 Jun 2020
	RMB'000
Cash and cash equivalents	45,308
Licenses *(Note 15)*	674,676
Other assets	9,273
Accruals and other payables	(43,234)
Total identifiable net assets	686,023
Bargain purchase gain	(6,016)
	680,007

The total cash flows from business combination were the net cash inflows derived from the cash and cash equivalents acquired from Syracuse Group, as the consideration for the acquisition are ordinary shares granted to the then equity holders of Syracuse Group.

The acquired business contributed no revenue and no profit of the Group as the acquisition was completed on 30 June 2020.

If the acquisitions had occurred on 1 January 2020, the comprehensive loss for the period ended 30 June 2020 would have been increased by RMB48,020,000.

33 Related party transactions

Save as disclosed elsewhere in the report, the major related parties that had transactions and balances with the Group were as follows:

Name of related parties	Relationship with the Group
Wuxi AppTec Group *(Note)*	Shareholder and its affiliates
Juno	Shareholder
Yiping James Li	Director

Note: The Group had transactions and balances with affiliates of Wuxi AppTec Co., Ltd. ("**Wuxi AppTec Group**"), which is considered as a related party for the Group.

(a) Key management compensation

The directors are regarded as the key management of the Group. The compensation paid or payable to the key management for employment services is disclosed in Note 9.

(b) Transactions with related parties

(i) Short-term lease and low value lease expenses

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Wuxi AppTec Group	2,647	2,851	1,361	1,387

(ii) Receiving services

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Wuxi AppTec Group	7,945	7,832	5,632	3,512

(iii) Purchase of materials

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(Unaudited)	
Wuxi AppTec Group	2,053	808	418	143
Juno	4,622	2,274	438	731
	6,675	3,082	856	874

(iv) Purchase of property, plant and equipment

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(Unaudited)	
Wuxi AppTec Group	—	—	—	69

(v) Purchase of license

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(Unaudited)	
Juno	—	61,318	61,318	—

(c) Balances with related parties

(i) Other receivables and prepayments

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Wuxi AppTec Group	—	73	—

(ii) Accruals and other payables

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Yiping James Li *(Note)*	1,000	—	—
Wuxi AppTec Group	5,453	3,932	4,888
Juno	2,741	2,147	2,878
	9,194	6,079	7,766

Note: The Company received a personal government reward on behalf of Dr. Yiping James Li in 2018, and paid to Dr. Yiping James Li in January 2019.

The balances due to related parties were non-traded, unsecured, non-interest bearing and had no fixed repayment term as at 31 December 2018, 2019 and 30 June 2020.

34 Investment in subsidiaries — Company

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Deemed investment arising from share-based compensation expenses *(Note 23)*	—	15,443	72,914
Deemed investment arising from business combination *(Note 32)*	—	—	680,007
	—	15,443	752,921

35 Subsequent events

Save as disclosed elsewhere in the report, there are no material subsequent events undertaken by the Group after 30 June 2020 except below:

Share Subdivision

On 31 July, 2020, the Company underwent a subdivision of shares whereby each issued and unissued share of par value US$0.0001 each in our Company's authorized share capital shall be subdivided into 10 shares of US$0.00001 par value each, such that immediately following such share subdivision, our Company's authorized share capital shall be US$50,000 divided into (a)

4,838,998,090 Shares of par value US$0.00001 each; (b) 38,518,530 Series A1 Preferred Shares of par value US$0.00001 each; (c) 64,271,700 Series A2 Preferred Shares of par value US$0.00001 each; (d) 9,331,060 Series X Preferred Shares of par value US$0.00001 each and (e) 48,880,620 Series B Preferred Shares of par value US$0.00001 each.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2020 and up to the date of this report. No dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2020.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The following is the text of a report set out on pages III-1 to III-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of 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.

[Letterhead of PricewaterhouseCoopers] ***[DRAFT]***

ACCOUNTANT'S REPORT ON SYRACUSE HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF JW (CAYMAN) THERAPEUTICS CO. LTD, GOLDMAN SACHS (ASIA) L.L.C. AND UBS SECURITIES HONG KONG LIMITED

Introduction

We report on the historical financial information of Syracuse Biopharma (Hong Kong) Limited ("**Syracuse**") and its subsidiaries (together, the "**Syracuse Group**") set out on pages III-4 to III-59, which comprises the consolidated balance sheets as at 31 December 2018 and 2019 and 30 June 2020, the balance sheets of Syracuse as at 31 December 2018 and 2019 and 30 June 2020, and the consolidated statements of comprehensive loss, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2018 and 2019 and the six months ended 30 June 2020 (the "**Track Record Period**") and a summary of significant accounting policies and other explanatory information (together, the "**Syracuse Historical Financial Information**"). The Syracuse Historical Financial Information set out on pages III-4 to III-59 forms an integral part of this report, which has been prepared for inclusion in the document of JW (Cayman) Therapeutics Co., Ltd (the "**Company**") dated [Date] (the "**Document**") in connection with the initial **[REDACTED]** of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of 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 Syracuse Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of Syracuse Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The financial statements of the Syracuse Group for the Track Record Period ("**Syracuse Underlying Financial Statements**"), on which the Syracuse Historical Financial Information is based, were prepared by the directors of the Syracuse. The directors of the Syracuse are responsible for the preparation and fair presentation of the Syracuse Underlying Financial

Statements in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board, and for such internal control as the directors determine is necessary to enable the preparation of the Underlying Financial Statements that are free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Syracuse 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 Syracuse Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Syracuse Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Syracuse Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Syracuse 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 Syracuse 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 Syracuse 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 Syracuse Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of Syracuse as at 31 December 2018 and 2019 and 30 June 2020 and the consolidated financial position of the Syracuse Group as at 31 December 2018 and 2019 and 30 June 2020 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2.1 to the Syracuse Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Syracuse Group which comprises the consolidated statements of comprehensive loss, the consolidated statements of changes in equity and the consolidated statements of cash flows for the six months ended 30 June 2019 and other explanatory information (the "**Syracuse Stub Period Comparative Financial Information**"). The directors of the Company are responsible for the presentation and preparation of the Syracuse Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2.1 to the Syracuse Historical Financial Information. Our responsibility is to express a conclusion on the Syracuse Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board ("**IAASB**"). 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 International 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 Syracuse Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2.1 to the Syracuse Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Syracuse Historical Financial Information, no adjustments to the Syracuse Underlying Financial Statements as defined on page III-4 have been made.

[PricewaterhouseCoopers]
Certified Public Accountants
Hong Kong
[date]

I. HISTORICAL FINANCIAL INFORMATION OF THE SYRACUSE GROUP

Preparation of Syracuse Historical Financial Information

Set out below is the Syracuse Historical Financial Information which forms an integral part of this accountant's report. The consolidated financial statements of the Syracuse Group for the Track Record Period, on which the Syracuse Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing ("**ISAs**") issued by the International Auditing and Assurance Standards Board ("**Syracuse Underlying Financial Statements**").

The Syracuse Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

The Syracuse Historical Financial Information contained in this Accountant's Report does not constitute the Syracuse's statutory annual financial statements for any of the financial years ended 31 December 2018 and 2019. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is set out below.

As Syracuse is a private company, it is not required to deliver its financial statements to the Registrar of Companies, and will not do so.

Syracuse's auditor has yet to report on these financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

		Year ended 31 December		Six months ended 30 June	
		2018	2019	2019	2020
	Note	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue		—	—	—	—
Other gains/(losses) — net	*6*	—	(15)	3	(37,160)
General and administrative expenses	*7*	—	(6,234)	(2,510)	(3,349)
Research and development expenses	*7*	—	(12,075)	(6,398)	(7,121)
Operating loss		—	(18,324)	(8,905)	(47,630)
Finance income		—	14	6	7
Impairment of investments in joint ventures	*10*	(7,918)	(1,600)	(1,600)	—
Share of losses of joint ventures	*10*	—	(8,442)	(5,266)	(346)
Loss before income tax		(7,918)	(28,352)	(15,765)	(47,969)
Income tax expense	*9*	—	(173)	—	(51)
Loss for the year/period and attribute to the equity holders of Syracuse		(7,918)	(28,525)	(15,765)	(48,020)
Other comprehensive loss:					
Items that will not be reclassified to profit or loss		—	—	—	—
Exchange difference on translation		(1,293)	(761)	(192)	(584)
Other comprehensive loss for the year/period, net of tax		(1,293)	(761)	(192)	(584)
Total comprehensive loss for the year/period and attribute to the equity holders of Syracuse		(9,211)	(29,286)	(15,957)	(48,604)

CONSOLIDATED BALANCE SHEETS

		As at 31 December		As at 30 June
		2018	2019	2020
	Note	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Investments in joint ventures	*10*	4,753	2,511	—
Property, plant and equipment	*11*	1,304	2,769	7,733
Intangible assets	*12*	763	2	1
Other non-current assets	*13*	319	506	381
		7,139	5,788	8,115
Current assets				
Other receivables and prepayments	*14*	964	1,378	1,158
Cash and cash equivalents	*15*	4,539	7,796	45,308
		5,503	9,174	46,466
Total assets		12,642	14,962	54,581
EQUITY				
Share capital	*16*	1	1	98,190
Reserves	*17*	(1,293)	(2,054)	(2,380)
Accumulated losses		(7,918)	(36,443)	(84,463)
Total (deficit)/equity attributable to the equity holders of Syracuse		(9,210)	(38,496)	11,347
LIABILITIES				
Current liabilities				
Accruals and other payables	*19*	21,852	53,458	43,234
Total current liabilities		21,852	53,458	43,234
Total liabilities		21,852	53,458	43,234
Total equity and liabilities		12,642	14,962	54,581

BALANCE SHEETS OF SYRACUSE

		As at 31 December		As at 30 June
		2018	2019	2020
	Note	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Investments in subsidiaries	*26*	4,199	7,549	7,549
Investments in joint ventures	*10*	4,753	2,462	—
Current assets				
Other receivables and prepayments	*14*	—	61	—
Cash and cash equivalents	*15*	2,680	4,033	39,491
Total assets		11,632	14,105	47,040
EQUITY AND LIABILITIES				
Share capital	*16*	1	1	98,190
Reserves	*17*	(1,039)	(1,800)	(2,384)
Accumulated losses		(7,918)	(35,372)	(87,966)
Total (deficit)/equity attributable to the equity holders of Syracuse		(8,956)	(37,171)	7,840
LIABILITIES				
Current liabilities				
Accruals and other payables	*19*	20,588	51,276	39,200
Total liabilities		20,588	51,276	39,200
Total equity and liabilities		11,632	14,105	47,040

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Attributable to equity holders of Syracuse			
		Share capital	Other reserves	Accumulated losses	Total
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2018		—	—	—	—
Loss for the year		—	—	(7,918)	(7,918)
Other comprehensive loss	*17*	—	(1,293)	—	(1,293)
Total comprehensive loss		—	(1,293)	(7,918)	(9,211)
Transactions with owners					
Capital injection		1	—	—	1
Balance at 31 December 2018		1	(1,293)	(7,918)	(9,210)
Balance at 1 January 2019		1	(1,293)	(7,918)	(9,210)
Loss for the year		—	—	(28,525)	(28,525)
Other comprehensive loss	*17*	—	(761)	—	(761)
Total comprehensive loss		—	(761)	(28,525)	(29,286)
Balance at 31 December 2019		1	(2,054)	(36,443)	(38,496)
Balance at 1 January 2019		1	(1,293)	(7,918)	(9,210)
Loss for the period		—	—	(15,765)	(15,765)
Other comprehensive loss	*17*	—	(192)	—	(192)
Total comprehensive loss		—	(192)	(15,765)	(15,957)
Balance at 30 June 2019(Unaudited)		1	(1,485)	(23,683)	(25,167)

		Attributable to equity holders of Syracuse			
		Share capital	Other reserves	Accumulated losses	Total
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2020		1	(2,054)	(36,443)	(38,496)
Loss for the period		—	—	(48,020)	(48,020)
Other comprehensive loss	*17*	—	(584)	—	(584)
Total comprehensive loss		—	(584)	(48,020)	(48,604)
Transactions with owners					
Share-based payment	*18*	—	258	—	258
Allotment of shares by conversion of shareholder's loan	*16*	98,189	—	—	98,189
Total transactions with owners		98,189	258	—	98,447
Balance at 30 June 2020		98,190	(2,380)	(84,463)	11,347

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		Six months ended 30 June	
		2018	2019	2019	2020
	Note	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cash flows from operating activities					
Cash used in operations	*22(a)*	—	(16,191)	(7,996)	(7,936)
Interest received		—	14	6	7
Income taxes paid		—	(173)	—	(51)
Net cash used in operating activities		—	(16,350)	(7,990)	(7,980)
Cash flows from investing activities					
Purchases of property, plant and equipment		—	(1,819)	—	(312)
Loan advanced to a related party	*25*	—	(700)	—	—
Cash acquired from acquisition of subsidiaries	*24*	(2,341)	—	—	160
Investments in joint ventures	*10*	—	(7,800)	(7,000)	—
Net cash generated from/(used) in investing activities		(2,341)	(10,319)	(7,000)	(152)
Cash flows from financing activities					
Funding from related parties	*25*	7,918	30,687	19,629	46,228
Net cash generated from financing activities		7,918	30,687	19,629	46,228
Net increase in cash and cash equivalents		5,577	4,018	4,639	38,096
Cash and cash equivalents at beginning of the year/period		—	4,539	4,539	7,796
Exchange gain on cash and cash equivalents		(1,038)	(761)	(192)	(584)
Cash and cash equivalents at end of the year/period		4,539	7,796	8,986	45,308

II. NOTES TO THE SYRACUSE HISTORICAL FINANCIAL INFORMATION

1 General information and basis of presentation

1.1 General information

Syracuse Biopharma (Hong Kong) Limited ("**Syracuse**") was incorporated in Hongkong on 7 June 2018 as a limited liability company by Syracuse Biopharma (Cayman) Ltd. ("**Syracuse Cayman**"). On 30 June 2020, Syracuse Cayman transferred its 100% equity of Syracuse to JWS Therapeutics Investment Co., Ltd ("**JWS Investment**"), a subsidiary of JW (Cayman) Therapeutics Co. Ltd (the "**Company**"). Since then, JWS Investment becomes the equity holder of Syracuse. The address of Syracuse registered office is Room 303, 3rd floor, St. George's Building, 2 Ice House Street, Central HK.

Syracuse is an investment holding company. Syracuse and its subsidiaries, hereinafter collectively referred to as the "**Syracuse Group**", are primarily engaged in the research and development ("**R&D**") of anti-tumor drugs in the People's Republic of China (the "**PRC**").

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the Syracuse Historical Financial Information are set out below. These policies have been consistently applied to all the years/period presented, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information of the Syracuse Group has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by International Accounting Standards Board ("**IASB**").

The Syracuse Historical Financial Information has been prepared under the historical cost convention.

The preparation of Syracuse Historical Financial Information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies of the Syracuse Group. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Syracuse Historical Financial Information are disclosed in Note 4.

All effective standards, amendments to standards and interpretations, including IFRS 15 and IFRS 9, which are mandatory for the financial year beginning 1 January 2018, and IFRS 16, which is mandatory for the financial year beginning 1 January 2019, are consistently applied to the Syracuse Group for the Track Record Period.

2.1.1 New standards, amendments to standards and interpretations not yet adopted

Standards, amendments and interpretations that have been issued but not yet effective and not been early adopted by the Syracuse Group during the Track Record Period are as follows:

Standards	Key requirements	Effective for annual periods beginning on or after
IFRS 17	Insurance Contracts	1 January 2023
IFRS 10 and IAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2023
IAS 37 (Amendment)	Onerous contracts — Cost of fulfilling a contract	1 January 2022
Annual Improvements	Annual Improvements to IFRS standard 2018-2020	1 January 2022
IAS 16 (Amendment)	Property, plant and equipment — proceeds before intend use	1 January 2022

The Syracuse Group has already commenced an assessment of the impact of these new or revised standards and amendments, certain of which are relevant to the operation of the Syracuse Group. According to the preliminary assessment made by the directors of Syracuse, no significant impact on the financial performance of the Syracuse Group and financial position of the Syracuse Group is expected when they become effective.

2.2 Subsidiaries

(a) Consolidation

Subsidiaries are all entities (including structured entities) over which the Syracuse Group has control. The Syracuse Group controls an entity when the Syracuse Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Syracuse Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between entities within the Syracuse Group are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

(i) Business combinations

The Syracuse Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Syracuse Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Syracuse Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Any contingent consideration to be transferred by the Syracuse Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of

consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the statement of profit or loss.

(b) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by Syracuse on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Joint venture

Joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Syracuse Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the share of the post-acquisition profits or losses and movements in other comprehensive income of the Syracuse Group. When the share of losses in a joint venture of the Syracuse Group equals or exceeds its interests in the joint venture (which includes any long-term interests that, in substance, form part of the net investment in the joint venture of the Syracuse Group), the Syracuse Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealized gains on transactions between the Syracuse Group and its joint ventures are eliminated to the extent of the interest in the joint ventures of the Syracuse Group. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the entities of the Syracuse Group are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The functional currency of Syracuse is United States Dollars ("**USD**"); however, the consolidated financial statements are presented in RMB. As the major operations of the Syracuse Group are within the PRC, the Syracuse Group determined to present its consolidated financial statements in RMB (unless otherwise stated).

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in consolidated statements of comprehensive loss in the period in which they arise.

Monetary assets and liabilities denominated in foreign currencies at the year/period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

All foreign exchange gains and losses are presented in the consolidated statements of comprehensive loss within "Other gains/(losses) — net".

(c) Group companies

The results and financial position of all the Syracuse Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each statement of financial position are translated at the closing rate;

(ii) Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rate; and

(iii) All resulting exchange differences are recognized in other comprehensive income and accumulated as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognized in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs incurred during the construction period are capitalized.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Syracuse Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs less their residual values over their estimated useful lives, as follows:

	Year	Residual rate
Office equipment	5 years	10%
Machinery	5 years	10%
Electronic equipment	5 years	10%

The assets' residual value and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized as "Other gains/(losses) — net" in the consolidated statements of comprehensive loss.

2.7 Intangible assets

(a) Software

Computer software is recognized at historical cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses. The Syracuse Group amortized computer software on a straight-line basis over their estimated useful lives of 5 years.

(b) Clinical study data

Clinical study data, which is acquired during business combination, is recognized at fair value at the acquisition date. Clinical study data is carried at cost less accumulated amortization and accumulated impairment losses. The Syracuse Group amortized clinical study data on a straight-line basis over its estimated economic live of 0.5 year.

(c) Research and development

The Syracuse Group incurs significant costs and efforts on research and development activities, which include expenditures on drug products. Research expenditures are charged to the profit or loss as an expense in the period the expenditures are incurred. Development costs are recognized as assets if they can be directly attributable to a newly developed drug products and all the following can be demonstrated:

(i) the technical feasibility of completing the intangible assets so that it will be available for use or sale;

(ii) the intention to complete the intangible asset and use or sell it;

(iii) the ability to use or sell the intangible assets;

(iv) the intangible asset will generate probable future economic benefits;

(v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

(vi) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The cost of an internally generated intangible asset is the sum of the expenditures incurred from the date the asset meets the recognition criteria above to the date when it is available for use. The costs capitalized in connection with the intangible asset include costs of materials and services used or consumed, employee costs incurred in the creation of the asset and an appropriate portion of relevant overheads.

Capitalized development expenditures are amortized using the straight-line method over the life of the related drug products. Amortization shall begin when the asset is available for use. Subsequent to initial recognition, internally generated intangible assets are reported as cost less accumulated amortization and accumulated impairment losses (if any).

Development expenditures not satisfying the above criteria are recognized in the profit or loss as incurred and development expenditures previously recognized as an expense are not recognized as an asset in a subsequent period.

(d) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2.8 Impairment of non-financial assets

Intangible assets and property, and plant and equipment that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Goodwill and intangible assets with indefinite useful lives or not ready for use will not be amortized but tested for impairment annually either individually or at the cash-generating unit level. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

2.9 Financial assets

(a) Classification

The Syracuse Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and

- Those to be measured at amortized cost.

The classification depends on the business model of the Syracuse Group for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Syracuse Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("**FVOCI**").

The Syracuse Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVPL**"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the business model of the Syracuse Group for managing the asset and the cash flow characteristics of the asset. There is one measurement category into which the Syracuse Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in income using the effective interest method.

2.10 Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheets when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty

2.11 Impairment of financial assets

The Syracuse Group assesses on a forward looking basis the expected credit losses associated with its debt instrument carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1(b) details how the Syracuse Group determines whether there has been a significant increase in credit risk.

Impairment on other receivables is measured as either 12-month expected credit loss or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit loss.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Accruals and other payables

Accruals and other payables mainly represent the obligations to pay for services that have been acquired in the ordinary course of business. Accruals and other payables are presented as current liabilities unless payment is not due within one year or less after the reporting period.

Accruals and other payables are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2.15 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheets date in the countries where Syracuse and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where Syracuse is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.16 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Pension obligations

Full-time employees in the PRC are covered by various government-sponsored defined contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these retired employees. The Syracuse Group contributes on a monthly basis to these pension plans. Under these plans, the Syracuse Group has no further payment obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred and contributions paid to the defined-contribution pension plans for an employee are not available to reduce the future obligations of the Syracuse Group to such defined-contribution pension plans even if the employee leaves.

(c) Housing funds, medical insurance and other social insurance

Employees in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plans. The Syracuse Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The liability of the Syracuse Group in respect of these funds is limited to the contribution payable.

(d) Bonus plan

The expected cost of bonus is recognized as a liability when the Syracuse Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2.17 Share-based payment

(a) Equity-settled share-based payment transactions

An intermediate holding company of the Syracuse Group, Syracuse Cayman, operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments of the intermediate holding company. The fair value of the employee services received in exchange for the grant of equity instruments (options) is recognized as an expense on the consolidated financial statements of Syracuse Cayman. In the Syracuse Group's financial statements, the reward is treated as an equity settled share-based payment because the Syracuse Group does not have an obligation to settle the award. An expense for the grant date fair value of the reward is recognised over the vesting period and a credit is recognised in equity. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

(i) including any market performance conditions;

(ii) excluding the impact of any service and non-market performance vesting conditions; (for example, the requirement for employees to serve).

(iii) including the impact of any non-vesting conditions.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purpose of recognizing the expense in full on grant date as these equity instruments granted can be vested immediately.

At the end of each reporting period, Syracuse Cayman revises its estimates of the number of options that are expected to vest based on the non-market vesting performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statements of comprehensive loss, with a corresponding adjustment to equity, and then the impact of the revision to original estimates, if any, to the Syracuse Group.

2.18 Government grants

Government grants are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Syracuse Group will comply with all the attached conditions. Government grants related to costs are recognized in consolidated statements of comprehensive loss on a systematic basis over the periods in which the Syracuse Group recognizes expenses for the related costs for which the grants are intended to compensate.

Government grants related to property, plant and equipment are recognized as non-current liabilities and are amortized to consolidated statements of comprehensive loss over the estimated useful lives of the related assets using the straight-line method.

2.19 Provisions

Provisions are recognized when the Syracuse Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

2.20 Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

2.21 Dividend distribution

Dividend distribution to Syracuse's shareholders is recognized as a liability in the financial statements of the Syracuse Group and Syracuse in the period in which the dividends are approved by the directors or shareholders of Syracuse, where applicable.

3 Financial risk management

3.1 Financial risk factors

The activities of Syracuse Group expose it to a variety of financial risks: market risk (including currency risk), credit risk and liquidity risk. The overall risk management program of Syracuse Group focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of Syracuse Group.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the Syracuse Group entities' functional currency. The functional currency of Syracuse is USD. The primary subsidiaries of Syracuse were incorporated in the PRC and these subsidiaries considered RMB as their functional currency.

Certain bank balances and other receivables and other payables are denominated in foreign currencies of respective group entities which are exposed to foreign currency risk. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The Syracuse Group has entities operating in USD, Hong Kong Dollar ("**HKD**") and RMB, and the Syracuse Group will constantly review the economic situation and its foreign exchange risk profile, and will consider appropriate hedging measures in the future, as may be necessary.

Most foreign exchange transactions were denominated in USD for the group companies that have functional currency in RMB. At 31 December 2018 and 2019 and 30 June 2020, if the USD strengthened/weakened by 5% against the RMB with all other variables held constant, net loss for the years/period would have been RMB826,250 lower/higher, RMB2,422,850 lower/higher and RMB13,600 lower/higher, respectively.

(b) Credit risk

The Syracuse Group has no significant concentrations of credit risk. The carrying amounts of cash and cash equivalents and other receivables included in the statements of financial position represent the maximum exposure of Syracuse Group to credit risk in relation to its financial assets.

As at 31 December 2018 and 2019 and 30 June 2020, cash and cash equivalents were all deposited in high quality financial institutions without significant credit risk.

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited with state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

Management has assessed that during the Track Record Period, other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The Syracuse Group does not expect any losses from nonperformance by the counterparties of other receivables and no loss allowance provision for other receivables was recognized.

(c) Liquidity risk

The Syracuse Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the policy of the Syracuse Group is to regularly monitor the liquidity risk of the Syracuse Group and to maintain adequate cash and cash equivalents to meet the liquidity requirements of the Syracuse Group.

The table below analyzes the non-derivative financial liabilities of the Syracuse Group that will be settled into relevant maturity grouping based on the remaining period at each balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 30 June 2020					
Accruals other payables (excluding staff salaries and welfare payables, accrued taxes and deferred income)	41,099	—	—	—	41,099
	41,099	—	—	—	41,099
As at 31 December 2019					
Accruals other payables (excluding staff salaries and welfare payables, accrued taxes and deferred income)	51,927	—	—	—	51,927
	51,927	—	—	—	51,927
As at 31 December 2018					
Accruals other payables (excluding staff salaries and welfare payables, accrued taxes and deferred income)	21,376	—	—	—	21,376
	21,376	—	—	—	21,376

3.2 Capital management

The objectives of the Syracuse Group when managing capital are to safeguard the ability of the Syracuse Group to continue as a going concern in order to provide returns for equity holders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Syracuse Group may adjust the amount of dividends paid to equity holders, return capital to equity holders or issue new shares.

The Syracuse Group monitors capital based on the regular cash flow forecast to ensure that it could have sufficient cash on hand to make the necessary capital expenditure and support its operations.

3.3 Fair value estimation

Fair value estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the statement of financial position of the Syracuse Group approximate their fair values.

4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Syracuse Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of property, plant and equipment

The Syracuse Group assesses impairment based on its subjective judgment and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilized and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Syracuse Group strategy might cause material impairment on assets in the future.

(b) Research and development expenses

Development costs incurred on the drug product pipelines of the Syracuse Group are capitalized only when the Syracuse Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the intention of the Syracuse Group to complete and the ability of the Syracuse Group to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria are expensed when incurred. Determining the amounts to be capitalized requires management to make judgment regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. During the Track Record Period, all expenses incurred for research and development activities were regarded as research expenses and therefore were expensed when incurred.

(c) Deferred income tax

The Group recognises deferred tax assets based on estimates that is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilised. The recognition of deferred tax assets mainly involved management's judgements and estimations about the timing and the amount of taxable profits of the companies who had tax losses. During the Track Record Period, deferred tax assets have not been recognised in respect of these accumulated tax losses and other deductible temporary differences based on the fact that there were several drug candidates of the Company and most of them were in earlier research and development stage and the future taxable profits would be uncertain.

5 Segment information

The business activities of the Syracuse Group are regularly reviewed and evaluated by the chief operating decision-makers.

As a result of this evaluation, the executive directors of the Syracuse Group consider that the operations of the Syracuse Group are operated and managed as a single reportable segment. Since this is the only reportable operating segment of the Syracuse Group, no further operating segment analysis thereof is presented.

6 Other gains/(losses) — net

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Net foreign exchange gain/(losses)	—	(53)	3	(7)
Impairment of goodwill (Note 12)	—	—	—	(37,120)
Others	—	38	—	(33)
Total	—	(15)	3	(37,160)

7 Expenses by nature

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Employee benefit expenses (including directors' emoluments) (Note 8)	—	6,753	2,865	4,884
Testing and clinical expenses	—	4,737	2,571	2,091
R&D materials and consumables	—	1,266	598	1,087
Depreciation of property, plant and equipment (Note 11)	—	354	194	323
Amortization of intangible assets (Note 12)	—	761	759	1
Office expenses	—	1,771	1,171	601
Short term lease and low value lease expenses	—	1,064	502	810
Auditors' remuneration-audit service	—	14	7	7
— Audit service	—	14	7	7
— Non-audit service	—	—	—	—
Other expenses	—	1,589	241	666
Total general and administrative expenses and research and development expenses	—	18,309	8,908	10,470

8 Employee benefit expenses

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Wages, salaries and bonuses	—	5,625	2,414	4,040
Contributions to pension plans (note)	—	413	174	139
Welfare and other expenses	—	624	263	444
Share based payment expenses (Note18)	—	—	—	258
Other welfare for employees	—	91	14	3
	—	6,753	2,865	4,884

Note: Pensions-defined contribution plans

Full time PRC employees of the Syracuse Group are members of state-managed retirement benefit scheme operated by the PRC Government. The Syracuse Group is required to contribute a specified percentage of payroll costs, subject to certain ceiling, as determined by the local government authority to fund these schemes. The Syracuse Group's liabilities in respect of benefits scheme are limited to the contribution payable in each year.

(a) Directors' and senior management's emoluments

No director fees, salaries, discretionary bonuses, allowance and benefits in kind, employer's contribution to a retirement benefit scheme and other emoluments in respect of director's other services in connection with the management of the affairs of Syracuse or its subsidiaries undertaking were paid to the directors in their capacity as directors of Syracuse or its subsidiaries and no emoluments were paid by Syracuse or its subsidiaries to the directors as an inducement to join Syracuse or its subsidiaries, or as compensation for loss of office during the Syracuse Group's Track Record Period.

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the Track Record Period.

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the Track Record Period.

(d) Consideration provided to third parties for making available directors' services

During the Track Record Period, Syracuse did not pay consideration to any third parties for making available directors' services.

(e) Information about loans, quasi-loans and other dealings in favor of directors, bodies corporate controlled by or entities connected with directors

There were no loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors during the Track Record Period.

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the business of the Syracuse Group to which Syracuse was a party and in which a director of Syracuse had a material interest, whether directly or indirectly, subsisted at the end of the year/period or at any time during the Track Record Period.

9 Income tax expense

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Current income tax				
— PRC corporate income tax	—	173	—	51
Deferred income tax	—	—	—	—
	—	173	—	51

The principal applicable taxes and tax rates of the Syracuse Group are as follows:

(a) Hong Kong income tax

No provision for Hong Kong profits tax has been provided for at the rate of 16.5% as Syracuse has no estimated assessable profit.

(b) The PRC corporate income tax

Provision for Mainland China income tax has been provided for at a rate of 25% pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "**CIT Law**"). The Group's PRC entities do not have material estimated assessable profits.

(c) The taxation of the profit of the Syracuse Group before taxation differs from the theoretical amount that would arise using the rates prevailing in the jurisdictions in which the Syracuse Group operates as follows:

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Loss before income tax	(7,918)	(28,352)	(15,765)	(47,969)
Tax calculated at applicable tax rate of 25%	(1,980)	(7,088)	(3,941)	(11,992)
Expenses not deductible for taxation purposes	—	735	726	65
Different tax rates on the income of certain subsidiaries	1,980	6,479	2,926	11,890
Tax loss not recognized as deferred tax assets	—	47	289	88
Income tax expense	—	173	—	51

(d) Deferred tax assets not recognized:

The Syracuse Group has not recognized any deferred tax assets in respect of the following items:

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Deductible losses	—	189	1,155	541

(e) Deductible losses that are not recognized as deferred tax assets will be expired as follows:

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
2024	—	189	189
2025	—	—	352
	—	189	541

10 Investments in joint ventures

Group

The movement of the interests of the Syracuse Group in joint ventures is as follows:

	As at 31 December		As at 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	—	4,753	4,753	2,511
Addition	12,671	800	—	—
Injection of capitals in the same proportion with other shareholders	—	7,000	7,000	—
Share of losses	—	(8,442)	(5,266)	(346)
Impairment of investments in joint ventures	(7,918)	(1,600)	(1,600)	—
Step acquisition from joint ventures to subsidiaries (Note 24)	—	—	—	(2,165)
At the end of the year/period	4,753	2,511	4,887	—

Company

	As at 31 December		As at 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	—	4,753	4,753	2,462
Addition	12,671	—	—	—
Injection of capitals in the same proportion with other shareholders	—	7,000	7,000	—
Impairment of investment in joint ventures	(7,918)	(9,291)	(6,866)	(339)
Step acquisition from joint ventures to subsidiaries	—	—	—	(2,123)
At the end of the year/period	4,753	2,462	4,887	—

The investments in the joint venture as at 31 December 2018 and 2019 are as follows:

			Percentage of ownership interest attributable to the Syracuse Group		
			As at 31 December		
Name of Entity	Date of incorporation	Place of incorporation	2018	2019	Principal activities
Aeon Beijing	8 March 2017	PRC	50%	51%	Conducts clinical studies of T-cell therapies in China
Aeon Wuhan *(Note)*	28 August 2018	PRC	50%	51%	Conducts clinical studies of T-cell therapies in China

Note: Aeon Wuhan has not commenced business operations during the Track Record Period.

On 20 December 2018, the Syracuse Group acquired 50% equity interests in Aeon Therapeutics (Beijing) Limited (頤昂生物科技(北京)有限公司, "Aeon Beijing") and its wholly own subsidiary Wuhan Guanggu Aeon Therapeutics Limited (武漢光谷頤昂生物科技有限公司, "Aeon Wuhan") ("Aeon Group"), at a total consideration of USD2,000,000 (equivalent to RMB12,671,000).

On 31 July 2019, the Syracuse Group stepped up of 1% equity interests in Aeon Group, at a total consideration of RMB800,000.

On 30 June 2020, the Syracuse Group further acquired 49% equity interests in Aeon Group at a total consideration of RMB39,200,000. Since then, Aeon Group, which consists of Aeon Beijing and Aeon Wuhan, became wholly-owned subsidiaries of the Syracuse Group (Note 24).

Set out below is the summarized financial information of Aeon Group, which was accounted for using equity method.

	As at 31 December	
	2018	2019
	RMB'000	*RMB'000*
Non-current assets	7,873	5,703
Current assets	2,404	460
Non-current liabilities	—	—
Current liabilities	(773)	(1,241)
Loss for the year	14,895	16,182

11 Property, plant and equipment — Group

	Office equipment	Machinery	Electronic equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2018	—	—	—	—
Cost	—	—	—	—
Accumulated depreciation	—	—	—	—
Net book amount	—	—	—	—
Year ended 31 December 2018				
Opening net book amount	—	—	—	—
Additions	—	—	—	—
Acquisition of a subsidiary (Note 24)	75	1,137	92	1,304
Depreciation charges (Note 7)	—	—	—	—
Closing net book amount	75	1,137	92	1,304
As at 31 December 2018				
Cost	75	1,137	92	1,304
Accumulated depreciation	—	—	—	—
Net book amount	75	1,137	92	1,304

	Office equipment	Machinery	Electronic equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2019				
Opening net book amount	75	1,137	92	1,304
Additions	—	1,673	146	1,819
Depreciation charges (Note 7)	(25)	(303)	(26)	(354)
Closing net book amount	50	2,507	212	2,769
As at 31 December 2019				
Cost	75	2,810	238	3,123
Accumulated depreciation	(25)	(303)	(26)	(354)
Net book amount	50	2,507	212	2,769

	Office equipment	Machinery	Electronic equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2019 (Unaudited)				
Opening net book amount	75	1,137	92	1,304
Additions	—	—	—	—
Depreciation charges (Note 7)	(13)	(172)	(9)	(194)
Closing net book amount	62	965	83	1,110
As at 30 June 2019(Unaudited)				
Cost	75	1,137	92	1,304
Accumulated depreciation	(13)	(172)	(9)	(194)
Net book amount	62	965	83	1,110

	Office equipment	Machinery	Electronic equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2020				
Opening net book amount	50	2,507	212	2,769
Additions	—	296	16	312
Acquisition of a subsidiary (Note 24)	56	4,773	146	4,975
Depreciation charges (Note 7)	(11)	(289)	(23)	(323)
Closing net book amount	95	7,287	351	7,733
As at 30 June 2020				
Cost	131	7,879	400	8,410
Accumulated depreciation	(36)	(592)	(49)	(677)
Net book amount	95	7,287	351	7,733

(a) Depreciation of the Syracuse Group charged to profit or loss is analyzed as follows:

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
General and administrative expenses	—	13	7	5
Research and Development expenses	—	341	187	318
	—	354	194	323

12 Intangible assets

	Computer software	Clinical study data	Goodwill	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2018				
Cost	—	—	—	—
Accumulated amortization	—	—	—	—
Net book amount	—	—	—	—
Year ended 31 December 2018				
Opening net book amount	—	—	—	—
Acquisition of subsidiary (Note 24)	6	757	—	763
Amortization charges (Note 7)	—	—	—	—
Closing net book amount	6	757	—	763
As at 31 December 2018				
Cost	6	757	—	763
Accumulated amortization	—	—	—	—
Net book amount	6	757	—	763

	Computer software	Clinical study data	Goodwill	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2019				
Opening net book amount	6	757	—	763
Additions	—	—	—	—
Amortization charges (Note 7)	(4)	(757)	—	(761)
Closing net book amount	2	—	—	2
As at 31 December 2019				
Cost	6	757	—	763
Accumulated amortization	(4)	(757)	—	(761)
Net book amount	2	—	—	2
Six months ended 30 June 2019 (unaudited)				
Opening net book amount	6	757	—	763
Additions	—	—	—	—
Amortization charges (Note 7)	(2)	(757)	—	(759)
Closing net book amount	4	—	—	4
Six months ended 30 June 2019 (unaudited)				
Cost	6	757	—	763
Accumulated amortization	(2)	(757)	—	(759)
Net book amount	4	—	—	4
Six months ended 30 June 2020				
Opening net book amount	2	—	—	2
Additions	—	—	—	—
Acquisition of a subsidiary (Note 24)	—	—	37,120	37,120
Amortization charges (Note 7)	(1)	—	—	(1)
Impairment of goodwill	—	—	(37,120)	(37,120)
Net book amount	1	—	—	1
Six months ended 30 June 2020				
Cost	6	757	—	763
Accumulated amortization	(5)	(757)	—	(762)
Net book amount	1	—	—	1

(a) Amortization of intangible assets has been charged to the consolidated statements of comprehensive loss as follows:

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Administrative expenses	—	4	2	1
Research and development Expenses	—	757	757	—
	—	761	759	1

(b) Goodwill

Goodwill of RMB37,120,000 was recognized as the result of acquisition of Aeon Group (Note 24), which was fully impaired as management considers that it is not recoverable after assessing the R&D status. As disclosed in Note 16, the acquisition cost of USD5,544,000 (equivalent to RMB39,200,000) was funded by Syracuse Cayman and then converted into Syracuse's share capital.

13 Other non-current assets

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
VAT Recoverable	319	506	381

14 Other receivables and prepayments

Group

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Prepayments	590	115	666
Other receivable from a joint venture (Note 25)	—	700	—
Other receivable	374	563	492
Total	964	1,378	1,158

As at 31 December 2019, other receivable from joint venture is unsecured, non-interest bearing and repayable on demand.

(a) Prepayments

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Prepaid to suppliers	590	115	666
	590	115	666

The carrying amounts of the other receivables of the Syracuse Group are denominated in RMB.

(b) Other receivables

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Other receivables from related parties (Note 25)	75	837	—
Rental Deposits	274	400	453
Staff advances	25	26	34
Others	—	—	5
	374	1,263	492
Less: provision for impairment of other receivables	—	—	—
Other receivables — net	374	1,263	492

The carrying amounts of the other receivables of the Syracuse Group are denominated in RMB.

The maximum exposure to credit risk at the reporting date is the carrying value of receivables mentioned above.

The carrying amounts of the other receivables of the Syracuse Group approximate their fair values.

Company

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Other receivables from related parties (Note)	—	61	—

Note: The amounts are unsecured, interest-free and repayable on demand.

15 Cash and cash equivalents

Group

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Cash at hand	—	1	1
Cash at banks			
— RMB	1,857	3,760	5,814
— USD	2,682	3,989	39,459
— HKD	—	46	34
Total	4,539	7,796	45,308

The carrying amount of bank deposits approximates their fair value.

Company

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Cash at banks			
— USD	2,680	3,987	39,457
— HKD	—	46	34
Total	2,680	4,033	39,491

16 Share capital

Group and Company

Authorized, issued and fully paid:

	Number of ordinary shares	Nominal value	RMB equivalent value
	In thousands		*RMB'000*
As at 31 December 2018 and 1 January 2019 *(Note(a))*	1	HKD1	1
As at 31 December 2019 and 1 January 2020	1	HKD1	1
Allotment of shares *(Note(b))*	13,893	USD1	98,189
As at 30 June 2020	13,894	USD1	98,190

Note (a): On 7 June 2018, Syracuse was incorporated in Hong Kong with an authorized share capital of 1,000 ordinary shares, of which, all shares were allotted, fully paid and issued to Syracuse Cayman.

Note(b): As at 31 December 2019, the balance of other payables to the related parties of the Syracuse Group amounted to USD7,350,000 (equivalent to RMB51,276,000) (Note 19). During the six months ended 30 June 2020, the Syracuse Group further received funding from its shareholder, Syracuse Cayman, of USD6,543,873 (equivalent to RMB46,228,000) (Note 25), which consisted of USD999,873 for funding of the operation of the Syracuse Group and USD5,544,000 for funding of step up acquisition of 49% equity interest in Aeon Beijing (Note 24). Taking into the consideration of these new fundings, total other payables to the related parties of the Group increased to USD13,893,873 (equivalent to RMB97,504,000).

Pursuant to the Board Resolution dated 23 June 2020, Syracuse: (i) increased its ordinary share from USD129 to USD1,000 (equivalent to RMB7,000) and (ii) allotted 13,893,000 ordinary shares at USD1.00 each in the share capital of USD13,893,000 (equivalent to RMB98,183,000) by conversion of the other payables. Syracuse has finished its official registration by increasing share capital on 23 June 2020.

17 Reserves

Group

	Share-based compensation reserve	Foreign currency translation	Total
	RMB'000	*RMB'000*	*RMB'000*
	Note (a)	*Note (b)*	
Balance at 1 January 2018	—	—	—
Currency translation differences	—	(1,293)	(1,293)
Balance at 31 December 2018	—	(1,293)	(1,293)
Balance at 1 January 2019	—	(1,293)	(1,293)
Currency translation differences	—	(761)	(761)
Balance at 31 December 2019	—	(2,054)	(2,054)
Balance at 1 January 2019	—	(1,293)	(1,293)
Currency translation differences	—	(192)	(192)
Balance at 30 June 2019 (Unaudited)	—	(1,485)	(1,485)
Balance at 1 January 2020	—	(2,054)	(2,054)
Share-based compensation reserve	258	—	258
Currency translation differences	—	(584)	(584)
Balance at 30 June 2020	258	(2,638)	(2,380)

Company

	Share-based compensation reserve	Foreign currency translation	Total
	RMB'000	*RMB'000*	*RMB'000*
	Note (a)	*Note (b)*	
Balance at 1 January 2018	—	—	—
Currency translation differences	—	(1,039)	(1,039)
Balance at 31 December 2018	—	(1,039)	(1,039)
Balance at 1 January 2019	—	(1,039)	(1,039)
Currency translation differences	—	(761)	(761)
Balance at 31 December 2019	—	(1,800)	(1,800)
Balance at 1 January 2019	—	(1,039)	(1,039)
Currency translation differences	—	(192)	(192)
Balance at 30 June 2019 (Unaudited)	—	(1,231)	(1,231)
Balance at 1 January 2020	—	(1,800)	(1,800)
Share-based compensation reserve	—	—	—
Currency translation differences	—	(584)	(584)
Balance at 30 June 2020	—	(2,384)	(2,384)

(a) Share-based compensation reserve arose from share-based payment granted to employees of the shareholder (Note 18).

(b) Foreign currency translation represents the difference arising from the translation of financial statements of companies within the Syracuse Group that have a functional currency different from the presentation currency of RMB for the financial statements of Syracuse and the Syracuse Group.

18 Share-based payments

(a) Stock option

Pursuant to a resolution dated 27 March 2020 of Syracuse Cayman, Syracuse Cayman adopted a stock option scheme (the "**Syracuse 2020 Plan**"), which allows Syracuse Cayman to grant share options to employees of the Syracuse Group to an aggregate of 3,375,000 ordinary shares of Syracuse Cayman.

Under the Syracuse 2020 Plan, one senior management's options were immediately vested on the grant date to compensate for his past service. For the remaining options, 25% shall vest on the first anniversary of the vesting commencement date and 75% shall vest on 16 June 2021. Within the exercise period of the share options, and subject to the fulfilment of the vesting conditions and the exercise arrangement of the share options, grant of each share option entitles the grantee to subscribe for one share of Syracuse Cayman at relevant exercise price.

Movements of the share options granted by Syracuse Cayman to the employees of the Syracuse Group for the six months ended 30th June 2020 are set out below:

			Number of share options				
Date of grant	Exercisable period	Exercise price	Outstanding as at 1 January 2020	Granted during the period	Forfeited during the period	Outstanding as at 30 June 2020	Vested as at 30 June 2020
3 April 2020	15 months	RMB0.40	—	3,375,000	—	3,375,000	656,250

(b) Fair value of share option granted

Syracuse Cayman has used the discounted cash flow method to determine the underlying equity fair value of Syracuse Cayman and adopted discounted cash flow model to determine the fair value of the underlying ordinary shares. Key assumptions, such as discount rate and projections of future performance, are determined by Syracuse Cayman with best estimate.

Based on fair value of the underlying ordinary shares, Syracuse Cayman has used Black-Scholes model to determine the fair value of the share option as of the grant date. Key assumptions are set as below:

	Share Options
Black Scholes Option Value	RMB0.26
Exercise Price	RMB0.40
Current Per Share Value of Common Shares	RMB0.40
Volatility	75.0%
Time to Liquidity	6.0
Risk-Free Rate	0.5%

(c) Expenses arising from share-based payment transactions

Expenses for the share based payments have been charged to the consolidated statements of comprehensive loss as follows:

	Year ended 31 December		**Six months ended 30 June**	
	2018	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Administrative expenses	—	—	—	180
Research and development expenses	—	—	—	78
Total	—	—	—	258

19 Accruals and other payables

Group

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Other payables			
— related parties (Notes 16&25)	20,589	51,276	—
— third parties	342	7	303
Staff salaries and welfare payables	412	811	351
Accrued expenses	445	644	1,596
Payables for acquisition of a subsidiary (Note 24(b))	—	—	39,200
Accrued taxes other than income tax	64	211	60
Deferred income (Note)	—	509	1,724
Total	21,852	53,458	43,234

Note: The government grants related to funding received to compensate for the expenses of the research and development expense of the Syracuse Group, which requires the Syracuse Group to comply with conditions attached to the grants and the government to acknowledge the compliance of these conditions. When the required conditions set by the government for such grants are met, the proportion of the qualified funds is recognized as "other income" and the remaining balance is recorded as "Accruals and other payables — deferred income".

The carrying amounts of other payables of the Syracuse Group are denominated in the following currencies:

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
RMB	818	1,538	2,438
USD	20,589	51,276	39,220
	21,407	52,814	41,638

Company

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Other payables			
— related parties (Note 16&25)	20,588	51,276	—
Payables for acquisition of a subsidiary	—	—	39,200
Total	20,588	51,276	39,200

The carrying amounts of other payables of the Syracuse Group are denominated in USD.

20 Financial instruments by category

Group

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at amortized costs:			
— Other receivables	374	1,263	492
— Cash and cash equivalents	4,539	7,796	45,308
Total	4,913	9,059	45,800

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Liabilities			
Financial liabilities at amortized costs:			
— Other payables	21,376	51,927	41,099
Total	21,376	51,927	41,099

Company

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at amortized costs:			
— Other receivables	—	61	—
— Cash and cash equivalents	2,680	4,033	39,491
Total	2,680	4,094	39,491

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Liabilities			
Financial liabilities at amortized costs:			
— Other payables	20,588	51,276	39,200
Total	20,588	51,276	39,200

21 Dividend

No dividend has been paid or declared by Syracuse during each of the years ended 31 December 2018 and 2019 and the six months ended 30 June 2019 and 2020.

22 Cash flow information

(a) Reconciliation of loss before income tax to net cash used in operation

	As at 31 December		As at 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Loss before income tax	(7,918)	(28,352)	(15,765)	(47,969)
Adjustments for				
— Depreciation (Note 11)	—	354	194	323
— Amortization (Note 12)	—	761	759	1
— Share-based compensation expenses (Note 18)	—	—	—	258
— Finance (income) — net	—	(14)	(6)	(7)
— Impairment of investments in joint ventures (Note 10)	7,918	1,600	1,600	—
— Share of loss of joint venture (Note 10)	—	8,442	5,266	346
— Impairment loss on goodwill (Note 12)	—	—	—	37,120
	—	(17,209)	(7,952)	(9,928)
Changes in working capital:				
— Decrease/(increase) in prepayments and other receivables	—	286	(253)	453
— (Increase)/decrease in other non-current assets	—	(187)	(35)	125
— Increase in accruals and other payable	—	919	244	1,414
Cash used in operations	—	(16,191)	(7,996)	(7,936)

(b) Major non-cash transactions

Pursuant to Board Resolution dated 20 December 2018, Syracuse acquired 50% interest in equity of Aeon Group at a cash consideration of USD2,000,000 (equivalent to RMB12,671,000), which was paid by Syracuse Cayman on its behalf.

Pursuant to the Board Resolution dated 23 June 2020, Syracuse was allotted shares in the capital of totalling USD13,893,873 (equivalent to RMB98,189,000). The consideration of the new shares issued has been satisfied by other payable to the related party.

(c) Changes in liabilities from financing activities

	Payable to related parties
	RMB'000
1 January 2018	—
Cash flows (Note 25)	7,918
Non-cash movement (Note 22)	12,671
At 31 December 2018	20,589

	Payable to related parties
	RMB'000
1 January 2019	20,589
Cash flows (Note 25)	30,687
At 31 December 2019	51,276

	Payable to related parties
	RMB'000
1 January 2019	20,589
Cash flows (Note 25)	19,629
At 30 June 2019	40,218

	Payable to related parties
	RMB'000
1 January 2020	51,276
Cash flows (Note 25)	46,228
Non-cash movement (Note 22)	(98,189)
Impact of changes in foreign exchange rate	685
At 30 June 2019	—

23 Commitments

(a) Operating lease commitments — where the Syracuse Group is the lessee

At the balance sheet dates, lease commitments of the Syracuse Group for leases not yet commenced for short-term lease and low-value lease are as follows:

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	281	895	973

24 Business Combination

(a) Acquisition of a subsidiary — Eureka (Beijing) Biotechnology Co., Ltd.

On 27 December 2018, Syracuse acquired 100% of the equity interest in Eureka (Beijing) Biotechnology Co., Ltd. ("**Eureka Beijing**") at a total consideration of USD609,488 (equivalent to RMB4,199,000).

The following table summarize the consideration paid for the acquisitions, the fair value of assets acquired and liabilities assumed at the acquisition date.

	As at 27 December 2018
	RMB'000
Purchase consideration	4,199
Fair value of net assets acquired shown as below	(4,199)
Total goodwill	—

Recognized amounts of identifiable assets acquired and liabilities assumed:

	As at 27 December 2018
	RMB'000
Property, plant and equipment	1,304
Intangible assets	763
Other current assets	40
Other receivables and prepayments	2,041
Cash and cash equivalents	1,858
Trade and other payable	(1,807)
Total identifiable net assets	4,199
Outflow of cash to acquire Aeon Beijing	
— Purchase consideration paid by cash	4,199
— Cash and cash equivalent in subsidiary acquired	(1,858)
Net cash outflow on acquisition	2,341

If the acquisitions had occurred on 1 January 2018, the comprehensive loss for the period ended 31 December 2018 would have been decreased by RMB668,000.

(b) Step acquisition from joint ventures to subsidiaries

On 30 June 2020, the Syracuse Group further acquired 49% equity interests in Aeon Beijing and Aeon Wuhan at a total consideration of RMB39,200,000 (Note 10). Since then, Aeon Beijing and Aeon Wuhan became wholly-owned subsidiaries of the Syracuse Group.

Details of net assets acquired are as follows:

	RMB'000
Purchase consideration	39,200
Fair value of pre-existing interests in Aeon Group	2,165
Fair value of net assets acquired shown as below	(4,245)
Goodwill	37,120

Recognized amounts of identifiable assets acquired and liabilities assumed:

	As at 30 June 2020
	RMB'000
Property, plant and equipment	4,975
Other current assets	95
Other receivables and prepayments	138
Cash and cash equivalents	160
Trade and other payable	(1,123)
Total identifiable net assets acquired	4,245
Inflow of cash to acquire Aeon Group	
— Cash and cash equivalent in subsidiary acquired	160
Net cash inflow on acquisition	160

25 Related party transactions

The major related parties that had transactions and balances with the Syracuse Group were as follows:

Name of related parties	Relationship with the Syracuse Group
Syracuse Cayman	Shareholder
Eureka Therapeutics, Inc.,	Controlled by the ultimate investor of Syracuse Group
Syracuse Biopharma Inc. (California)	Controlled by the shareholder of Syracuse Group
Aeon Beijing	Joint venture

The Company and its subsidiaries became the related parties of the Syracuse Group after the completion of share transfer disclosed in Note 1. There was no transactions between the Company and its subsidiaries with the Syracuse Group before the share transfer during the Track Record Period.

(a) Key management compensation

The directors are regarded as the key management of the Syracuse Group. The compensation paid or payable to the key management for employment services is disclosed in Note 8.

(b) Transactions with related parties

(i) Funding received

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(Unaudited)	
Syracuse Cayman	7,918	30,685	19,627	46,228
Syracuse Biopharma Inc. (California)	—	2	2	—
	7,918	30,687	19,629	46,228

(ii) Loan advanced to a related party

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(Unaudited)	
Aeon Beijing	—	700	—	—

(iii) Service fee charged from a related party

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(Unaudited)	
Syracuse Biopharma Inc. (California)	—	62	61	—

(iv) Investment cost paid by a related party

	Year ended 31 December		Six months ended 30 June	
	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(Unaudited)	
Syracuse Cayman	12,671	—	—	—

(v) Allotment of shares by conversion of shareholder's loan

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Syracuse Cayman	—	—	98,189
	—	—	98,189

(c) Balances with related parties

(i) Other receivables

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Syracuse Biopharma Inc. (California)	—	62	—
Eureka Therapeutics, Inc.,	75	75	—
Aeon Beijing	—	700	—
	75	837	—

The amounts are non-trade in nature, unsecured, interest-free and repayable on demand.

(ii) Accrual and other payable

	As at 31 December		As at 30 June
	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*
Syracuse Cayman	20,589	51,274	—
Syracuse Biopharma Inc. (California)	—	2	—
	20,589	51,276	—

The amounts are non-trade in nature, unsecured, interest-free and repayable on demand.

26 Investments in subsidiaries — Company

(a) Particulars of the subsidiaries of the Syracuse Group are set out below:

Company name	Country/ place and date of incorporation/ establishment	Registered capital	Effective interests held by the Group % as at the date of this report			Direct or indirect	Principle activities
			As at 31 December		As at 30 June		
			2018	2019	2020		
Eureka (Beijing) Biotechnology Co., Ltd (優瑞科(北京)生物技術有限公司)	PRC, 2 April 2007	RMB40,000,000	100%	100%	100%	Direct	Conducts clinical studies of T-cell therapies in China
Syracuse Biopharma (Jiangsu) Co., Ltd. (賽諾思遠生物科技(江蘇)有限公司) ("Syracuse Jiangsu")	PRC, 18 September 2018	RMB100,000,000	NA	100%	100%	Direct	Conducts clinical studies of T-cell therapies in China
Aeon Therapeutics (Beijing) Limited (頤昂生物科技(北京)有限公司)	PRC, 8 March 2017	RMB40,000,000	50%	51%	100% *(Note)*	Direct	Conducts clinical studies of T-cell therapies in China
Wuhan Guanggu Aeon Therapeutics Limited (武漢光谷頤昂生物科技有限公司)	PRC, 28 August 2018	RMB10,000,000	50%	51%	100%	Indirect	Conducts clinical studies of T-cell therapies in China

Note: The Syracuse Group has 100% interests in the equity of Aeon Beijing, of which 99% is held by Syracuse and 1% is held by Eureka Beijing.

(b) Particulars of the subsidiaries of the Syracuse Group as at the date of this report are set out below:

The statutory auditor of Aeon Beijing for the years ended 31 December 2018 and 2019 is Beijing Dongshen Dingli International Certified Public Accountants ("北京東審鼎立國際會計師事務所").

The statutory auditor of Eureka Beijing for the years ended 31 December 2018 and 2019 is Beijing Zhongpingjianhuahao Certified Public Accountants ("北京中平建華浩會計師事務所有限公司").

No audited financial statements have been prepared for Syracuse Jiangsu and Aeon Wuhan for the year ended 31 December 2018 as the companies were newly incorporated. The audited financial statements of Syracuse Jiangsu and Aeon Wuhan for the year ended 31 December 2019 have not been issued as of the date of this report.

27 Subsequent events

There are no material subsequent events undertaken by the Syracuse Group after 30 June 2020.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Syracuse or any of the companies now comprising the Syracuse Group in respect of any period subsequent to 30 June 2020 and up to the date of this report. No dividend or distribution has been declared or made by Syracuse or any of the companies now comprising the Syracuse Group in respect of any period subsequent to 30 June 2020.

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on [•] 2020 and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in Appendix [•] in the section headed "Documents available for inspection" in this document.

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on [•] 2020 and include provisions to the following effect:

2.1 Classes of Shares

The share capital of the Company consists of ordinary shares. The capital of the Company at the date of adoption of the Articles is US$[•] divided into [•] shares of US$[•] each.

2.2 Directors

(a) Power to allot and issue Shares

Subject to the provisions of the Companies Law and the Memorandum and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of

capital or otherwise, and to such persons at such times and for such consideration as the Directors may determine. Subject to the Companies Law and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof, liable to be redeemed.

(b) Power to dispose of the assets of the Company or any subsidiary

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles of Association or the Companies Law expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Companies Law and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

(c) Compensation or payment for loss of office

Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.

(d) Loans to Directors

There are provisions in the Articles of Association prohibiting the making of loans to Directors or their respective close associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(e) Financial assistance to purchase Shares

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such subsidiary or holding company. Further, subject to all applicable

laws, the Company may give financial assistance to a trustee for the acquisition of shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

(f) Disclosure of interest in contracts with the Company or any of its subsidiaries

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates (or, if required by the Listing Rules, his other associates) has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

(i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:

(A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or

(B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(g) Remuneration

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except

that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of travelling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

(h) Retirement, appointment and removal

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting, but shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation at such meeting.

The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment of office as a result of the termination of this appointment as Director). The Company may by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed.

The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. No person shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

(i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;

(ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;

(iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;

(iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;

(vi) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or

(vii) if he shall be removed from office by an ordinary resolution of the members of the Company under the Articles of Association.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) Borrowing powers

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

(j) Proceedings of the Board

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.3 Alteration to constitutional documents

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.4 Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Law, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorised representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.5 Alteration of capital

The Company may, from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

(a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine

which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Companies Law; and

(c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorised and subject to any conditions prescribed by the Companies Law.

2.6 Special resolution — majority required

A "special resolution" is defined in the Articles of Association to have the meaning ascribed thereto in the Companies Law, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote

at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an "ordinary resolution" is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.7 Voting rights

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorised in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairman of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorisation, including, where a show of hands is allowed, the right to vote individually on a show of hands.

2.8 Annual general meetings and extraordinary general meetings

The Company shall hold a general meeting as its annual general meeting each year, within a period of not more than 15 months after the holding of the last preceding annual general meeting (or such longer period as the Stock Exchange may authorise). The annual general meeting shall be specified as such in the notices calling it.

The board of Directors may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the paid up capital of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and signed by the requisitionist(s). If the Directors do not within 21 days from

the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to them by the Company.

2.9 Accounts and audit

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Companies Law.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection by members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Companies Law or any other relevant law or regulation or as authorised by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

2.10 Auditors

The Company shall at every annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The removal of an auditor before the expiration of his period of office shall require the approval of an ordinary resolution of the members in general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

2.11 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions and the general nature of the business to be considered at the meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

(a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and

(b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Directors, in their absolute discretion,

consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, it may change or postpone the meeting to another date, time and place.

The Directors also have the power to provide in every notice calling a general meeting that in the event of a gale warning or a black rainstorm warning is in force at any time on the day of the general meeting (unless such warning is cancelled at least a minimum period of time prior to the general meeting as the Directors may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date. Where a general meeting is so postponed, the Company shall endeavour to cause a notice of such postponement to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, but failure to place or publish such notice shall not affect the automatic postponement of such meeting.

Where a general meeting is postponed:

(a) the Directors shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting; and such notice shall specify the date, time and place at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and

(b) notice of the business to be transacted at the reconvened meeting shall not be required, nor shall any accompanying documents be required to be recirculated, provided that the business to be transacted at the reconvened meeting is the same as that set out in the notice of the original meeting circulated to the members of the Company.

2.12 Transfer of shares

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

(a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(b) the instrument of transfer is in respect of only one class of shares;

(c) the instrument of transfer is properly stamped (in circumstances where stamping is required);

(d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

(e) the shares concerned are free of any lien in favour of the Company; and

(f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of the Company closed at such times for such periods as the

Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

2.13 Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as cancelled upon the repurchase.

2.14 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.15 Dividends and other methods of distribution

Subject to the Companies Law and the Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them any dividend which may be payable at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may

exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

The Directors may, with the sanction of the members of the Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.16 Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favour of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorised in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

2.17 Calls on shares and forfeiture of shares

The Directors may from time to time make calls upon the members of the Company in respect of any monies unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by instalments and shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share or other monies due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or instalment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or instalment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or instalment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or instalments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be re-allotted, sold or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

2.18 Inspection of register of members

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect

of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Listing Rules as the Directors may determine for each inspection.

2.19 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairman which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.4 above.

2.20 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.21 Procedure on liquidation

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. If in a winding up the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Companies Law, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Companies Law, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.22 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic

means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The Companies Law is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Law and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 6 September 2017 under the Companies Law. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorised share capital.

3 Share Capital

The Companies Law permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the "share premium account". At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law);

(d) writing-off the preliminary expenses of the company;

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

(f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a

purchase must be authorised either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4 Dividends and Distributions

With the exception of section 34 of the Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Companies Law contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Companies Law requires that a company shall cause to be kept proper books of account with respect to:

(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the company; and

(c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10 Inspection of Books and Records

Members of a company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

11 Special Resolutions

The Companies Law provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Companies Law does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

18 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

19 Taxation

Pursuant to section 6 of the Tax Concessions Law (2018 Revision) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

(a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

(b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:

(i) on or in respect of the shares, debentures or other obligations of the Company; or

(ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2018 Revision).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

20 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

21 General

Maples and Calder (Hong Kong) LLP, the Company's legal advisor on Cayman Islands law, have sent to the Company a letter of advice summarising aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the section headed "Appendix VI — Documents Delivered to the Registrar of Companies and Available for Inspection" to this document. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY AND SUBSIDIARIES

1. Incorporation

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Law on September 6, 2017. Our registered office address is at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. As our Company is incorporated in the Cayman Islands, our operation is subject to the relevant law and regulations of the Cayman Islands, the Articles and the Memorandum. For a summary of the relevant laws and regulations of the Cayman Islands and of our constitution, please see the section headed "Appendix IV — Summary of the Constitution of the Company and Cayman Companies Law" to this document.

Our Company was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on [•], 2020. Our corporate headquarters and principal place of business in Hong Kong is at 31/F, Tower Two, Time Square, 1 Matheson Street, Causeway Bay, Hong Kong and was registered as under the same address. Ms. Suet Wing Leung has been appointed as our authorized representative for the acceptance of service of process and notices in Hong Kong. The address of service of process is at 31/F, Tower Two, Time Square, 1 Matheson Street, Causeway Bay, Hong Kong.

As at the date of this document, our Company's head office was located at 4F, No. 225 Meisheng Road, Pilot Free Trade Zone, Shanghai, China.

2. Changes in Our Share Capital of Our Company

As at September 6, 2017, being the date of incorporation of the Company, our authorized share capital was US$50,000, divided into 50,000 shares of the Company of an initial par value of US$1.00 each.

On September 6, 2017, the Company allotted and issued one Share to the initial subscriber, Mapcal Limited, which in turn on the same day transferred the one Share to WXAT HK.

On November 14, 2017, the Company underwent a subdivision of shares whereby each issued and unissued share of a par value of US$1.00 in the authorized share capital of the Company was subdivided into 10,000 shares of a par value of US$0.0001 each, such that following such subdivision, the authorized share capital of the Company was US$50,000 divided into 500,000,000 shares of US$0.0001 par value each. For further details, please see the sections headed "History, Development and Corporate Structure" and "Share Capital" in this document.

The following sets out the changes in the share capital of our Company during the two years immediately preceding the date of this document:

(a) on April 24, 2019, Danqing Investment Limited transferred 160,494 Series A1 Preferred Shares to Danqing-JW Investment Limited;

(b) on May 9, 2019, our Company allotted and issued an aggregate of 6,427,170 Series A2 Preferred Shares to the Series A2 Investors pursuant to the Series A Preferred Share Purchase Agreement;

(c) on November 20, 2019, our Company allotted and issued 466,553 Series X Preferred Shares to Juno pursuant to the Series X Preferred Share Purchase Agreement;

(d) on May 22, 2020, our Company allotted and issued an aggregate of 4,888,062 Series B Preferred Shares to the Series B Investors pursuant to the Series B Preferred Share Purchase Agreement;

(e) on June 30, 2020, our Company allotted and issued an aggregate of 4,631,374 Shares to Syracuse Cayman pursuant to the Asset Purchase Agreement;

(f) on July 1, 2020, Syracuse Cayman transferred 293,283 Shares to Be Angels LLC for the settlement of a convertible promissory note;

(g) on [•], 2020, our Company underwent the Share Subdivision whereby each issued and unissued share of par value US$0.0001 each in our Company's authorized share capital was subdivided into 10 shares of US$0.00001 par value each, such that immediately following such Share Subdivision, our Company's authorized share capital was US$50,000 divided into (a) 4,838,998,090 Shares of par value US$0.00001 each; (b) 38,518,530 Series A-1 Preferred Shares of par value US$0.00001 each; (c) 64,271,700 Series A-2 Preferred Shares of par value US$0.00001 each; (iv) 9,331,060 Series X Preferred Shares of par value US$0.00001 each and (v) 48,880,620 Series B Preferred Shares of par value US$0.00001 each; and

(h) on [•], 2020, the Company allotted and issued [1,500,000] Shares to Computershare Hong Kong Trustees Limited for nominal consideration.

For further details on our Company's authorized and issued share capital and consideration relating to the allotment of the Preferred Shares above, please see the sections headed "Share Capital — Authorized and Issued Share Capital" and "History, Development and Corporate Structure — Major Corporate Development and Shareholding Changes of Our Group" in this document.

Save as disclosed above, there has been no alteration in our share capital within the two years immediately preceding the date of this document.

3. Changes in Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in Note 1 to the Accountants' Report as set out in Appendix I to this document.

The following sets out the changes in the share capital of our subsidiaries during the two years immediately preceding the date of this document:

On November 9, 2018, the registered capital of JW Shanghai increased from US$36.5 million to US$40.5 million.

On December 5, 2018, JW R&D Shanghai was established under the laws of the PRC and with a registered capital of US$2 million. On May 29, 2019, the registered capital of JW R&D Shanghai increased from US$2 million to US$15 million.

On September 12, 2018, JW Suzhou was established under the laws of the PRC and with a registered capital of US$1.6 million. On May 22, 2019, the registered capital of JW Suzhou increased from US$1.6 million to US$15 million.

On August 30, 2018, Suzhou Ming Ju was established under the laws of the PRC and with a registered capital of RMB500,000.

On June 30, 2020, Syracuse Hong Kong, Syracuse Jiangsu, Eureka Beijing, Aeon Beijing and Aeon Wuhan became our indirectly wholly-owned subsidiary upon completion of the Asset Purchase Agreement.

Save as disclosed above, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this document.

Save for the subsidiaries mentioned in the Accountants' Report set out in Appendix I, our Company has no other subsidiaries.

4. Resolutions of the Shareholders of Our Company dated [•], 2020

Written resolutions of our Shareholders were passed on [•], 2020, pursuant to which, among others:

(a) Conditional upon both (i) the Listing Committee granting **[REDACTED]** of, and permission to **[REDACTED]** in, the Shares in issue and to be issued as to be stated in this document and such **[REDACTED]** and permission not subsequently having been revoked prior to the commencement of **[REDACTED]** in the Shares on the Stock Exchange; (ii) the **[REDACTED]** having been determined; (iii) the obligations of the **[REDACTED]** under the **[REDACTED]** becoming unconditional and not being terminated in accordance with the terms of the **[REDACTED]** or otherwise, in each case on or before such dates as may be specified in the **[REDACTED]**; and (iv) the **[REDACTED]** having been duly executed by the **[REDACTED]** and our Company:

(1) the **[REDACTED]** (including the **[REDACTED]**) was approved, and the proposed allotment and issue of the **[REDACTED]** under the **[REDACTED]** were approved, and the Directors were authorized to determine the **[REDACTED]** for, and to allot and issue the **[REDACTED]**;

(2) a general unconditional mandate was given to the Directors to exercise all powers of our Company to allot, issue and deal with Shares or securities convertible into Shares and to make or grant offers, agreements or options (including any warrants, bonds, notes and debentures conferring any rights to subscribe for or otherwise receive Shares) which might require Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, otherwise than by way of the **[REDACTED]**, rights issue or pursuant to the exercise of any subscription rights attaching to any warrants which may be allotted and issued by the Company from time to time or, pursuant to the exercise of any options which may be granted under the Share Incentivization Schemes or allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association on a specific authority granted by our Shareholders in general meeting, shall not exceed 20% of the aggregate nominal value of the Shares in issue immediately following the completion of the **[REDACTED]**, excluding any Shares which may fall to be issued pursuant to the exercise of the **[REDACTED]** and Syracuse Holdback Shares and Juno Settlement Shares;

(3) a general unconditional mandate (the "**Repurchase Mandate**") was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the **[REDACTED]**, excluding any Shares which may fall to be issued pursuant to the exercise of the **[REDACTED]** or any options which may be granted under the Share Incentivization Schemes and Syracuse Holdback Shares or Juno Settlement Shares;

(4) the general unconditional mandate as mentioned in paragraph (2) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by our Company pursuant to the mandate to purchase Shares referred to in paragraph (3) above up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the **[REDACTED]**, excluding any Shares which may fall to be issued pursuant to the exercise of the **[REDACTED]** or any options which may be granted under the Share Incentivization Schemes and Syracuse Holdback Shares or Juno Settlement Shares; and

(5) the acknowledgement by all the Preferred Shareholders of the agreed conversion number as applicable and the resolution not to exercise the right to further adjustment of conversion ratio; and

(b) our Company conditionally approved and adopted the Memorandum and Articles of Association with effect from the **[REDACTED]**.

Each of the general mandates referred to in paragraphs (a)(2), (a)(3) and (a)(4) above will remain in effect until whichever is the earliest of:

- the conclusion of the next annual general meeting of our Company;
- the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles of Association; or
- the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in a general meeting.

5. Repurchases of Our Own Securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this document concerning the repurchase of our own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary **[REDACTED]** on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) Shareholders' Approval

All proposed repurchases of Shares (which must be fully paid up in the case of shares) by a company with a primary **[REDACTED]** on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our then Shareholders on [•], 2020, the Repurchase Mandate was given to our Directors authorizing them to exercise all powers of our Company to repurchase Shares on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, with a total nominal value up to 10% of the aggregate nominal value of our Shares in issue immediately following the completion of the **[REDACTED]** (excluding any Shares which may be issued under the **[REDACTED]**, any options which may be granted under the Share Incentivization Schemes and Syracuse Holdback Shares and Juno Settlement Shares), with such mandate to expire at the earliest of (i) the conclusion of the next annual general meeting of our Company (unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions), (ii) the expiration of the period within our Company's next annual general meeting is required by our Articles of Association or any other applicable laws to be held, and (iii) the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

(ii) Source of Funds

Purchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association and the applicable laws and regulations of Hong Kong and the Cayman Islands. A listed company may not

purchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. As a matter of Cayman Islands law, any purchases by the Company may be made out of profits or out of the proceeds of a new issue of shares made for the purpose of the purchase or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles of Association and subject to the Cayman Companies Law. Any premium payable on the purchase over the par value of the shares to be purchased must have been provided for out of profits or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles of Association and subject to the Cayman Companies Law.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of Repurchased Shares

The **[REDACTED]** of all purchased securities (whether on the Stock Exchange or, otherwise) is automatically cancelled and the relative certificates must be cancelled and destroyed. Under the laws of the Cayman Islands, unless, prior to the purchase the Directors resolve to hold the shares purchased by our Company as treasury shares, shares purchased by our Company shall be treated as cancelled and the amount of our Company's issued share capital shall be diminished by the nominal value of those shares. However, the purchase of shares will not be taken as reducing the amount of the authorized share capital under Cayman Islands law.

(v) Suspension of repurchase

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting Requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following Business Day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(vii) Core Connected Persons

The Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a "core connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or a close associate of any of them (as defined in the Listing Rules) and a core connected person shall not knowingly sell his securities to the company.

(b) Reasons for Repurchases

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have a general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and

funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Funding of Repurchases

Repurchase of the Shares must be funded out of funds legally available for such purpose in accordance with the Articles of Association and the applicable laws of the Cayman Islands. Our Directors may not repurchase the Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, our Directors may make repurchases with profits of the Company or out of a new issuance of shares made for the purpose of the repurchase or, if authorized by the Articles of Association and subject to the Cayman Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorized by the Articles of Association and subject to Cayman Companies Law, out of capital.

However, our Directors do not propose to exercise the general mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or its gearing levels which, in the opinion of the Directors, are from time to time appropriate for our Company.

(d) General

The exercise in full of the Repurchase Mandate, on the basis of **[REDACTED]** Shares in issue immediately following the completion of the **[REDACTED]** (without taking into account the Shares which may be allotted and issued pursuant to the exercise of the **[REDACTED]** or, the Shares that may be allotted and issued under the Share Incentivization Schemes, Syracuse Holdback Shares and Juno Settlement Shares), could accordingly result in up to approximately **[REDACTED]** Shares being repurchased by our Company during the period prior to the earliest of:

- the conclusion of the next annual general meeting of our Company unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;

- the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held; or

- the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

No core connected person of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

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) were entered into by members of our Group within the two years preceding the date of this document which are or may be material:

(a) the share subscription agreement dated November 20, 2019 entered into between the Company, JW Hong Kong, JW Shanghai, Shanghai Ju Ming, Shanghai Ming Ju and Juno, pursuant to which, among other things, Juno subscribed for, and the Company issued 466,553 Series X Preferred Shares;

(b) the share subscription agreement dated May 22, 2020 entered into between the Company, JW Hong Kong, JW Shanghai, JW R&D Shanghai, JW Suzhou, Shanghai Ju Ming, Shanghai Ming Ju, Suzhou Ming Ju, Juno and Series B Investors, pursuant to which the Series B Investors subscribed for, and the Company issued, an aggregate of 4,888,062 Series B Preferred Shares for an aggregate consideration of US$100,000,000;

(c) the asset purchase agreement dated June 30, 2020 entered into between the Company, JWS Therapeutics and Syracuse Cayman, pursuant to which Syracuse Cayman agreed to transfer and assign to JWS Therapeutics, and JWS Therapeutics agreed to purchase and assume from Syracuse Cayman substantially all of the assets and liabilities of Syracuse Cayman in consideration for the Company issuing 4,631,374 ordinary shares of a par value of US$0.0001 each to Syracuse Cayman;

(d) the fourth amended and restated shareholders agreement dated June 30, 2020 entered into among the Company, JW Hong Kong, JW Shanghai, JW R&D Shanghai, JW Suzhou, Shanghai Ju Ming, Shanghai Ming Ju, Suzhou Ming Ju, Juno, Series A Investors, Series B Investors and Syracuse Cayman, pursuant to which shareholder rights were agreed among the parties;

(e) the termination agreement for contractual arrangements dated July 28, 2020 entered into among JW Shanghai, Shanghai Ju Ming and Ms. Wei Zhao, pursuant to which the series of contractual arrangements entered into among the parties dated November 2, 2017 was terminated;

(f) the supplemental exclusive business cooperation agreement dated July 29, 2020 entered into between JW Shanghai and Shanghai Ju Ming, pursuant to which the parties agreed to incorporate certain provisions to the exclusive business cooperation agreement entered into between the parties dated November 2, 2017;

(g) the power of attorney dated July 29, 2020 entered into among JW Shanghai, Shanghai Ju Ming and Ms. Xing Gao, as further described in the section headed "Contractual Arrangements" in this document;

(h) the exclusive option agreement dated July 29, 2020 entered into among JW Shanghai, Shanghai Ju Ming and Ms. Xing Gao, as further described in the section headed "Contractual Arrangements" in this document;

(i) the loan agreement dated July 29, 2020 entered into among JW Shanghai, Shanghai Ju Ming and Ms. Xing Gao, as further described in the section headed "Contractual Arrangements" in this document;

(j) the equity interest pledge agreement dated July 29, 2020 entered into among JW Shanghai, Shanghai Ju Ming and Ms. Xing Gao, as further described in the section headed "Contractual Arrangements" in this document;

(k) the supplemental power of attorney dated July 29, 2020 entered into among JW Shanghai, Shanghai Ju Ming and Ms. Jing Lv, pursuant to which the parties agreed to incorporate certain provisions to the power of attorney entered into among the parties dated November 2, 2017;

(l) the supplemental exclusive option agreement dated July 29, 2020 entered into among JW Shanghai, Shanghai Ju Ming and Ms. Jing Lv, pursuant to which the parties agreed to incorporate certain provisions to the exclusive option agreement entered into among the parties dated November 2, 2017;

(m) the supplemental loan agreement dated July 29, 2020 entered into among JW Shanghai, Shanghai Ju Ming and Ms. Jing Lv, pursuant to which the parties agreed to incorporate certain provisions to the loan agreement entered into among the parties dated November 2, 2017;

(n) the supplemental equity interest pledge agreement dated July 29, 2020 entered into among JW Shanghai, Shanghai Ju Ming and Ms. Jing Lv, pursuant to which the parties agreed to incorporate certain provisions to the equity interest pledge agreement entered into among the parties dated November 2, 2017;

(o) the indemnification agreement dated [•], 2020 entered into between the Company and Dr. Li, whereby the Company agrees to hold harmless and indemnify Dr. Li, in his corporate status as a Director;

(p) the indemnification agreement dated [•], 2020 entered into between the Company and Krishnan Viswanadhan, whereby the Company agrees to hold harmless and indemnify Krishnan Viswanadhan, in his corporate status as a Director;

(q) the indemnification agreement dated [•], 2020 entered into between the Company and Xing Gao, whereby the Company agrees to hold harmless and indemnify Xing Gao, in her corporate status as a Director;

(r) the indemnification agreement dated [•], 2020 entered into between the Company and Ann Li Lee, whereby the Company agrees to hold harmless and indemnify Ann Li Lee, in her corporate status as a Director;

(s) the indemnification agreement dated [•], 2020 entered into between the Company and Jingyin Wang, whereby the Company agrees to hold harmless and indemnify Jingyin Wang, in his corporate status as a Director;

(t) the indemnification agreement dated [•], 2020 entered into between the Company and Cheng Liu, whereby the Company agrees to hold harmless and indemnify Cheng Liu, in his corporate status as a Director;

(u) the indemnification agreement dated [•], 2020 entered into between the Company and Hans Edgar Bishop, whereby the Company agrees to hold harmless and indemnify Hans Edgar Bishop, in his corporate status as a Director;

(v) the indemnification agreement dated [•], 2020 entered into between the Company and Yanling Cao, whereby the Company agrees to hold harmless and indemnify Yanling Cao, in his corporate status as a Director; and

(w) the **[REDACTED]**.

2. Intellectual Property Rights

(a) Trademarks

As at the Latest Practicable Date, we were the owner of the following key registered trademarks, which are material to the business of our Group:

No.	Trademark
1.	
2.	药明巨诺
3.	
4.	明聚生物

No.	Trademark
5.	炬明医疗
6.	倍诺安
7.	倍赛康
8.	倍克达
9.	倍善安
10.	倍诺达
11.	CARTEYVA
12.	TCARTEC

As at the Latest Practicable Date, our Group had 58 trademark registrations in the PRC, where our operations are primarily based, and has applied for the registration of the following trademarks in Hong Kong, which are material to our business:

No.	Trademark	Class	Name of Applicant	Place of Application	Application Number	Application Date
1.	JW (Cayman) Therapeutics Co. Ltd	5, 10, 35, 42, 44	JW (Cayman) Therapeutics Co. Ltd	Hong Kong	305337117	July 20, 2020
2.	药明巨诺 JW Therapeutics	5, 10, 35, 42, 44	JW (Cayman) Therapeutics Co. Ltd	Hong Kong	305337126	July 20, 2020
3.	JW (Cayman) Therapeutics Co. Ltd	5, 10, 35, 42, 44	JW (Cayman) Therapeutics Co. Ltd	Hong Kong	305337135	July 20, 2020
4.	药明巨诺 JW Therapeutics	5, 10, 35, 42, 44	JW (Cayman) Therapeutics Co. Ltd	Hong Kong	305337144	July 20, 2020

(b) Domain Name

As at the Latest Practicable Date, the following was the key domain name registration of our Group, which was in the process of being transferred from an agent to our Group:

www.jwtherapeutics.com

Save as aforesaid or as discussed in the section headed "Business — Intellectual Property" in this document, as at the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our Group's business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS

1. Particulars of Directors' Service Contracts and Appointment Letters

(a) Executive Directors and Non-executive Directors

The Company does not have service contracts with any of its Directors and during the Track Record Period, no remunerations have been paid to Directors in the capacity of them as Directors in the Company.

(b) Independent Non-executive Director

[Each of our independent non-executive Directors has entered into an appointment letter with our Company effective from the **[REDACTED]**. The initial term of their appointment letters shall commence from the date of their appointment for a period of three years or until the third annual general meeting of the Company after the **[REDACTED]**, whichever is earlier (subject always to re-election as and when required under the Articles of Association) until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing. Under these appointment letters, each of our independent non-executive Directors will receive an annual director's fee of US$[•].]

For further details of the Company's remuneration policy, please see the section headed "Directors and Senior Management — Remuneration of Directors and Senior Management" in this document.

2. Remuneration of Directors

(i) For the two years ended December 31, 2018 and 2019 and the six months ended June 30, 2020:

(a) the total amount of salaries, bonuses, allowances, benefits in kind and pension scheme contributions, paid or payable by us to our executive Director, chairman of the Board and CEO, Dr. Li were approximately RMB3.73 million, RMB3.67 million and RMB1.40 million, respectively; and

(b) the total amount of share-based payment expenses paid or payable by us to our executive Director, chairman of the Board and CEO, Dr. Li were approximately nil, nil and RMB45.12 million, respectively.

(ii) During the Track Record Period, the aggregate amount of emoluments which were paid by the Company to the five highest paid individuals of the Group for the two years ended December 31, 2018 and 2019 and the six months ended June 30, 2020 were approximately RMB8.24 million, RMB20.62 million and RMB59.12 million, respectively.

(iii) It is estimated that emoluments of approximately RMB3.84 million in aggregate will be paid to our Directors and proposed Directors in respect of the financial year ending December 31, 2020 under arrangements in force at the date of this document.

(iv) Under the arrangements currently in force, as at the Latest Practicable Date, none of our Directors had a service contract with the Company other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

3. Disclosure of Interests

(a) Interests and short positions of our Directors in the share capital of our Company and its associated corporations following completion of the [REDACTED]

Immediately following completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised, no additional Shares are issued under the Share Incentivization Schemes and Syracuse Holdback Shares and Juno Settlement Shares are not issued), the interests and/or short positions (as applicable) of our Directors and chief executives in the shares, underlying shares and debentures of our Company and its associated corporations, within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which he/she is taken or deemed to have taken under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

Name of Director or CEO	Nature of interest	Number of underlying Shares	Approximate percentage of interest in our Company immediately after Completion of the [REDACTED][(1)]
Dr. Li[(2)]	Interest in controlled corporation	**[REDACTED]** Shares[(2)]	**[REDACTED]**%
	Beneficial interest	**[REDACTED]** Shares [(3)]	**[REDACTED]**%

Notes:

(1) The calculation is based on the total number of **[REDACTED]** Shares in issue immediately after completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised, no further Shares are issued pursuant to the Share Incentivization Schemes and Syracuse Holdback Shares and Juno Settlement Shares are not issued).

(2) Includes (1) **[REDACTED]** Shares held by Dr. Li through his direct interests in JDI Capital Management Limited and (2) **[REDACTED]** Shares consisting of **[REDACTED]** Series A1 Preferred Shares and **[REDACTED]** Series A2 Preferred Shares held by Dr. Li through his indirect interests in Park Place Capital Management & Consulting Limited. Dr. Li is interested in **[REDACTED]** underlying Shares relating to the Restricted Share Units granted to him pursuant to the Restricted Share Unit Scheme. Accordingly, Dr. Li will be interested in **[REDACTED]** Shares. Dr. Li is in the process of setting up a family trust with his interest in JDI Capital Management Limited and Park Place Capital Management & Consulting Limited as part of the trust assets. Dr. Li and his family will remain the beneficiaries of the interest in the share capital of JDI Capital Management Limited and Park Place Capital Management & Consulting Limited. This change (if confirmed) will be reflected in future proof as soon as possible.

(b) Interests and short positions discloseable under Divisions 2 and 3 of Part XV of the SFO

For information on the persons who will, immediately following the completion of the **[REDACTED]** and taking no account of any additional Shares which may be issued pursuant to the Share Incentivization Schemes, having or be deemed or taken to have beneficial interests or short position in our Shares or underlying shares which would fall to be disclosed to our Company under the provisions of 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 any other member of our Group, please see the section headed "Substantial Shareholders" in this document.

Save as set out above, as at the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the **[REDACTED]** and taking no account of any additional Shares which may be issued pursuant to the Share Incentivization Schemes, be interested, directly or indirectly, 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 any member of our Group or had option in respect of such Capital.

4. Disclaimers

Save as disclosed in the sections headed "Directors and Senior Management", "Financial Information", "**[REDACTED]**", "Substantial Shareholders" and "Statutory and General Information — Further Information about Our Directors" in this document:

(i) there are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between the Directors and any member of the Group;

(ii) none of the Directors or the experts named in "— Other Information — Consents of Experts" in this section has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;

(iii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any Shares in or debentures of the Company within the two years ended on the date of this document;

(iv) none of the Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of the Group taken as a whole;

(v) taking no account of any Shares which may be taken up under the **[REDACTED]** and allotted and issued pursuant to the Share Incentivization Schemes, so far as is known to any Director or chief executive of the Company, no other person (other than a Director or chief executive of the Company) will, immediately following completion of the **[REDACTED]**, have interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or (not being a member of the Group), be interested, directly or indirectly, 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 any member of the Group; and

(vi) save as disclosed in the section headed "Directors and Senior Management" in this document, none of the Directors or chief executive of the Company has any interests or short positions in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or will be required, pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

D. SHARE INCENTIVIZATION SCHEMES

1. Pre-[REDACTED] Incentivization Scheme

In order to attract, retain and motivate employees, Directors and such other eligible persons and to provide a means of compensating them through the grant of options for their contribution to the growth and profits of the Group, and to allow such employees, directors and other persons to participate in the growth and profitability of the Group, our Company adopted the Pre-**[REDACTED]** Incentivization Scheme on September 4, 2019. The terms of the Pre-**[REDACTED]** Incentivization Scheme are not subject to the provisions of Chapter 17 of the Listing Rules.

The following is a summary of the principal terms of the Pre-**[REDACTED]** Incentivization Scheme.

(a) Summary of terms

Duration. Subject to the termination provisions under the Pre-**[REDACTED]** Incentivization Scheme, the Pre-**[REDACTED]** Incentivization Scheme shall be valid and effective for a period of ten years commencing on the adoption date, after which period no further awards will be granted, but the provisions thereof shall in all other respects remain in full force and effect and any eligible employees, directors and service providers of our Group (the "**Participant**") who accepted an offer in accordance with the terms (each a "**Grantee**") may exercise the options in accordance with the terms upon which the options are granted.

Administration. The Pre-**[REDACTED]** Incentivization Scheme shall be subject to the administration of the Board or a duly authorized committee thereof (the "**Administrator**") and the decision of the Administrator shall be final and binding on all parties thereto. The Administrator shall have the right (i) to interpret and construe the provisions of the Pre-**[REDACTED]** Incentivization Scheme, (ii) to determine the persons who will be granted awards of options under the scheme, the number and subscription price of awards granted thereto, (iii) to make such appropriate and equitable adjustments to the terms of awards granted under the scheme as it deems necessary, and (iv) to make such other decisions or determinations as it shall deem appropriate in the administration of the Pre-**[REDACTED]** Incentivization Scheme.

Offer Letter. Any offer letter regarding the offer of an award shall be made by the Company to a Participant in such form as the Administrator may from time to time determine requiring the Participant to undertake to hold the option on the terms on which it is to be granted and to be bound by the provisions of the scheme.

Types of awards. The Pre-**[REDACTED]** Incentivization Scheme provides for awards of options. On and subject to the terms of the scheme, the Administrator shall be entitled to make an offer to any Participant as the Administrator may in its absolute discretion select and set out in the relevant offer letter for such employee to take up options in respect of such number of Shares as the Administrator may determine at the price per Share at which a Grantee may subscribe for the Shares on the exercise of an option. Options may be granted on such terms and conditions in relation to their vesting, exercise or otherwise as the Administrator may determine. An option may be exercised in whole or in part by the Grantee (or his or her personal representatives) in a prescribed manner and by giving notice in writing to the Company, stating that the option is thereby exercised and the number of Shares in respect of which it is exercised.

Subscription price and vesting schedule. The subscription price shall be approved by the Administrator and shall be set out in the relevant offer letter issued by the Company to a Participant. Any option shall become exercisable upon vesting pursuant to the applicable vesting schedule and vesting criteria as set out in the relevant offer letter issued by the Company to a Participant.

Rights are personal to the grantee. An option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any third party over or in relation to any option, except otherwise permitted under the scheme.

Maximum number of Shares.

(i) The maximum number of Shares in respect of which awards may be granted under the Pre-**[REDACTED]** Incentivization Scheme and the Restricted Share Unit Scheme shall not, in aggregate exceed **[REDACTED]** Shares.

(ii) The maximum number of Shares referred to in paragraph (i) will be adjusted in the event of any alteration in the capital structure of the Company whether by way of capitalization of profits or reserves, rights issue or other similar offer of securities to holders of Shares, consolidation, sub-division or reduction or similar reorganization of the share capital of the Company.

Right of Forfeiture.

(i) If a Grantee ceases to be a Participant for any reason, any unvested option shall be immediately forfeited by the Company and of no further exercisability.

(ii) If a Grantee ceases to be a Participant for cause, any vested but unexercised option shall be forfeited by the Company and of no further exercisability immediately upon such cessation.

(iii) If a Grantee ceases to be a Participant by reason other than for cause or of death, disability or incapacitation, the Grantee may exercise any option that are vested and exercisable within a period of 6 months from such date of cessation which shall be the last actual working day with the Group.

(iv) If a Grantee ceases to be a Participant by reason of death, disability or incapacitation, the legal representative(s) of such Grantee may exercise any option that are vested and exercisable within a period of 6 months from the date of death, disability or incapacitation.

Dissolution or Liquidation. In the event of a proposed dissolution or liquidation of the Company, to the extent it has not been vested, an option granted will terminate immediately prior to the commencement of such proposed action.

Reorganization of Capital Structure. In the event of any alteration in the capital structure of the Company, whether by way of capitalization of profits or reserves, rights issue, or other similar offer of securities to holders of Shares, consolidation, sub-division or reduction or similar reorganization of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), such corresponding alterations (if any) shall be made by the Administrator at its sole discretion in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Share Incentivization Schemes to (i) the number of Shares available for issuance under the Share Incentivization Schemes; (ii) the number or nominal amount of Shares and class of shares subject to the option so far as unexercised; (iii) the subscription price; and/or (iv) the method of exercise of the option, provided that the a Grantee shall be given the same proportion of the issued share capital of the Company as that to which such person was previously entitled and that the aggregate subscription price payable by a Grantee on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event, but so that no such adjustment be made to the extent that a share would be issued at less than its nominal value.

Change in Control. In the event of a merger of the Company with or into another corporation or other entity or a Change in Control, each outstanding award will be treated as the Administrator determines including, without limitation, that:

(i) each award will be assumed or substituted by a substantially equivalent award of the acquiring or succeeding corporation;

(ii) upon written notice to a Grantee, that such Grantee's awards will terminate upon or immediately prior to the consummation of such merger or Change in Control;

(iii) outstanding award will vest and become exercisable, realizable, or payable, or restrictions applicable to an award will lapse, in whole or in part prior to or upon consummation of such merger or Change in Control, and, to the extent the Administrator determines, terminate upon or immediately prior to the effectiveness of such merger or Change in Control;

(iv) (A) the termination of an award in exchange for an amount of cash and/or property, if any, equal to the amount that would have been attained upon the exercise of such award or realization of the Grantee's rights as of the date of the occurrence of the transaction, or (B) the replacement of such award with other rights or property selected by the Administrator in its sole discretion; or

(v) any combination of the foregoing.

Any award which is neither assumed or substituted for by the successor corporation in connection with the Change in Control, all outstanding award shall be fully vested, including those would not otherwise be vested.

For the above purpose, a "Change in Control" means the occurrence of any of the following events: (i) any one person, or more than one person acting as a group, acquires ownership of the Shares of the Company that constitutes more than 50% of the total voting power of the Shares of the Company; or (ii) a majority of members of the Administrator is replaced during any 12-month period by Directors whose appointment or election is not endorsed by a majority of the members of the Administrator prior to the date of the appointment or election; or (iii) any person acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions.

(b) Outstanding options

As at the Latest Practicable Date, the aggregate number of underlying Shares pursuant to the outstanding options granted under the Pre-**[REDACTED]** Incentivization Scheme is **[REDACTED]** Shares, representing approximately **[REDACTED]**% of the total issued Shares immediately following the completion of the **[REDACTED]**, assuming the **[REDACTED]** is not exercised, no additional Shares are issued pursuant to the Share Incentivization Schemes and Syracuse Holdback Shares and Juno Settlement Shares are not issued. As at the Latest Practicable Date, we have conditionally granted options to 130 Grantees under the Pre-**[REDACTED]** Incentivization Scheme. As at the Latest Practicable Date, all the outstanding options under the Pre-**[REDACTED]** Incentivization Scheme were granted between September 4, 2019 and June 30, 2020 (both days inclusive) and the Company will not grant further options under the Pre-**[REDACTED]** Incentivization Scheme after the **[REDACTED]**. The exercise price of all the options granted under the Pre-**[REDACTED]** Incentivization Schemes is between US$0.001 and US$6.55 per share. No awards in the form of options under the Pre-**[REDACTED]** Incentivization Scheme shall be granted after the **[REDACTED]**.

(c) General

Application has been made to the Listing Committee for the **[REDACTED]** of and permission to **[REDACTED]** in the Shares to be issued pursuant to the Pre-**[REDACTED]** Incentivization Scheme.

(d) Senior Management and other employees of our Group

One member of the senior management, who is considered as connected person of our Group, and certain other employees are granted options under the Pre-**[REDACTED]** Incentivization Scheme to subscribe for an aggregation of **[REDACTED]** outstanding Shares, representing approximately **[REDACTED]**% of the issued share capital of our Company upon completion of the **[REDACTED]**, and assuming the **[REDACTED]** is not exercised and without taking into account any additional Shares to be issued pursuant to the Share Incentivization Schemes, Syracuse Holdback Shares and Juno Settlement Shares. The proposal to grant the options under the Pre-**[REDACTED]** Incentivization Scheme to the grantees as set out below has been approved by the Board.

Below is a list of our senior management of our Company who is a Grantee of the options under the Pre-**[REDACTED]** Incentivization Scheme. No option under the Pre-**[REDACTED]** Incentivization Scheme has been granted to other connected persons of the Company.

Name of Grantee	Position	Address	Exercise Price (US$/share)	Grant date	Vesting commencement date	Number of outstanding Shares under the options granted[(1)]	Approximate percentage of issued Shares immediately after completion of the [REDACTED][(2)]
Senior Management							
Dr. Su Yang	executive director[(3)]	Room 1204, No. 2, Lane 1, Xu Jia Hui Road, Shanghai, PRC	1	September 4, 2019	Between April 1, 2017 and July 1, 2019[(4)]	**[REDACTED]**	**[REDACTED]**
			0.001	June 30, 2020	between April 1, 2020 and July 1, 2020[(4)]	**[REDACTED]**	**[REDACTED]**
						[REDACTED]	**[REDACTED]**

Notes:

(1) The respective offer letter sets out the option period of 10 years for each corresponding grantee.

(2) These percentages are calculated on the basis of **[REDACTED]** Shares in issue immediately following completion of the **[REDACTED]** and assuming that the **[REDACTED]** is not exercised and without taking into account any additional Shares to be issued upon the exercise of the Share Incentivization Schemes, Syracuse Holdback Shares and Juno Settlement Shares.

(3) For the avoidance of doubt, despite the title as director, Dr. Su Yang is a member of the Company's senior management and not a member of the Board.

(4) Options granted generally vest over a four-year period. There are two types of vesting schedules: (i) with 30% of total options vesting on the second anniversary of the vesting commencement date and the remaining 30% and 40% shall vest on the third anniversary and fourth anniversary of the vesting commencement date, respectively; and (ii) with 25% of total options vesting on the first anniversary of the vesting commencement date and the remaining 25%, 25% and 25% shall vest on the second anniversary, third anniversary and fourth anniversary of the vesting commencement date, respectively.

Below is a list of Grantees of the option under the Pre-**[REDACTED]** Incentivization Scheme:

Exercise price (US$/share)	**Grant date**	**Vesting commencement date**	**Number of outstanding Shares under the options granted**	**Approximate percentage of issued Shares immediately after completion of the [REDACTED] (1)**
0.001	June 30, 2020	between July 1, 2019 and July 1, 2020	[2,484,410]	**[REDACTED]**
1	September 4, 2019	between April 1, 2016 and July 1, 2019	[3,260,050]	**[REDACTED]**
6.55	September 4, 2019	between April 1, 2018 and April 1, 2019	[396,850]	**[REDACTED]**

Notes:

(1) These percentages are calculated on the basis of **[REDACTED]** Shares in issue immediately following completion of the **[REDACTED]** and assuming that the **[REDACTED]** is not exercised and without taking into account any additional Shares to be issued upon the exercise of the Share Incentivization Schemes, Syracuse Holdback Shares and Juno Settlement Shares.

(2) Options granted generally vest over a four-year period. There are two types of vesting schedules: (i) with 30% of total options vesting on the second anniversary of the vesting commencement date and the remaining 30% and 40% shall vest on the third anniversary and fourth anniversary of the vesting commencement date, respectively; and (ii) with 25% of total options vesting on the first anniversary of the vesting commencement date and the remaining 25%, 25% and 25% shall vest on the second anniversary, third anniversary and fourth anniversary of the vesting commencement date, respectively.

(3) The respective offer letter sets out the option period of 10 years for each corresponding grantee.

Subject to any alterations set out under the Pre-**[REDACTED]** Incentivization Scheme in the event of any **[REDACTED]**, rights issue, open offer, sub-division, consolidation of shares, or reduction of capital of our Company that may take place after the **[REDACTED]**, the total number of shares subject to the options and RSUs granted under the Pre-**[REDACTED]** Incentivization Scheme and Restricted Share Unit Scheme shall be no more than **[REDACTED]** Shares, representing approximately **[REDACTED]** of the issued share capital of our Company immediately upon completion of the **[REDACTED]** (excluding any Share which may fall to be allotted and issued upon the exercise of the **[REDACTED]** or under the Pre-**[REDACTED]** Incentivization Scheme, Syracuse Holdback Shares and Juno Settlement Shares are not issued). As such, taking into account the Shares to be allotted and issued under the Pre-**[REDACTED]** Incentivization Scheme and Restricted Share Unit Scheme, the shareholding of our Shareholders immediately following completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and without taking into account any additional Shares which may be issued under the Share Incentivization Schemes, the Syracuse Holdback Shares and Juno Settlement Shares) will be diluted by approximately **[REDACTED]**%. The consequent impact on the earnings per ordinary Share for the years ended December 31, 2018 and 2019 and six months ended June 30, 2020 is nil, nil and nil, respectively, being the incremental impact to diluted earnings per share, since the options would not be included in the calculation of diluted earnings per share due to anti-dilution.

Waiver and Exemption

Our Company has applied for and has been granted (i) a waiver from the Stock Exchange from strict compliance with the disclosure requirements under Rule 17.02(1)(b) and paragraph 27 of Appendix 1A to the Listing Rules; and (ii) an exemption from the SFC from strict compliance with the disclosure requirements of paragraph 10(d) of Part I of the Third Schedule to the Companies Ordinance. For further details, please see the section headed "Waiver from Strict Compliance with the Listing Rules and Exemptions from Compliance with the Companies (Winding up and Miscellaneous Provisions) Ordinance" in this document.

2. Restricted Share Unit Scheme

In order to attract, retain and motivate employees, Directors and such other eligible persons and to provide a means of compensating them through the grant of RSUs for their contribution to the growth and profits of the Group, and to allow such employees, directors and other persons to participate in the growth and profitability of the Group, our Company adopted the Restricted Share Unit Scheme on September 4, 2019. The terms of the Restricted Share Unit Scheme are not subject to the provisions of Chapter 17 of the Listing Rules.

The following is a summary of the principal terms of the Restricted Share Unit Scheme.

(a) Summary of terms

Duration. Subject to the termination provisions under the Restricted Share Unit Scheme, the Restricted Share Unit Scheme shall be valid and effective for a period of ten years commencing on the adoption date, after which period no further RSUs will be granted, but the provisions thereof shall in all other respects remain in full force and effect and the RSUs shall be settled in accordance with the terms upon which the RSUs are granted.

Administration. The Restricted Share Unit Scheme shall be subject to the administration of the Board or a duly authorized committee thereof (the "**RSU Administrator**") and the decision of the RSU Administrator shall be final and binding on all parties thereto. The RSU Administrator shall have the right (i) to interpret and construe the provisions of the Restricted Share Unit Scheme, (ii) to determine the persons who will be granted awards of RSUs under the scheme, the number and other terms in relation to the awards granted thereto, (iii) to make such appropriate and equitable adjustments to the terms of awards granted under the Restricted Share Unit Scheme as it deems necessary, and (iv) to make such other decisions or determinations as it shall deem appropriate in the administration of the Restricted Share Unit Scheme.

Award Agreement. Each award granted under the Restricted Share Unit Scheme shall be evidenced by an award agreement between the Company and a participant.

Types of awards. The Restricted Share Unit Scheme provides for awards of RSUs. Each award agreement will contain such terms, conditions, and restrictions related to the grant, including the numbers of RSUs. A RSU may be earned upon the attainment of the applicable vesting criteria (e.g. achievement of Company-wide, business unit, or individual goals) or otherwise as the RSU Administrator may determine. A RSU may be settled in cash, Shares or a combination of both.

Payment. At the time of grant of RSUs, the RSU Administrator will determine the consideration, if any, to be paid by the grantee upon delivery of each share subject to the RSUs. The consideration to be paid (if any) by the grantee for each share subject to an RSU shall be set forth in the award agreement for such RSUs and may be paid in any form of legal consideration that may be acceptable to the RSU Administrator, in its sole discretion, and permissible under applicable laws.

Rights are personal to the grantee. Unless otherwise determined by the RSU Administrator or provide in an award agreement, a RSU shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any third party over or in relation to any RSU, except for the transmission of an award on the death or incapacitation of the grantee to his personal representative(s) by will or by laws of descent and distribution.

Maximum number of Shares.

(i) The maximum number of Shares in respect of which awards may be granted under the Pre-**[REDACTED]** Incentivization Scheme and the Restricted Share Unit Scheme shall not, in aggregate exceed **[REDACTED]** Shares.

(ii) The maximum number of Shares referred to in paragraph (i) will be adjusted in the event of any alteration in the capital structure of the Company whether by way of capitalization of profits or reserves, rights issue or other similar offer of securities to holders of Shares, consolidation, sub-division or reduction of the share capital of the Company or otherwise howsoever.

Right of Forfeiture. Upon the circumstances set forth in an award agreement, the applicable unvested RSUs will be forfeited to the Company automatically. Any RSUs cancelled at the RSU Administrator's discretion or cancelled due to breach of non-transferability will be forfeited to the Company automatically upon the cancellation.

Dissolution or Liquidation. In the event of a proposed dissolution or liquidation of the Company, to the extent a RSU granted has not been previously earned or vested, a RSU granted will terminate immediately prior to the commencement of such proposed action.

Reorganization of Capital Structure. In the event of any alteration in the capital structure of the Company, whether by way of capitalization of profits or reserves, rights issue, or other similar offer of securities to holders of Shares, consolidation, sub-division or reduction or similar reorganization of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), such corresponding alterations (if

any) shall be made by the RSU Administrator at its sole discretion in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Share Incentivization Schemes to the number and class of shares that may be delivered under the Share Incentivization Schemes and/or the number, class and price of shares covered by each outstanding award, provided that the a Grantee shall be given the same proportion of the issued share capital of the Company as that to which such person was previously entitled, but so that no such adjustment be made to the extent that a share would be issued at less than its nominal value.

Change in Control. In the event of a merger of the Company with or into another corporation or other entity or a Change in Control, each outstanding award will be treated as the Administrator determines including, without limitation, that:

(i) each award will be assumed or substituted by a substantially equivalent award of the acquiring or succeeding corporation;

(ii) upon written notice to a grantee, that such grantee's awards will terminate upon or immediately prior to the consummation of such merger or Change in Control;

(iii) outstanding award will vest and become realizable, or payable, or restrictions applicable to an award will lapse, in whole or in part prior to or upon consummation of such merger or Change in Control, and, to the extent the RSU Administrator determines, terminate upon or immediately prior to the effectiveness of such merger or Change in Control;

(iv) (A) the termination of an award in exchange for an amount of cash and/or property, if any, equal to the amount that would have been attained upon the settlement or payout of such award or realization of the grantee's rights as of the date of the occurrence of the transaction, or (B) the replacement of such award with other rights or property selected by the RSU Administrator in its sole discretion; or

(v) any combination of the foregoing.

Any award which is neither assumed or substituted for by the successor corporation in connection with the Change in Control, all award shall be fully vested and all restrictions on RSUs will lapse.

For the above purpose, a "Change in Control" means the occurrence of any of the following events: (i) any one person, or more than one person acting as a group, acquires ownership of the Shares of the Company that constitutes more than 50% of the total voting power of the Shares of the Company; or (ii) a majority of members of the RSU Administrator is replaced during any

12-month period by Directors whose appointment or election is not endorsed by a majority of the members of the RSU Administrator prior to the date of the appointment or election; or (iii) any person acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions.

(b) Restrictions on grants

The Board or the RSU Administrator shall not grant any RSUs to any selected person in any of the following circumstances:

(1) after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced by the Company in accordance with the requirements of the Listing Rules. In particular, during the period commencing one month immediately proceeding the earlier of:

   (i) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules).

(2) if any RSU is proposed to be granted to a Director, it shall not be granted on any day on which the financial results of the Company are published and during the period of:

   (i) 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

   (ii) 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(3) Grants to Connected Persons

Any grant of an award to any Director, chief executive of the Company or Substantial Shareholder, any of their respective associates, or any other connected person, shall be subject to the prior approval of the independent non-executive Directors (excluding the independent non-executive Directors who is the proposed grantee of such RSUs) and shall otherwise be subject to compliance with the requirements of the Listing Rules.

(c) Appointment of Computershare Hong Kong Trustees Limited (the "Trustee")

On [•], 2020, the Company entered into a trust deed with the Trustee, an Independent Third Party, pursuant to which the Trustee has agreed to act as the trustee to administer the Restricted Share Unit Scheme and to hold certain Shares underlying the RSUs granted under the Restricted Share Unit Scheme. On [•], 2020, the Company allotted and issued [1,500,000] Shares, representing [1,500,000] Shares underlying the awards granted under the Restricted Share Unit Scheme, to the Trustee so to set aside a pool of Shares to satisfy the awards granted under the Restricted Share Unit Scheme. No further Shares will be allotted and issued to the Trustee for the purpose of the Restricted Share Unit Scheme (other than pursuant to **[REDACTED]**, rights issue, sub-division or consolidation of shares in accordance with the Restricted Share Unit Scheme), and no further award under the Restricted Share Unit Scheme will be granted after **[REDACTED]**.

The Trustee will not exercise any voting right in respect of the RSUs, and a grantee is not entitled to any non-scrip dividend in respect of the RSUs, unless and until such Shares are released to the grantee upon vesting of the awards. All non-scrip dividend obtained by the Trustee in respect of the RSUs shall be held by the Trustee and dealt with in accordance with the Company's instructions. All scrip dividend obtained by the Trustee in respect of the RSUs Shares shall be held on trust by the Trustee for the benefit of the grantees.

Upon termination or expiry of the Restricted Share Unit Scheme, any RSUs remained under the trust for which awards have lapsed or been terminated in accordance with the Restricted Share Unit Scheme shall be sold on market by the Trustee or dealt with in accordance with the Company's instructions, and any net proceeds from such sale shall be remitted to the Company. The RSUs held by the Trustee which have not yet been released to the grantees pursuant to any exercise of options or vesting of the awards will not be counted towards the public float.

Notwithstanding the above, any grant of RSUs to a Director as part of such Director's remuneration under his/her service contract with the Company shall be exempted from reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.31(6) of the Listing Rules.

(d) Outstanding RSUs

As at the Latest Practicable Date, the aggregate number of underlying Shares pursuant to the outstanding RSUs granted under the Restricted Share Unit Scheme is **[REDACTED]** Shares, representing approximately **[REDACTED]**% of the total issued Shares immediately following the completion of the **[REDACTED]**, assuming the **[REDACTED]** is not exercised, no additional Shares are issued pursuant to the Share Incentivization Schemes and Syracuse Holdback Shares and Juno Settlement Shares are not issued.

(e) General

Application has been made to the Listing Committee for the **[REDACTED]** of and permission to **[REDACTED]** in the Shares to be issued pursuant to the Restricted Share Unit Scheme.

The Company will issue announcements according to applicable Listing Rules, disclosing particulars of any RSUs granted under the Restricted Share Unit Scheme, including the date of grant, number of Shares involved, the vesting period and comply with Chapter 14A of the Listing Rules. Details of the Restricted Share Unit Scheme, including particulars and movements of the RSUs granted during each financial year of our Company, and our employee costs arising from the grant of the RSUs will be disclosed in our annual report.

(f) Directors, senior management, connected persons of our Group and other management and employees

Our Directors and senior management, who are considered connected persons of our Group and other management and employees, are granted outstanding RSUs under the Restricted Share Unit Scheme to subscribe for an aggregation of **[REDACTED]** outstanding Shares, representing approximately **[REDACTED]**% of the issued share capital of our Company upon completion of the **[REDACTED]**, and assuming the **[REDACTED]** is not exercised and without taking into account any additional Shares to be issued pursuant to the Share Incentivization Schemes and Syracuse Holdback Shares and Juno Settlement Shares. The proposal to grant the RSUs under the Restricted Share Unit Scheme to the grantees as set out below has been approved by the Board.

Below is a list of grantees of the RSUs under the Restricted Share Unit Scheme:

Name of Grantee	Number of outstanding Shares underlying RSUs granted	Approximate percentage of issued Shares immediately after completion of the [REDACTED][(1)]
Director		
Dr. Li	**[REDACTED]**	**[REDACTED]**
Senior Management[(2)]	**[REDACTED]**	**[REDACTED]**
Other employees	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	**[REDACTED]**

Notes:

(1) These percentages are calculated on the basis of **[REDACTED]** Shares in issue immediately following completion of the **[REDACTED]** and assuming that the **[REDACTED]** is not exercised and without taking into account any additional Shares to be issued upon the exercise of the Share Incentivization Schemes and Syracuse Holdback Shares and Juno Settlement Shares are not issued.

(2) Senior management members consist of Dr. Lapyuen Harry Lam, Dr. Hongxia Zheng and Mr. Wenjun Sun.

(3) This figure underlines the aggregate number of outstanding Shares underlying the RSUs granted to the senior management of our Company.

(4) This figure underlines the aggregate number of outstanding Shares underlying the RSUs granted to other employees of our Company.

The following table summarizes the number of underlying Shares of the RSUs granted under the Restricted Share Unit Scheme:

	Number of underlying Shares
Outstanding RSUs granted to the Directors and members of the senior management	[17,739,770]
Outstanding RSUs granted to other grantees other than the Directors and members of the senior management	[3,798,520]
Total	**[21,538,290]**

3. Post-[REDACTED] Incentivization Scheme

The following is a summary of the principal terms of the Post-**[REDACTED]** Incentivization Scheme conditionally adopted by the resolutions in writing of all our Shareholders passed on [•], 2020 and its implementation is conditional on the **[REDACTED]**.

(a) Purpose

The purpose of the Post-**[REDACTED]** Incentivization Scheme is to enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group. Our Directors consider the Post-**[REDACTED]** Incentivization Scheme, with its broadened basis of participation, will enable our Group to reward our employees, our Directors and other selected participants for their contributions to our Group. Given that our Directors are entitled to determine the performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by our Directors, it is expected that grantees of an option will make an effort to contribute to the development of our Group so as to bring about an increased market price of the Shares in order to capitalize on the benefits of the options granted.

(b) Who may join

Our Directors (which expression shall, for the purpose of this paragraph, include a duly authorized committee thereof) may, at their absolute discretion, invite any person belonging to any of the following classes of participants, who our Board considers, in its sole discretion, have contributed or will contribute to our Group, to take up options to subscribe for Shares:

(i) any directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of any member of our Group; and

(ii) any advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of our Group.

(together, the "**Eligible Persons**" and each an "**Eligible Person**")

For the purposes of the Post-**[REDACTED]** Incentivization Scheme, the options may be granted to any company wholly-owned by one or more persons belonging to any of these classes of participants. For the avoidance of doubt, the grant of any options by our Company for the subscription of Shares or other securities of our Group to any person who falls within any of these classes of participants shall not, by itself, unless our Directors otherwise so determine, be construed as a grant of option under the Post-**[REDACTED]** Incentivization Scheme.

The eligibility of any of these class of participants to the grant of any option shall be determined by our Directors from time to time on the basis of our Directors' opinion as to the participant's contribution to the development and growth of our Group.

(c) Maximum number of Shares

The maximum number of Shares to be issued upon exercise of all options which may be granted under the Post-**[REDACTED]** Incentivization Scheme (and under any other share option schemes) shall not in aggregate exceed 10% of the Shares in issue immediately after completion of the **[REDACTED]** and as of the **[REDACTED]** (the "**Scheme Mandate Limit**") (assuming the **[REDACTED]** is not exercised. without taking into account any additional Shares to be issued upon the exercise of the Share Incentivization Schemes and Syracuse Holdback Shares and Juno Settlement Shares, the maximum number of Shares upon exercise of all Post-**[REDACTED]** Share Options shall be **[REDACTED]** Shares), provided that our Company may at any time as our Board may think fit seek approval from our Shareholders to refresh the scheme mandate limit, except that the maximum number of Shares to be issued upon exercise of all options which may be granted under the Post-**[REDACTED]** Incentivization Scheme (and under any other share option schemes

of our Company) shall not exceed 10% of the Shares in issue as of the date of approval by our Shareholders in general meeting where such limit is refreshed. Options previously granted under the Post-**[REDACTED]** Incentivization Scheme and any other share option schemes (including those outstanding, canceled, and lapsed in accordance with the terms of the Post-**[REDACTED]** Incentivization Scheme or any other share option schemes or exercised options under the said schemes of the Company) shall not be counted for the purpose of calculating the limit as refreshed. Our Company shall send a circular containing the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules to our Shareholders. In addition, our Company may seek separate approval from our Shareholders in general meeting for granting options beyond the scheme mandate limit, provided that the options in excess of the Scheme Mandate Limit are granted only to the Eligible Persons specified by our Company before such approval is sought and for whom specific approval is obtained. Our Company shall issue a circular to our Shareholders containing the information required under Rule 17.03(3) of the Listing Rules.

Notwithstanding the preceding paragraph, the maximum number of Shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-**[REDACTED]** Incentivization Scheme (and under any other share option schemes of our Company) shall not exceed 30% of the Shares in issue from time to time.

(d) Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Post-**[REDACTED]** Incentivization Scheme and any other share option scheme of our Company (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being (the "**Individual Limit**"). Any further grant of options in aggregate in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to our Shareholders and our Shareholders' approval in general meeting of our Company with such participant and his close associates (or his associates if the participant is a connected person) abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before Shareholders' approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

(e) Grant of options to connected persons

(i) Any grant of options under the Post-**[REDACTED]** Incentivization Scheme to a director, chief executive or substantial shareholder of our Company or any of their respective associates must be approved by our independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the options).

(ii) Where any grant of options to a substantial Shareholder of our Company or an independent non-executive Director or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

1. representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and

2. having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet the date of the offer of grant, in excess of HK$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange);

such further grant of options must be approved by our Shareholders in a general meeting. Our Company must send a circular to its Shareholders. The grantee, his associates and all core connected persons of our Company must abstain from voting in favor of the relevant resolution at such general meeting. Any vote taken at the general meeting to approve the grant of such options must be taken on a poll. Any change in the terms of options granted to a substantial shareholder or an independent non-executive Director or any of their respective associates must be approved by our Shareholders in a general meeting.

(f) Time of acceptance and exercise of option

An option may be accepted by a participant within 5 Business Days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the Post-**[REDACTED]** Incentivization Scheme at any time during a period to be determined and notified by our Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions

for early termination under the Post-**[REDACTED]** Incentivization Scheme. Unless otherwise determined by our Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Post-**[REDACTED]** Incentivization Scheme for the holding of an option before it can be exercised.

(g) Performance targets

Unless our Directors otherwise determine and state in the offer of the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the Post-**[REDACTED]** Incentivization Scheme can be exercised.

(h) Subscription price for Shares and consideration for the option

The subscription price per Share under the Post-**[REDACTED]** Incentivization Scheme will be a price determined by our Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a Business Day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five Business Days immediately preceding the date of the offer of grant (provided that in the event that any option is proposed to be granted within a period of less than five Business Days after the trading of the Shares first commences on the Stock Exchange, the new issue price of the Shares for the **[REDACTED]** shall be used as the closing price for any Business Day falling within the period before **[REDACTED]**); and (iii) the nominal value of a Share on the date of grant.

A nominal consideration of HK$1.00 is payable upon acceptance of the grant of an option.

(i) Ranking of Shares

(i) Shares allotted and issued upon the exercise of an option will be identical to the then existing issued shares of our Company and subject to all the provisions of the Memorandum of Association and Articles of Association and will rank pari passu in all respects with the fully paid Shares in issue on the date the name of the grantee is registered on the register of members of our Company or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members ("**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an option shall not carry voting rights or rights to participate in any dividends or distributions (including those arising

on a liquidation of our Company) declared or recommended or resolved to be paid to the Shareholders on the register until the completion of the registration of the grantee on the register of members of our Company as the holder thereof.

(ii) Unless the context otherwise requires, references to "Shares" in this paragraph include references to shares in the ordinary equity share capital of our Company of such nominal amount as shall result from a subdivision, consolidation, re-classification or reconstruction of the share capital of our Company from time to time.

(j) Restrictions on the time of grant of options

No offer for grant of options shall be made after inside information has come to our Company's knowledge until it has announced the information in accordance with the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (a) the date of the meeting of our Directors (as such date is first notified to the Stock Exchange in accordance with the requirements of the Listing Rules) for the approval of our Company's results for any year, half-year, quarter or any other interim period (whether or not required under the Listing Rules); and (b) the last date on which our Company must publish its announcement of its results for any year, half-year, quarter or any other interim period (whether or not required under the Listing Rules), and ending on the date of the announcement of the results, no offer for grant of options may be made.

Our Directors may not grant any option to a participant who is a Director during the period or time in which Directors are prohibited from dealing in shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

(k) Period of the Post-*[REDACTED] *Incentivization Scheme

The Post-**[REDACTED]** Incentivization Scheme will remain in force for a period of 10 years commencing on the date on which the Post-**[REDACTED]** Incentivization Scheme is adopted.

(l) Rights are personal to the grantee

An option is personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest in favor of or enter into any agreement with any other person over or in relation to any option, except for the transmission of an option on the death of the grantee to his personal representative(s) on the terms of the Post-**[REDACTED]** Incentivization Scheme.

(m) Rights on ceasing employment

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than death, or for serious misconduct or other grounds referred to in sub-paragraph (o) below before exercising his option in full, the option (to the extent not already exercised) will lapse on the date of cessation and will not be exercisable unless our Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as our Directors may determine following the date of such cessation, which will be taken to be the last day on which the grantee was physically at work with our Group whether salary is paid in lieu of notice or not.

(n) Rights on death

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of his death, before exercising the option in full, his personal representative(s), or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of death of the grantee.

(o) Rights on dismissal

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason that he has been guilty of serious misconduct or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the grantee or our Group into disrepute) or on any other ground on which an employer would be entitled to terminate his or her employment summarily, his option will lapse automatically and will not be exercisable on or after the date of ceasing to be an Eligible Employee.

(p) Rights on a general offer, a compromise or arrangement

If a general offer by way of takeover or otherwise (other than by way of scheme of arrangement) is made to our Shareholders (other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant option, our Company shall forthwith give notice thereof to the grantee and the grantee shall be entitled to exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company, at any time within such period as shall be notified by our Company.

If a general offer for Shares by way of scheme of arrangement is made to our Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, our Company shall forthwith give notice thereof to the grantee and the grantee may at any time thereafter (but before such time as shall be notified by our Company) exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company.

(q) Rights on winding up

In the event a notice is given by our Company to our Shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to the grantee and the grantee (or in the case of the death of the grantee, his personal representatives(s)) may at any time within such period as shall be notified by our Company, subject to the provisions of all applicable laws, exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company, and our Company shall as soon as possible and in any event no later than three days prior to the date of the proposed general meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such option.

(r) Adjustments to the subscription price

In the event of a **[REDACTED]**, rights issue, subdivision or consolidation of Shares or reduction of capital of our Company whilst an option remains exercisable, such corresponding adjustment (if any) certified by the auditors for the time being of or an independent financial advisor to our Company as fair and reasonable will be made to (a) the number or nominal amount of Shares to which the Post-**[REDACTED]** Incentivization Scheme or any option relates, so far as unexercised, and/or (b) the subscription price of the option concerned, and/or (c) the method of exercise of the Option, provided that (i) any adjustments shall give a grantee the same proportion of the issued share capital to which he was entitled prior to such alteration; (ii) the issue of Shares or other securities of our Group as consideration in a transaction may not be regarded as a circumstance requiring adjustment; and (iii) no adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. In addition, in respect of any such adjustments, other than any adjustment made on a **[REDACTED]**, such auditors or independent financial advisor must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules and such other applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Stock Exchange (including, but not limited to, the "Supplementary Guidance on Main Board Listing Rule 17.03(13) and the Note immediately after the Rule" attached to the letter from the Stock Exchange dated September 5, 2005 to all issuers relating to Post-**[REDACTED]** Incentivization Schemes).

(s) Cancellation of options

Any options granted but not exercised may be cancelled if the grantee so agrees. Issuance of new options to the same grantee may only be made if there are unissued options available under the Post-**[REDACTED]** Incentivization Scheme (excluding the cancelled options) and in compliance with the terms of the Post-**[REDACTED]** Incentivization Scheme.

*(t) Termination of the Post-***[REDACTED]** *Incentivization Scheme*

Our Company may by ordinary resolution in a general meeting at any time resolve to terminate the Post-**[REDACTED]** Incentivization Scheme prior to the expiry of the Post-**[REDACTED]** Incentivization Scheme and in such event no further options shall be offered or granted but in all other respects the provisions of the Post-**[REDACTED]** Incentivization Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the Post-**[REDACTED]** Incentivization Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Post-**[REDACTED]** Incentivization Scheme.

(u) Lapse of option

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

(i) the expiry of the period referred to in sub-paragraph (f);

(ii) the expiry of the periods or dates referred to in sub-paragraphs (m), (n), (o), (p) and (q);

(iii) the date on which the grantee commits a breach of the provision which restricts the grantee to transfer or assign an option granted under the Post-**[REDACTED]** Incentivization Scheme or sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest in favor of or enter into any agreement with any other person over or in relation to any option except for the transmission of an Option on the death of the Grantee to his personal representative(s) on the terms of this Scheme;

(iv) the date on which the grantee (being an employee or a director of any member of our Group) ceases to be a participant of the Post-**[REDACTED]** Incentivization Scheme by reason of the termination of his or her employment or engagement on the grounds that he or she has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his or her debts or has become bankrupt or has made any arrangement or composition with his or her creditors

generally, or has been convicted of any criminal offence involving his or her integrity or honesty or on any other ground on which an employer would be entitled to terminate his or her employment summarily;

(v) the date on which the grantee joins a company which the board believes in its sole and reasonable opinion to be a competitor of our Company;

(vi) the date on which the grantee (being a corporation) appears either to be unable to pay or to have no reasonable prospect of being able to pay its debts or has become insolvent or has made any arrangement or composition with its creditors generally; and

(vii) unless our Board otherwise determines, and other than in the circumstances referred to in sub-paragraphs (m) or (n), the date the Grantee ceases to be a Participant (as determined by a Board resolution) for any other reason.

(v) Others

(i) The Post-**[REDACTED]** Incentivization Scheme is conditional on the Listing Committee granting or agreeing to grant approval of (subject to such condition as the Stock Exchange may impose) the **[REDACTED]** of and permission to **[REDACTED]** in such number of Shares to be issued pursuant to the exercise of any options which may be granted under the Post-**[REDACTED]** Incentivization Scheme, such number representing the General Scheme Limit. Application has been made to the Listing Committee for the **[REDACTED]** of and permission to **[REDACTED]** in the Shares to be issued within the General Scheme Limit pursuant to the exercise of any options which may be granted under the Post-**[REDACTED]** Incentivization Scheme.

(ii) The terms and conditions of the Post-**[REDACTED]** Incentivization Scheme relating to the matters set forth in Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees of the options except with the approval of our Shareholders in a general meeting.

(iii) Any alterations to the terms and conditions of the Post-**[REDACTED]** Incentivization Scheme which are of a material nature or any change to the terms of options granted must be approved by our Shareholders in a general meeting and the Stock Exchange, except where the alterations take effect automatically under the existing terms of the Post-**[REDACTED]** Incentivization Scheme.

(iv) The amended terms of the Post-**[REDACTED]** Incentivization Scheme or the options shall comply with the relevant requirements of Chapter 17 of the Listing Rules.

(v) Any change to the authority of our Directors or the scheme administrators in relation to any alteration to the terms of the Post-**[REDACTED]** Incentivization Scheme shall be approved by our Shareholders in a general meeting.

(w) Value of options

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Post-**[REDACTED]** Incentivization Scheme as if they had been granted as of the Latest Practicable Date. Any such valuation will have to be made on the basis of a certain option pricing model or other method that depends on various assumptions including the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. Our Directors believe that any calculation of the value of options granted as of the Latest Practicable Date would be based on a number of speculative assumptions that are not meaningful and would be misleading to **[REDACTED]**.

(x) Grant of options

As of the date of this document, no options have been granted or agreed to be granted under the Post-**[REDACTED]** Incentivization Scheme.

Application [has been made] to the Listing Committee for the **[REDACTED]** of, and permission to **[REDACTED]**, the Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Post-**[REDACTED]** Incentivization Scheme.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

Save as disclosed in the section headed "Risk Factors" in this document and so far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee for the **[REDACTED]** of, and permission to **[REDACTED]**, the Shares in issue (including the Shares or conversion of Preferred Shares) and to be issued pursuant to (i) the **[REDACTED]**; (ii) the **[REDACTED]**; (iii) the Share Incentivization Schemes; (iv) Syracuse Holdback Shares and (v) Juno Settlement Shares.

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. Pursuant to the engagement letter entered into between the Company and the Joint Sponsors, each of the Joint Sponsors will receive a fee of US$500,000 for acting as the sponsor for the **[REDACTED]**.

4. Consents of Experts

The following experts have each given and have not withdrawn their respective written consents to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

Name	Qualification
Goldman Sachs (Asia) L.L.C.	A licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts, Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
UBS Securities Hong Kong Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities under the SFO
PricewaterhouseCoopers	Certified Public Accountants under the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under the Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)

Name	Qualification
Tian Yuan Law Firm	Legal advisor to the Company as to PRC law
Maples and Calder (Hong Kong) LLP	Legal advisor to the Company as to Cayman Islands law
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry Consultant

As at the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries 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.

5. Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, 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.

6. 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).

7. Preliminary expenses

We have not incurred any material preliminary expense.

8. Other Disclaimers

(a) Save as disclosed in the sections headed "Financial Information" and "**[REDACTED]**" in this document, within the two years immediately preceding the date of this document:

(i) no share or loan capital or debenture of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partly paid other than in cash or otherwise;

(ii) no share 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; and

(iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries.

(b) Save as disclosed in the sections headed "Financial Information", "**[REDACTED]**" and "Risk Factors" in this document:

(i) there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;

(ii) no share or loan capital or debenture of our Company of any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and

(iii) 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 by our Company for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in or debentures of our Company or any of our subsidiaries.

(c) Save as disclosed in "— Further Information about our Business — Summary of Material Contracts" in this section, none of our Directors or proposed Directors or experts (as named in this document), have any interest, direct or indirect, in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group.

(d) We do not have any promoters. No cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the **[REDACTED]** and the related transactions described in this document within the two years immediately preceding the date of this document.

(e) There is no restriction affecting the remittance of profits or repatriation of capital of our Company into Hong Kong from outside Hong Kong.

(f) There is no arrangement under which future dividends are waived or agreed to be waived.

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were (i) copies of the **[REDACTED]**, **[REDACTED]** and **[REDACTED]**, (ii) the written consents referred to in the section headed "Appendix V — Consents of experts" to this document, and (iii) copies of each of the material contracts referred to in the section headed "Appendix V — Summary of material contracts" to this document.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Fangda Partners at 26/F, One Exchange Square, 8 Connaught Place, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this document:

(a) our Memorandum and Articles of Association;

(b) the Cayman Companies Law;

(c) the Accountants' Report and the report on the unaudited **[REDACTED]** financial information of our Group prepared by PricewaterhouseCoopers, the texts of which are set out in Appendices I and II to this document;

(d) the audited consolidated financial information of our Company for the two financial years ended December 31, 2018 and 2019 and the six months ended June 30, 2020;

(e) the audited consolidated financial information of our Syracuse Biopharma (Hong Kong) Limited for the two financial years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, the text of which is set out in Appendix III to this propspectus;

(f) the legal opinions issued by Tian Yuan Law Firm, our PRC Legal Advisor, in respect of certain aspects of the Group and the property interests of our Group;

(g) the letter of advice prepared by Maples and Calder (Hong Kong) LLP, our legal advisor on Cayman Islands law, summarizing certain aspects of the Cayman Companies Law referred to in Appendix IV to this document;

(h) the industry report prepared by Frost & Sullivan referred to in the section headed "Industry Overview" in this document;

(i) the material contracts referred to under the section headed "Appendix V — Statutory and General Information — Further Information about Our Business — Summary of Material Contracts" to this document;

(j) the service contracts and the letters of appointment with our Directors referred to in "Statutory and General Information — Further Information about our Directors — Particulars of Directors' Service Contracts and Appointment Letters" in Appendix V to this document;

(k) the written consents referred to under the paragraph headed "Statutory and General Information — Consents of Experts" in Appendix V to this document; and

(l) the terms of the Pre-**[REDACTED]** Incentivization Scheme and a list of all the grantees under the Pre-**[REDACTED]** Incentivization Scheme, containing all details as required under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance.