The information and statistics set out in this section and other sections of this prospectus were extracted from different official government publications, available sources from public market research and other sources from independent suppliers. In addition, we engaged Frost & Sullivan for preparing the Frost & Sullivan Report, an independent industry report in respect of the Global Offering. We believe that the sources of the information in this section and other sections of this prospectus 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 or that any fact has been omitted that would render such information false or misleading. The information from official and non-official sources has not been independently verified by us, the Joint Global Coordinators, Joint Sponsors, Joint Bookrunners, Joint Lead Managers, any of the Underwriters, any of their respective directors and advisers, or any other persons or parties involved in the Global Offering, 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. Our Directors confirm that, after making reasonable enquiries, there is no adverse change in the market information since the date of the Frost & Sullivan Report that would qualify, contradict or have a material impact on the information in this section.

SOURCE OF INFORMATION

In connection with the Global Offering, we have engaged Frost & Sullivan to conduct a detailed analysis and prepare an industry report on the worldwide biologics market. Frost & Sullivan is an independent global market research and consulting company which was founded in 1961 and is based in the United States. Services provided by Frost & Sullivan include market assessments, competitive benchmarking, and strategic and market planning for a variety of industries. We incurred a total of RMB750,000 in fees and expenses for the preparation of the Frost & Sullivan Report. The payment of such amount was not contingent upon our successful Listing or on the results of the Frost & Sullivan Report. Except for the Frost & Sullivan Report, we did not commission any other industry report in connection with the Global Offering.

We have included certain information from the Frost & Sullivan Report in this prospectus because we believe such information facilitates an understanding of the biologics market for potential investors. 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.

OVERVIEW OF THE BIOLOGICS MARKET

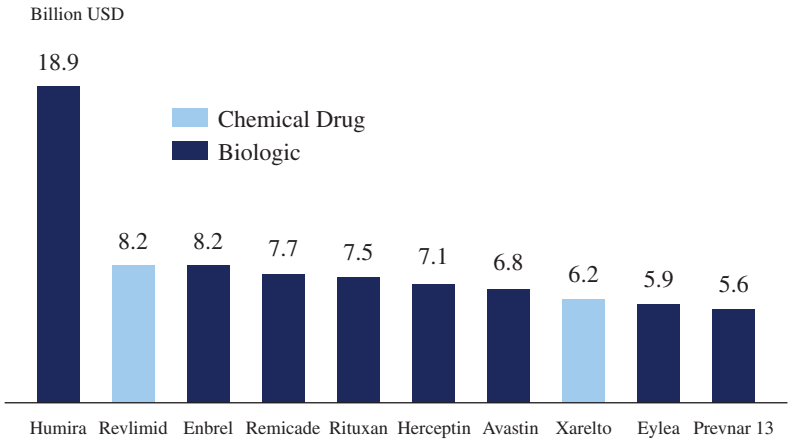
Biologics

Biologics are a subset of pharmaceuticals and include a wide range of products such as monoclonal antibodies, or mAbs, recombinant therapeutic proteins, vaccines, blood and blood components, cell therapy and gene therapy.

Biologics have benefited from groundbreaking progress in genetics, molecular biology and biochemistry over the past three decades and are revolutionizing the treatment of diseases in many major therapeutic areas globally. As a result, the biopharmaceutical industry has become an increasingly important segment of the pharmaceutical industry. Advances in recombinant DNA technologies have facilitated the large-scale manufacturing of biologics products, such as mAbs and fusion proteins. In addition, improvements in analytical technologies have enabled improved characterization of biologics which allow for the screening and identification of novel biologics with complex structures and various therapeutic functions.

Biologic drugs are currently the top-selling pharmaceutical products in the world. Among the ten top-selling drugs in 2017, eight are biologics. The total sales revenue of these eight biologics was US$67.8 billion, accounting for 82.5% of the aggregated sales revenue of the ten top-selling drugs in 2017.

Global Ten Top-Selling Drugs in Terms of Sales Revenue, 2017

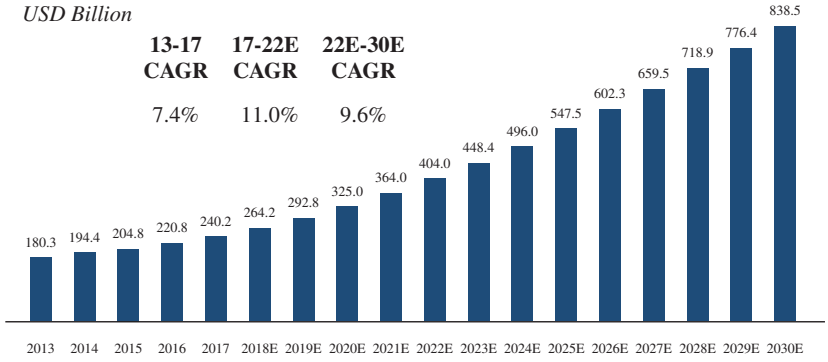


Source: Frost & Sullivan

Overview of the Global Biologics Market

The global biologics market grew at a CAGR of 7.4% from US$180.3 billion in terms of sales revenue in 2013 to US$240.2 billion in 2017. This trend is expected to continue in the coming years with the global biologics market expected to reach US$404.0 billion in 2022 at a CAGR of 11.0% from 2017 to 2022 and further reach US$838.5 billion in 2030 at a CAGR of 9.6% from 2022 to 2030, in terms of sales revenue. The following diagram illustrates the market size of the global biologics market from 2013 to 2017 and the estimated market size from 2018 to 2030.

Market Size of Global Biologics Market (2013-2030E)



Source: Frost & Sullivan

Monoclonal Antibodies

Monoclonal antibodies, including mono-specifics and bi-specifics, and fusion proteins, have similar mechanisms of actions but different structures. By binding to the ligand or receptor that is expressed on the cell surface, both monoclonal antibodies and fusion proteins inhibit the binding between the ligand and its specific receptor, block the target signaling pathway and prevent downstream effects, such as activation of inflammatory cascade.

Rather than binding to only one target as mono-specifics do, bi-specific antibodies simultaneously bind to two targets. By doing so, bi-specific antibodies can modulate two signaling pathways, bring two types of cells into close proximity and/or target the bi-specifics to specific cells.

Category	Structure	Example
Fusion protein		Etanercept, Aflibercept
Monoclonal Antibody		Nivolumab, Adalimumab, Rituximab
Bi-specific Antibody		Blinatumomab, Catumaxomab

Source: Frost & Sullivan

The table below sets forth a comprehensive comparison of monoclonal antibodies and bi-specific antibodies:

Comprehensive Comparison of Monoclonal Antibodies and Bi-specific Antibodies

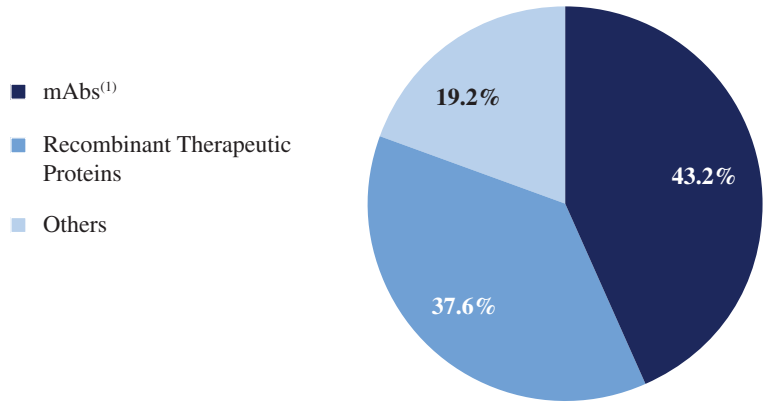
Properties	Monoclonal Antibodies	Bi-specific Antibodies
1. Therapeutic areas	• Widely used in a number of therapeutic areas, such as cancer, metabolic disease, ophthalmology, autoimmunity, with proven clinical treatment value	• Great efficacy for non-solid tumor • Developing treatment for ophthalmology, autoimmunity and cardiovascular disease
2. Benefits and limitations of mono-therapy and combination therapy	• Used both as a mono-therapy and a combination therapy • Benefits: Large number of evidence medicine supports • Limitations: higher possibility for drug tolerance due to single target	• Used both as a mono-therapy and a combination therapy • Benefits: low possibility for drug tolerance due to compensatory dual targets • Limitations: both clinical use and related technology are in early stage

Properties	Monoclonal Antibodies	Bi-specific Antibodies
3. Manufacturing hurdles and safeguards	• The manufacturing process primarily includes building expression system and cell bank, filling, cell culture and purification • The manufacturing system for monoclonal antibodies is more mature as compared to that for bi-specific antibodies	• The manufacturing system for bi-specific antibodies is still developing. There are over 60 new platforms which are exploring new manufacturing pathways of bi-specific. Compared with monoclonal antibodies, manufacturing for bi-specific needs more modification in either expression system or antibodies. Currently, there are only two commercial products of bi-specific antibodies, namely Removab and Blincyto, and thus, there is no common industry practice of commercial manufacturing. Exploration of commercial manufacturing mainly focuses on chemical conjugation, quadroma technology and gene engineering

Source: Frost & Sullivan

Monoclonal antibodies are one of the largest segments of the overall biologics market, comprising 43.2% of the total biologics market by sales revenue in 2017, according to the Frost & Sullivan Report. The breakdown of the global biologics market in terms of sales revenue by category in 2017 is illustrated in the diagram below.

Breakdown of Global Biologics Market by Category, 2017



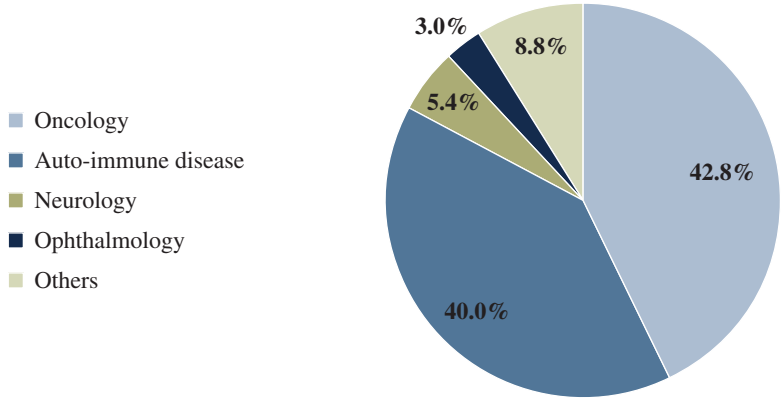
Source: Frost & Sullivan

(1) For purposes of this diagram only, mAbs include both monoclonal antibodies and fusion proteins.

Key Therapeutic Areas of Monoclonal Antibodies

Monoclonal antibodies are widely used in different therapeutic areas, including oncology, auto-immune diseases, neurology and ophthalmology. The global sales revenue of monoclonal antibodies (including fusion proteins) was US$103.8 billion in 2017. Oncology and auto-immune diseases are the two largest therapeutic areas of monoclonal antibodies, accounting for approximately 42.8% and 40.0% of the total monoclonal antibodies market, respectively. The breakdown of the global mAbs market by therapeutic areas in 2017 is summarized in the diagram below.

Breakdown of Global mAbs Market by Therapeutic Areas, 2017



Source: Frost & Sullivan

Entry Barriers of Biologics Development and Manufacturing

Challenging Manufacturing – The living cells used to manufacture biologics are fragile and sensitive to external environment. The characteristics of living cells impose high technical requirements on the manufacturing process of biologics.

Hard to Copy – Biologics are more difficult to replicate than traditional small-molecule pharmaceuticals. Unlike traditional small-molecule pharmaceuticals, biologics usually have large and complex molecular structures which are influenced by the specifics of the manufacturing process. Even slight differences in the structure can result in significant differences in the safety and efficacy profile.

Knowledge-intensive – Development of biologics is a very complex process and requires integration of knowledge from multiple disciplines and special skill sets.

Heavy Capital Investment – Large-scale biologics manufacturing facilities require US$200 million to US$700 million or more to build, compared with similar-scale small-molecule facilities that may cost just US$30 million to US$100 million.

Stringent Regulation – Biologics regulations are still evolving. Currently the approval for biologics generally involves a more complex registration process, including requirements for more comprehensive clinical data.

Market Trends and Growth Drivers of Global Biologics Market

According to the Frost & Sullivan Report, the growth of the global biologics market is driven by the following key factors:

Superior Efficacy of Biologics – Biologics show high efficacy in treating a broad spectrum of diseases that lack effective therapies, such as cancers and auto-immune diseases, with faster onset and fewer side effects. Such superior efficacy of biologics results in growing acceptance among patients and doctors, which stimulates demand and drives the market growth.

Significant Developments in Biotechnology – The application of biotechnology in pharmaceutical science has brought a series of breakthroughs in the development of new drugs. Biotechnology can create substances that cannot be found in nature, for instance, fusion proteins and bi-specifics. The developments in biotechnology may also be able to increase the production yield of biologics, leading to substantially lower production costs.

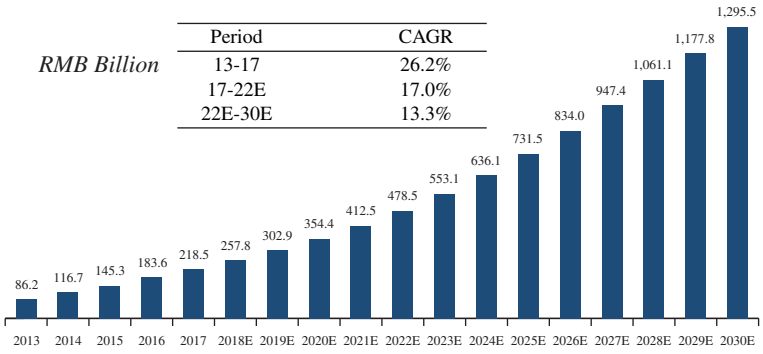
Increasing Investment in Research and Development – Biologics research and development is the key to industry growth. Discovering and developing new biologics is a long, difficult and expensive process. Global research and development investment for biologics is expected to increase in the future and expected to bring more products into the market. The continuous launch of new products will further drive the growth of the global biologics industry.

Growing Biosimilar Market – The global biosimilars market holds a huge promise for the global biologics industry. Patents for many branded biologics will expire during the next few years, allowing manufacturers to develop and seek approval for biosimilars for these agents, which are expected to improve affordability and promote wider access to critical, often lifesaving therapies. Also, cost pressures facing both the governmental and private payers create a demand for biosimilars, which are considered as a cost-effective alternative to high-priced branded biologics.

Overview of China's Biologics Market

Driven by unmet needs of the cancer patient population, increasing healthcare expenditures, favorable government policies, approval of new biologics therapies and increased investment in research and development, China's biologics market has experienced rapid growth in the past few years, exceeding that of the global biologics market, and is expected to continue its robust growth in the future. China's biologics market grew from RMB86.2 billion in 2013 in terms of sales revenue to RMB218.5 billion in 2017, representing a CAGR of 26.2% during this period. It is expected to reach RMB478.5 billion in 2022 at a CAGR of 17.0% from 2017 to 2022 and further reach RMB1,295.5 billion in 2030 at a CAGR of 13.3% from 2022 to 2030, in terms of sales revenue. The diagram below summarizes the market size of China's biologics market from 2013 to 2017 and the estimated market size of China's biologics market from 2018 to 2030.

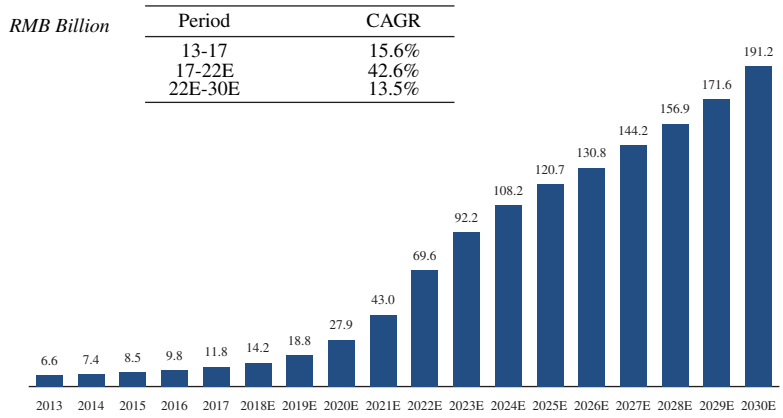
Size of China Biologics Market, 2013-2030E



Source: Frost & Sullivan

China's monoclonal antibodies (including fusion proteins) market only accounted for 5.3% of China's overall biologics market, compared with a 43.2% market share of mAbs in the global biologics market in 2017. Until 2017, there were only 26 approved mAbs in China, compared with 70 approved mAbs in the United States. According to the Frost & Sullivan Report, with the inclusion of more mAbs into the NRDL, the sales revenue of China's mAbs market is expected to grow to RMB69.6 billion in 2022, representing a CAGR of 42.6% from 2017 to 2022, and further grow to RMB191.2 billion in 2030, representing a CAGR of 13.5% from 2022 to 2030, outpacing that of China's overall biologics market in the respective period. The diagram below summarizes the market size of China's mAbs market from 2013 to 2017 and the estimated market size of China's mAbs market from 2018 to 2030.

Size of China mAbs Market, 2013-2030E



Source: Frost & Sullivan

Currently, multinational pharmaceutical companies, such as Roche and Novartis, have the majority share of the market. The domestic mAbs industry is still in its infancy and critically constrained by the current biologics research and development and manufacturing capabilities.

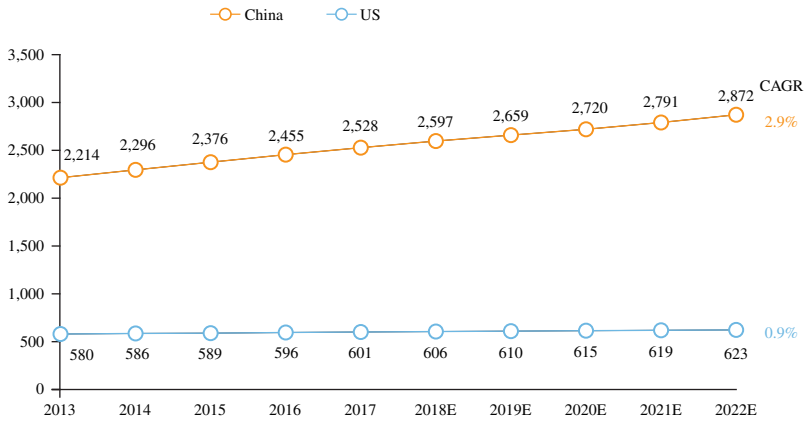
Chemotherapy is still the standard of care for cancer, but targeted therapy and immunotherapy are being used more broadly and expected to be the preferred treatment option in the future. Going forward, more efforts will be focused on research and development of innovative mAbs.

Market Trends and Key Growth Drivers of China's Biologics Market

According to the Frost & Sullivan Report, the growth of China's biologics market is driven by the following key factors:

Increasing Oncology Patient Population and Unmet Demands for Innovative Therapies – China's oncology patient population has been increasing at a faster pace compared with the United States. The incidence of cancer in China is projected to reach 4.8 million in 2022 with a CAGR of 2.6% from 2017 to 2022, while the incidence of cancer in the United States is expected to grow only at a CAGR of 0.8% from 2017 to 2022. Also, as shown in the diagram below, the mortality of all cancers in China is expected to increase at a CAGR of 2.9% from 2.2 million in 2013 to 2.9 million in 2022, outpacing that of both the United States and globally.

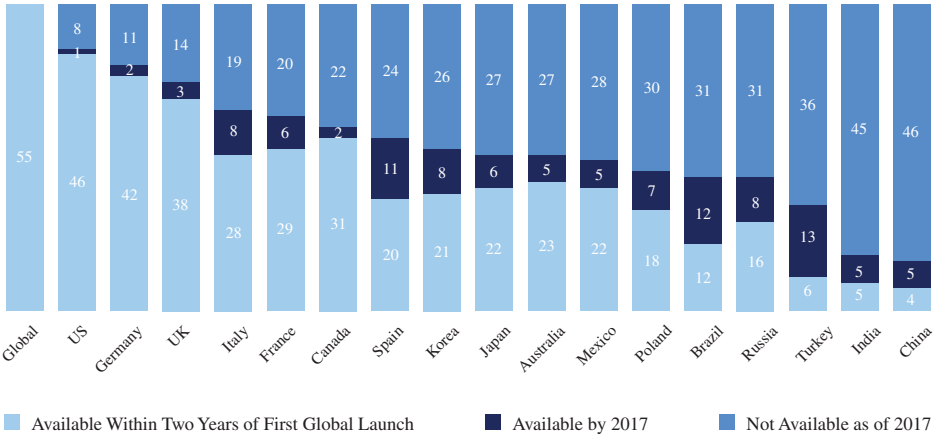
Mortality in Thousands



Source: American Cancer Society; Frost & Sullivan

Many biologics, especially mAbs, have proved to have superior efficacy for cancer treatment. However, as shown in the diagram below, out of the 55 new oncology drugs launched globally from 2012 to 2016, only nine of them are available in China in 2017. Also, many mAbs approved to treat cancer in the United States are not yet available in China.

Year 2017 Availability of 55 Oncology Medicines First Launched Globally 2012-2016



Source: Global Oncology Trends 2018, by IQVIA Institute

In addition, as shown in the diagram below, among China's ten top-selling drugs (excluding traditional Chinese medicines) in 2017, only two are biologics and none of them is an anti-cancer drug.

Ten Top-Selling Drugs in China (excluding traditional Chinese medicines), 2017

Brand Name	Generic Name	Manufacturer	Drug Type	Therapeutic Area	Sales Revenue (Billion RMB)
Lipitor	Atorvastatin	Pfizer	Chemical Drug	CVD	6.0
Plavix	Clopidogrel	Sanofi	Chemical Drug	CVD	5.6
Jia Luo Ning	Dezocine	Yangzijiang	Chemical Drug	Anesthesia	5.0
Glucobay	Acarbose	Bayer	Chemical Drug	Antidiabetic Drug	4.7
Pulmicort Respules	Budesonide	Astrazeneca	Chemical Drug	Respiratory System	4.7
Novorapid 30	Insulin Aspart	Novo Nordisk	Biologics	Antidiabetic Drug	4.2
Lantus	Insulin Glargine	Sanofi	Biologics	Antidiabetic Drug	3.9
Shen Jie	Monosialoganglioside	Qilu	Chemical Drug	CNS	3.9
Sulperazone	Cefoperazone/ Sulbactam	Pfizer	Chemical Drug	Anti-Infection	3.8
Run Zhong	Entecavir	Chia Tai-Tianqing	Chemical Drug	Anti-Infection	3.2

Source: Frost & Sullivan

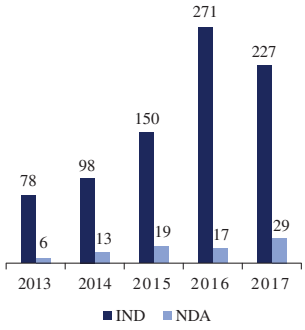
Such gap indicates that China lags far behind developed countries in terms of cancer treatments available but on the other hand demonstrates a huge potential for China's biologics market.

Increasing Investment in Biologics – The pharmaceutical industry, especially the biologics industry, is capital-intensive and requires heavy investment both in research and development and manufacturing facilities. Capital investment in China's pharmaceutical industry in 2017 was US$24.9 billion, the majority of which has been invested in biotech companies that focus on the development of biologics. Also, thousands of highly-skilled, overseas-educated biotech talent return to China every year, bringing the knowledge necessary to manufacture biologics and biosimilars and helping to narrow the technological gap between multinational companies and local competitors.

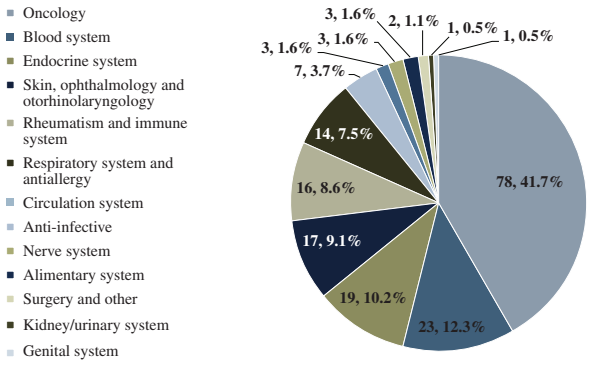
Favorable Policies – The PRC government has established a set of regulations and policies to support the development of China's biologics market. Notably, in October 2017, the General Office of the CPC Central Committee and the General Office of the State Council issued the Opinions on Deepening the Reform of the Evaluation and Approval Systems and Encouraging Innovation on 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》), which aims to improve the regulatory regime for the biologics industry, encourage the technological innovation for new drugs and enhance the competitiveness of the biologics industry. With respect to biosimilars, the NMPA issued the Biosimilars Guideline in 2015, which outlines the regulatory framework for biosimilars. See "Regulations" for more information. Also, as a result of the series of favorable policies, NMPA has accelerated the review and approval process for innovative drugs. From 2013 to 2017, the biologics NDAs approved by NMPA increased from 6 to 29, and the biologics INDs approved increased from 78 to 227. Among all the biologics INDs approved, oncology candidates accounted for the largest proportion, with a share of 41.7%. The biologics INDs and NDAs

approved by NMPA from 2013 to 2017 and the breakdown of the biologics INDs approved by therapeutic areas in 2017 are illustrated in the diagram below.

Biologics IND and NDA Approvals by CDE, (2013-2017)



Biologics IND Approvals by Therapeutic Areas, 2017



Source: NMPA; Frost & Sullivan

Increasing Affordability – Chinese resident average disposable income has grown rapidly, increasing from US$2,976.3 in 2013 to US$3,844.1 in 2017. This trend is expected to continue, enhancing the willingness and ability of patients to pay for medications. In 2017, households with annual disposable income of over US$20,000 accounted for 44.3% of the total households in China and are expected to increase to 88.0% of the total households in China by 2025. Households with annual disposable income of over US$30,000 accounted for 28.6% of the total households in China in 2017 and are expected to increase to 65.0% of the total households in China by 2025. As more Chinese households have more spending power, they can afford more expensive medical treatments, particularly for life-threatening diseases. In addition, the latest version of the NRDL was updated in 2017 when pricing negotiation was adopted for the first time. A total of 12 innovative biologics are included as List B drugs. Such inclusion is expected to be implemented in a regular manner, suggesting that more biologics are expected to be covered by the NRDL in the future, further increasing the affordability of biologics in China. As biologics become increasingly affordable to the general public, they will be used more commonly as a treatment for oncology and auto-immune diseases. As a result, the market size of the biologics industry in China is expected to continue to grow.

Potential Off-Label Use – Off-label drug use refers to the use of pharmaceutical drugs for an unapproved indication. Many biologics approved in the United States are expected to be initially approved in China for limited indications. The physicians in China may choose to prescribe these drugs to patients based on indications approved and clinical studies performed overseas. In indications where there were no approved drugs or for patients who have exhausted standard treatments, drugs may be used off-label and generate additional market growth.

Medical Insurance in China

Medical insurance schemes provided by the PRC government, including urban and rural medical insurance, are the largest payors of pharmaceutical expenditures in China. Commercial medical insurance is also increasingly purchased by Chinese healthcare consumers to supplement their insurance coverage provided by the PRC government, and this trend is expected to continue as awareness of insurance grows.

The national reimbursement drug list (the NRDL) is managed by the Ministry of Human Resources and Social Security of China (MoHRSS).

NRDL consists of two drug catalogues, i.e., the List A catalogue and the List B catalogue. Drugs that fall into the List A catalogue are fully reimbursable and must be included in the provincial government reimbursement drug lists. Drugs with a higher price typically fall into the List B catalogue which generally require a 10% to 30% co-payment by patients. Inclusion in the NRDL typically results in a much higher sales volume and a significant sales growth despite a reduction in the price.

Historically, in terms of cancer treatment, only chemotherapy drugs were included in the NRDL, and the biologics market was essentially a self-pay market. The PRC government has made significant efforts in enhancing the affordability of biologics. The NRDL updated in February 2017 (NRDL 2017) allowed for inclusion of more expensive anti-cancer drugs. In July 2017, 36 innovative, patented drugs were incorporated into the List B catalogue after price negotiations with the PRC government, half of which were anti-cancer drugs, including five anti-cancer biologics such as Roche's rituximab (MabThera/Rituxan) and bevacizumab (Avastin). As a result of the price negotiations with the PRC government, prices of these anti-cancer drugs have been reduced by 44% on average, with the greatest price reduction of over 60%. As more biologics are listed in the NRDL, the affordability of biologics is expected to increase which allows greater market access. Given the PRC government's increasing attention on severe public health issues, it is believed that more innovative drugs will be included in the NRDL.

The price discount between biosimilars and the originator biologic will be expected to help biosimilars gain access to the NRDL, and reach a broader customer group that cannot afford or are unwilling to pay for originator biologics.

OVERVIEW OF PD-1 AND PD-L1 ANTIBODY MARKET

Overview of Immuno-Oncology Therapies

Immuno-oncology therapies stimulate the patient's own immune system to generate or augment anti-tumor immune responses in order to kill cancer cells. Immuno-oncology therapies include checkpoint inhibitors, cytokines, adoptive T-cell therapy and cancer vaccines. Nowadays, immunotherapies are increasingly used in cancer treatment.

Overview of PD-1 and PD-L1 Antibodies

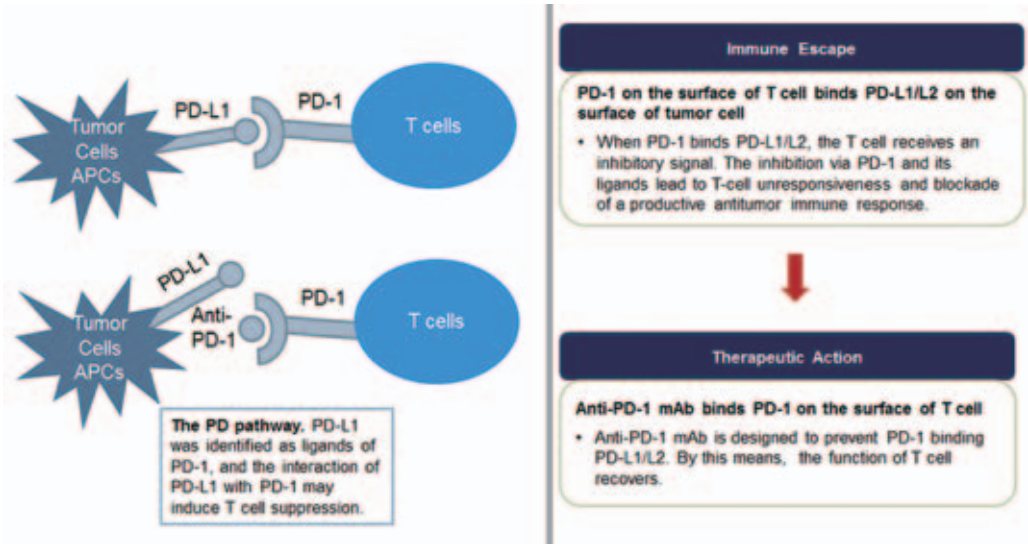
PD-1 and PD-L1 antibodies are emerging drugs for the treatment of many cancers. Compared with chemotherapy, anti-PD-1 and anti-PD-L1 therapies have the following benefits:

Increasing Indications – PD-1 and PD-L1 antibodies display impressive anti-tumor activity in multiple types of cancer. PD-1 and PD-L1 antibodies show high effectiveness on melanoma, NSCLC, other solid tumors, etc.

Fewer Side Effects – PD-1 and PD-L1 antibodies are targeted therapeutic approaches. Compared with chemotherapy, such as docetaxel, in previously treated advanced NSCLC, Grade 3 or higher adverse events were less likely with PD-1 and PD-L1 therapies.

Superior Efficacy – Therapies combining PD-1 antibodies with chemotherapy have shown superior efficacy to monotherapy in treatment of certain cancers.

The diagram below illustrates the mechanism of action of PD-1 antibodies.



Source: Frost & Sullivan

As shown in the diagram below, the FDA approved indications of PD-1 and PD-L1 antibodies have been expanding to treat more types of cancers.

Source: Global Oncology Trends 2018, by IQVIA Institute

Competitive Landscape

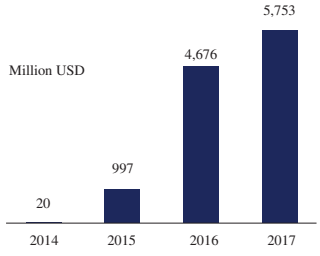
As of May 10, 2018, there are five marketed PD-1 and PD-L1 antibodies globally, including PD-1 antibodies Keytruda and Opdivo and PD-L1 antibodies Tecentriq, Bavencio and Imfinzi.

PD-1 Antibodies

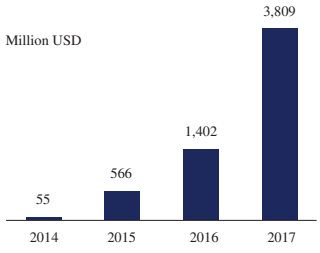
From 2014 to 2017, the global sales revenue of Opdivo increased from US$20 million to US$5,753 million, and the global sales revenue of Keytruda increased from US$55 million to US$3,809 million, due to the increasing number of approved indications and higher adoption by physicians. The diagram below summarizes the approved indications of Keytruda and Opdivo, as well as the global sales revenue of Keytruda and Opdivo from 2014 to 2017.

Drugs	Indications	Approval (MM/YY)
Opdivo® (nivolumab)	Unresectable or metastatic Melanoma	Dec-14
	Squamous Non-small Cell Lung Cancer	Mar-15
	Non-small Cell Lung Cancer	Oct-15
	Renal Cell Carcinoma	Nov-15
	Classical Hodgkin Lymphoma	May-16
	Head and Neck Squamous Cell Cancer	Nov-16
	Urothelial Carcinoma	Feb-17
	MSI-H or dMMR Metastatic Colorectal Cancer	Aug-17
	Hepatocellular Carcinoma	Sep-17
	Adjuvant Treatment for Melanoma	Dec-17
in combination with ipilimumab	BRAF V600 Wild-Type Melanoma	Oct-15
	Unresectable or Metastatic Melanoma	Jan-16
	First-line Renal Cell Carcinoma	Apr-18
Keytruda® (pembrolizumab)	Unresectable or Metastatic Melanoma	Sep-14
	Non-small Cell Lung Cancer	Oct-15
	First-line Melanoma	Dec-15
	Head and neck squamous cell cancer	Aug-16
	First-line NSCLC	Oct-16
	Classical Hodgkin Lymphoma	Mar-17
	Urothelial carcinoma	May-17
	Microsatellite Instability-High Cancer	May-17
	Gastric or Gastroesophageal Junction Cancer	Sep-17
	Recurrent or Metastatic Cervical Cancer	Jun-18
	Primary Mediastinal Large B-Cell Lymphoma	Jun-18
in combination with pemetrexed and carboplatin	Metastatic Nonsquamous NSCLC	May-17

Global Sales Revenue of Opdivo, 2014-2017



Global Sales Revenue of Keytruda, 2014-2017



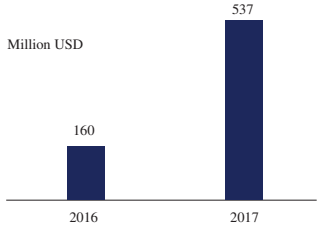
Source: FDA; Frost & Sullivan

PD-L1 Antibodies

Due to the relatively late launch of PD-L1 mAbs and limited approved indications, the global sales revenue of PD-L1 mAbs was only USD537 million in 2017. According to the Frost & Sullivan Report, the global sales revenue of PD-L1 mAbs is expected to grow in light of the expansion of indications relating to PD-L1 mAbs. The diagram below summarizes the approved indications of the three FDA-approved PD-L1 mAbs, as well as the global sales revenue of PD-L1 mAbs from 2016 to 2017.

Drugs	Indications	Approval (MM/YY)
TECENTRIQ® (atezolizumab)	Locally Advanced or Metastatic Urothelial Carcinoma (patients are not eligible for cisplatin chemotherapy)	Apr-17
	Metastatic Non-Small Cell Lung Cancer	Oct-16
	Locally Advanced or Metastatic Urothelial Carcinoma (patients with disease progression during or following any platinum-containing chemotherapy)	May-16
BAVENCIO® (avelumab)	Locally Advanced or Metastatic Urothelial Carcinoma	May-17
	Metastatic Merkel Cell Carcinoma	Mar-17
IMFINZI® (durvalumab)	Stage III Non-Small Cell Lung Cancer	Feb-18
	Locally Advanced or Metastatic Urothelial Carcinoma	May-17

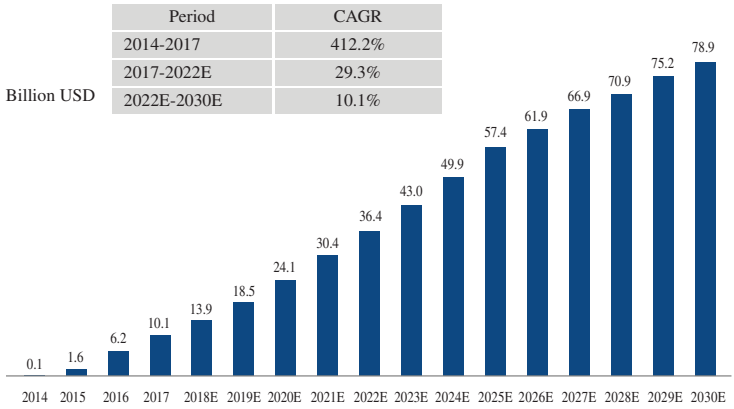
Sales Revenue of PD-L1 mAbs, 2016-2017



Source: FDA; Frost & Sullivan

In 2017, the total global sales revenue of the five PD-1 and PD-L1 antibodies approved by FDA (PD-1 inhibitors Keytruda and Opdivo and PD-L1 inhibitors Tecentriq, Bavencio and Imfinzi) was US$10.1 billion, with a CAGR of 412.2% from 2014 to 2017. Due to the expansion of new cancer indications and launch of combo therapies, the sales revenue of PD-1 and PD-L1 antibodies is expected to continue to rise in the next ten years, amounting to US$78.9 billion in 2030. The diagram below summarizes the global PD-1 and PD-L1 antibody market size from 2014 to 2017 and the estimated global PD-1 and PD-L1 antibody market size from 2018 to 2030.

Global PD-1 & PD-L1 Antibody Market Size and Forecast, 2014-2030E



Source: Frost & Sullivan

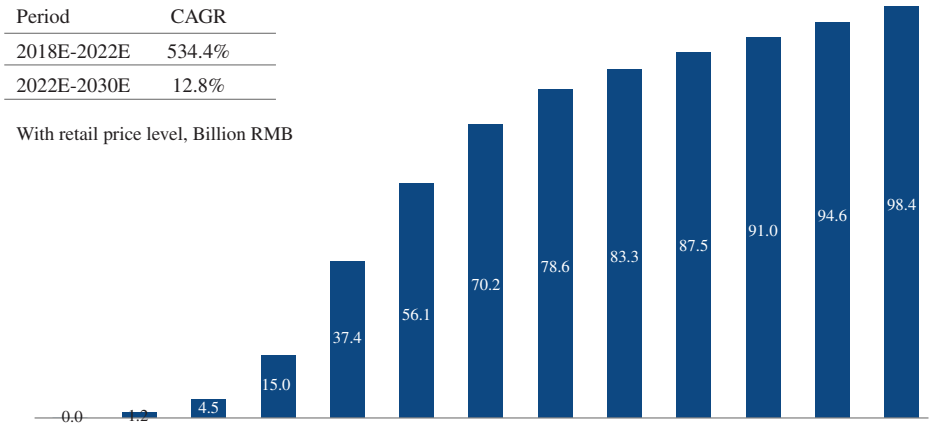
Overview of China's PD-1 and PD-L1 Antibody Market

The first few marketed drugs in a class tend to have a better performance and a larger market share because physicians will have more experience in the usage of these drugs and may be more likely to prescribe them. The longer the lead time before the entry of rivals, the higher the likelihood of achieving the first-mover advantages. In China, there are only two approved PD-1 antibodies, Bristol-Myers Squibb's Opdivo (nivolumab) and Merck's Keytruda (pembrolizumab), and there are no approved PD-L1 antibodies yet. On June 15, 2018, the NMPA approved Bristol-Myers Squibb's Opdivo (nivolumab) for the treatment of locally advanced or metastatic NSCLC after prior platinum-based chemotherapy in adult patients without EGFR or ALK genomic tumor aberration. On July 26, 2018, the NMPA approved Merck's Keytruda (pembrolizumab) for the treatment of adult patients with unresectable or metastatic melanoma following failure of one prior line of therapy. Early entrants will be able to understand which physicians may potentially become the best advocates of the newly developed PD-1 or PD-L1 antibody products and eventually improve awareness of brands and convince patients and other physicians of the efficacy of the PD-1 or PD-L1 antibody products.

As of the date of this prospectus, the retail prices of Opdivo is RMB9,260/100 mg and RMB4,591/40 mg, which are approximately 52.9% of its retail prices in the U.S., and the retail price of Keytruda is RMB17,918/100 mg in China, which is approximately 54.0% of its retail price in the U.S.

As of September 30, 2018, there were four NDAs of PD-1 antibodies under NMPA's review, including our sintilimab, Hengrui's camrelizumab, Junshi's toripalimab and Beigene's tislelizumab. The estimated PD-1 and PD-L1 antibody market size in China from 2018 to 2030 and the underlying assumptions are illustrated in the diagram and the table below.

China PD-1 & PD-L1 Antibody Market Size Forecast, 2018E-2030E



	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
PD-1/PD-L1 Addressable Patients, Thousand	3524.8	3628.1	3731.4	3836.7	3947.3	4065.5	4191.7	4329.8	4474.9	4624.8	4431.2	4546.8	4664.0
Treated Patients, Thousand	0.1	6.6	26.6	91.7	240.9	380.1	501.4	589.1	648.4	707.5	753.5	802.4	854.4
Weighted Average Annual Costs (by both MNCs and Local Brands), Thousand RMB	300.0	177.8	170.5	163.2	155.3	147.6	139.9	133.4	128.5	123.6	120.7	117.9	115.1
PD-1/PD-L1 Market, Billion RMB	0.02	1.2	4.5	15.0	37.4	56.1	70.2	78.6	83.3	87.5	91.0	94.6	98.4

Source: Frost & Sullivan

According to Frost & Sullivan, the estimated PD-1/PD-L1 antibody market size in China is based on the following key assumptions.

- PD-1 inhibitors from us, Hengrui, BeiGene and Junshi are expected to be launched in 2019, and no significant difference is anticipated between local pharmaceutical companies and their multinational peers in terms of launch time.

- The average initial annual treatment cost of PD-1 inhibitors from a multinational pharmaceutical company is about RMB300,000, while the annual treatment cost of local pharmaceutical companies is expected to be 70% of multinational brands, or roughly RMB210,000.

- That the List B catalogue of the National Reimbursement Drug List (NRDL) is expanded to include 17 anti-cancer drugs. In 2019, China's Ministry of Human Resources and Social Security (MHRSS) is expected to initiate a new round of medical insurance negotiation, and both local and multinational PD-1 inhibitors may be incorporated into the NRDL through price negotiation. The annual cost of multinational pharmaceutical products is expected to decrease by 40% while the annual cost of local products is expected to decrease by 35%. After the completion of price negotiation, annual treatment cost is expected to further decrease by 3% each year for multinational products and by 2% for local products, and it is expected that eventually there will be no significant difference in annual treatment cost between local and multinational pharmaceutical products in 2030.

- In terms of patient volume, it is estimated that local drug products will account for 70% of addressible patient population when they reach the peak of sales. In terms of sales revenue, local drug products are projected to have a 66.5% market share when they reach the peak of sales.

- Combination therapies are expected to be a major growth driver for China's PD-1/PD-L1 antibody market in the future.

- The forecast for the size of China's PD-1/PD-L1 antibody market does not take into account off-label prescription for either local or multinational drug products.

We submitted our NDA for sintilimab, our PD-1 antibody, for the treatment of r/r classical Hodgkin's lymphoma on April 3, 2018, which was accepted by the NMPA on April 16, 2018 and was granted priority review status on April 23, 2018. In addition to our completed registration trial in China to evaluate sintilimab in patients with r/r classical Hodgkin's lymphoma, we are executing a broad development program targeting an array of cancer indications including several registration trials for sintilimab, both as a monotherapy and as part of a combination therapy, and both in China and in the U.S., which is intended to support our regulatory submissions for multiple indications both in China and globally. See the section headed "Business – Our Drug Candidates – Our Most Advanced Drug Candidate: sintilimab (IBI-308) – Clinical Development Plan" for details. According to Frost & Sullivan, the estimated PD-1/PD-L1 antibody market size cannot be reliably or meaningfully broken down, either by target (i.e., PD-1 versus PD-L1) or by disease indications for the following reasons:

- Immune checkpoint PD-1 and its ligand PD-L1 are both located on the surface of cells, bind to each other, and function in the same immune pathway. As a result, PD-1 inhibitors and PD-L1 inhibitors have highly similar coverages of disease indications and addressable patient populations. Therefore, due to such high similarity, it is impractical to reliably or meaningfully break down the expected PD-1/PD-L1 market into two markets respectively for PD-1 inhibitors and PD-L1 inhibitors.

- In clinical practice, the same drug product (for instance, our sintilimab, upon requisite approvals) could be prescribed for different types of cancer patients and, therefore, the expected market size for PD-1 inhibitors and PD-L1 inhibitors cannot be reliably or meaningfully broken down by indications.

Epidemiology of PD-1/PD-L1 Antibody Sensitive Cancers in China

According to the Frost & Sullivan Report, the incidence of all cancers in China increased from 3.7 million in 2013 to 4.2 million in 2017, representing a CAGR of 3.4%. Driven by a combination of factors such as unhealthy lifestyle and increasing pollution, it is estimated that the incidence of all cancers in China will reach 4.8 million in 2022 at a CAGR of 2.6% from 2017 to 2022, and further reach 5.8 million in 2030 at a CAGR of 2.3% from 2022 to 2030. Among all types of cancers, lung, liver, stomach, colorectal, breast and esophageal cancers are the six cancers with the highest incidence in China and accounted for 20.6%, 11.7%, 10.8%, 9.8%, 7.1% and 6.8% of the total incidence in China in 2017, respectively. Moreover, the incidence of lung cancer, colorectal cancer and esophagus cancer tend to grow faster than that of other cancers in China. The incidence of non-small cell lung cancer, a sub-type of lung cancer, increased at a CAGR of 3.5% from 0.6 million in 2013 to 0.7 million in 2017. The chart below shows the incidence by cancer types in the periods indicated.

Incidence by Cancer Types in China, 2013-2030E

(in thousands)

Cancer Type	2013	2014	2015	2016	2017	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Lung	753.6	781.4	809.6	837.1	863.9	889.8	914.7	938.5	962.0	987.0	1,014.6	1,045.0	1,081.6	1,120.6	1,156.4	1,191.1	1,225.0	1,258.7
Liver	440.2	453.4	466.1	477.6	489.1	501.4	513.7	526.4	539.8	553.6	567.7	582.1	596.9	612.0	630.5	648.2	665.0	681.6
Stomach	395.7	410.3	425.1	439.9	454.5	468.6	482.1	495.6	508.5	521.2	538.5	553.5	569.0	584.4	600.8	618.2	636.7	656.5
Colorectum	357.2	370.4	383.9	397.6	411.1	424.2	437.2	449.8	462.2	474.5	488.9	503.6	519.2	535.3	550.8	567.4	583.8	600.7
Breast	271.9	279.0	286.0	292.8	299.6	306.0	312.1	317.8	322.8	327.4	331.9	336.6	341.3	346.1	350.9	355.8	360.8	365.9
Esophageal	248.2	257.8	267.4	276.5	285.3	293.9	302.1	310.4	318.8	327.2	338.7	348.9	359.3	370.1	381.2	392.6	404.4	416.6
Brain, CNS	98.6	101.2	103.7	106.3	108.8	111.1	113.3	115.4	117.5	119.5	121.5	123.6	125.7	127.8	130.0	132.2	134.5	136.8
Cervix	100.3	102.0	103.8	105.7	107.4	109.0	110.5	112.0	113.5	114.9	116.2	117.5	118.5	119.5	120.3	121.0	121.6	122.2
Pancreas	89.2	92.2	95.2	98.3	101.4	104.5	107.4	110.3	113.2	116.0	119.1	122.6	126.4	130.3	134.2	138.2	142.5	147.1
Non-Hodgkin's lymphoma	73.8	75.9	77.9	79.8	81.8	83.5	85.3	86.9	88.5	90.1	91.8	93.8	96.0	98.0	100.0	101.9	103.8	105.8
Nasopharyngeal	43.5	44.6	45.8	46.8	47.7	48.5	49.2	49.9	50.6	51.3	52.0	52.8	53.5	54.3	55.0	55.8	56.6	57.4
Hodgkin's lymphoma	5.2	5.4	5.5	5.6	5.7	5.8	5.9	6.0	6.1	6.1	6.2	6.3	6.5	6.6	6.7	6.7	6.8	6.9
Others	794.5	830.4	865.3	901.1	939.0	974.9	1,008.4	1,040.6	1,070.2	1,092.5	1,089.7	1,078.4	1,045.2	1,035.0	1,051.6	1,086.7	1,136.7	1,200.7
Total	3,671.8	3,804.0	3,935.2	4,065.1	4,195.2	4,321.0	4,442.0	4,559.7	4,673.7	4,781.2	4,876.9	4,964.6	5,039.1	5,139.9	5,268.4	5,415.9	5,578.4	5,756.9

Source: NCCR; Frost & Sullivan

PD-1/PD-L1 antibodies are expected to cover different indications in clinical therapies. Currently available clinical data suggest that some of the most prevalent cancers in China, such as lung, stomach, liver, colorectal and esophageal cancers, are responsive to PD-1/PD-L1 antibodies. According to Frost & Sullivan, the population of all cancer patients in China in 2017 is estimated to be around 4.2 million while the population of potentially addressable patients for PD-1/PD-L1 antibodies in China in 2017, being a subset of the total cancer patient population in China, is estimated to be around 3.4 million which, as is customarily calculated in the industry, (given the relatively high correlation between a drug candidate being in Phase 3 clinical study for a particular cancer type and its success in obtaining regulatory approval for treatment of such cancer type), is the total number of cancer patients in China with any cancer indication which (i) is currently under Phase 3 clinical study for PD-1/PD-L1 antibodies in at least one arm in China, (ii) has been under completed clinical study with results used as the basis for NDA submissions in China for PD-1/PD-L1 antibodies, or (iii) has been approved to receive PD-1/PD-L1 antibody treatment either in China or globally, in each case calculated non-repetitively between indications as of September 2018. Frost & Sullivan estimates, based on a combination of its hospital interviews and data from the NCCR, that 90% of the approximately 4.2 million cancer patients in China in 2017 have received some cancer drug treatment, either alone or in addition to any non-drug treatment (such as surgery or radiotherapy), regardless of whether or how much such patients are responsive to any such drug treatment.

Globally, as of August 9, 2018, there were (i) 698 clinical trials with a PD-1 antibody as a component of combination therapy and 645 clinical trials with a PD-1 antibody as a monotherapy and (ii) 321 clinical trials with a PD-L1 antibody as a component of combination therapy and 143 clinical trials with a PD-L1 antibody as a monotherapy. In China, only two PD-1 antibodies, Bristol-Myers Squibb's Opdivo (nivolumab) and Merck's Keytruda (pembrolizumab), have received marketing approval from the NMPA, and no PD-L1 antibodies have received marketing approval from NMPA. However, three domestic companies have filed NDAs for their PD-1 antibodies, and various international and domestic PD-1 antibodies are in clinical trials for multiple indications. In China, as of August 9, 2018, there were (i) 34 clinical trials with a PD-1 antibody as a component of combination therapy and 55 clinical trials with a PD-1 antibody as a monotherapy and (ii) 17 clinical trials with a PD-L1 antibody as a component of combination therapy and 19 clinical trials with a PD-L1 antibody as a monotherapy.

Market Trends and Growth Drivers of PD-1 and PD-L1 Antibodies in China

According to the Frost & Sullivan Report, the growth of China's PD-1 and PD-L1 antibody market is driven by the following key factors:

Enlarging Patient Pool – The number of cancer patients is projected to increase at a faster pace and reach approximately 4.8 million in 2022. However, there are limited cancer treatments for the enlarging cancer patient pool. PD-1 antibodies have the ability to address such unmet clinical needs with superior efficacy and less side effects.

Emerging Combination Therapies – As PD-1 and PD-L1 antibodies are being tried in more combination therapies, it is expected that there will be more approved indications for combination therapies and greater usage of PD-1 and PD-L1 antibodies.

OVERVIEW OF CHINA'S BIOSIMILARS MARKET

Under the Biosimilars Guideline, a biosimilar product is a biological product that is approved based on a showing that it is highly similar to an NMPA-approved biological product, known as a reference product, and has no clinically meaningful differences in terms of safety and effectiveness from the reference product. Biologics are generally more expensive than chemical drugs. There are currently only three drugs approved in China that some regard as biosimilars, namely Yisaipu, Qiangke and Anbainuo, all of which are regarded by some as biosimilars to Enbrel and all of which were approved under China's new drug regulatory pathway prior to the release of the Biosimilars Guideline. In addition, because the regulatory pathways for biosimilars were established recently, and there have been no biosimilars approved under such pathways in China yet, even though there are some drug candidates with NDAs submitted under such pathways, biosimilars have not been a big part of the overall biologics market in China. With the recent establishment of regulatory pathways for biosimilars, increasing control of healthcare costs, better manufacturing capabilities, and a large number of blockbuster biologics with near-term and medium-term patent expiration, biosimilars will become a key driver of future biologics market growth.

Estimated Growth of China's Biosimilar Market

The Company's industry consultant, Frost & Sullivan, estimates a CAGR of 70.9% for the growth of China's biosimilar market from 2017 to 2022 and a CAGR of 16.8% from 2022 to 2030 and substantiates the estimated growth of China's biosimilar market with the following considerations.

Historical developments of China's biosimilar market

Frost & Sullivan substantiates the estimated growth of China's biosimilar market based on its understanding that the Chinese regulations on biosimilar drugs lag far behind those of the developed countries, such as the U.S. and the European Union, which promulgated biosimilar guidelines in 2010 and 2005, respectively. However, as early as 2005, Yisaipu (益賽普), which some regard as the biosimilar to Etanercept (Brand Name: Enbrel) given that it has the same amino acid sequence as Enbrel and is highly similar to Enbrel based on extensive analysis of its structure and function, was approved by the NMPA. Since then and prior to the release of the Biosimilars Guideline, there had been two other drugs approved by the NMPA that some regard as biosimilars also to Enbrel given their same amino acid sequences as Enbrel and their high degree of similarity to Enbrel in structure and function evidenced by extensive analysis. These events in the evolution of China's biosimilar market demonstrated the continuous efforts on biosimilar development by Chinese companies, despite a lack of formal biosimilar regulations to clearly define biosimilars in China before 2015, when the NMPA published the Biosimilars Guideline.

High revenue growth rate in the first quarter of 2018

Since the expansion of China's national reimbursement drug list, rituximab, bevacizumab and trastuzumab have become reimbursable drugs in China. Given the affordable annual treatment cost and the high patient treatment demand, the sales revenue of these three originator drugs grew significantly from the fourth quarter of 2017 to the first quarter of 2018, with a growth rate of 22.0%, 32.0% and 24.2% respectively for rituximab, bevacizumab and trastuzumab. With biosimilars' acceptable biosimilarity and interchangeability with their reference products, cheaper prices, and huge treatment demand amongst China's cancer and autoimmune disease patients, sales revenue of biosimilars is expected to ramp up fast as well.

Market Drivers of China's Biosimilar Market

For 2017, the biosimilar market in China was RMB1.2 billion in China, but it is expected to reach RMB16.9 billion in 2022 and further grow to RMB58.6 billion in 2030 given (i) the low penetration of biosimilars in China as demonstrated by global comparison, (ii) favorable government policies, (iii) barriers to acceptance of biosimilars that can be overcome, and (iv) the calculation of market size based on a bottom-up methodology. Each of these factors is further discussed below.

Global comparison

Biosimilar is a fast-growing segment in global biologics market by revenue. In 2017, global biosimilar market reached US$5.6 billion and accounted for 2.3% of the global biologics market. The global biosimilar market is expected to continue to grow to US$43.3 billion in 2022 and account for 10.7% of the global biologics market.

Although we expect China's biosimilar market to have a high growth rate of 70.9% from 2017 through 2022, both the absolute size of China's biosimilar market and its market share of China's biologics market are very small. In 2022, China's biosimilar market is expected to grow to RMB16.9 billion, accounting for only 3.5% of the China's biologics market. In addition, China's biosimilar market is expected to only account for 6.1% of the global biosimilar market.

In sum, China's biosimilar market is, and will in the short term remain, a small component of the global biosimilar market and China's biologics market, even with a reasonably high growth rate.

Favorable government policies

One of the factors that drives the growth of China's biosimilar market is the support and active promotion from the Chinese government. In 2015, the Chinese government released the Guidelines for the R&D and Evaluation of Biosimilars, which is perceived as the milestone of China's biosimilar market in recent years. Moreover, China National Basic Medical Insurance Schedule is expected to expand frequently in the future and biosimilars with affordable prices are becoming more likely to enter into reimbursable drugs list and hospital formulary list. These developments are expected to significantly drive the growth of China's biosimilar market. In October 2018, the National Medical Insurance Bureau (NMIB) announced that the List B catalogue of the National Reimbursement Drug List (NRDL) is expanded to include 17 anti-cancer drugs. In addition, the State Council Executive Meeting had reviewed and approved in principle the Opinions on Improving National Essential Drug System on August 30, 2018, pursuant to which the national essential drug list will be expanded to include 12 additional anti-oncology drugs and essential drugs will be given priority admission to NDRL. The opinions are expected to be issued and implemented in near future.

Predictable expansion of indications for biosimilars

Compared with FDA-approved indications, the NMPA only approved few indications for cancer and autoimmune monoclonal antibodies (mAbs). The on-going reform of imported drug approval process would likely expedite the approval process for biologics drug candidates. In particular, Technical Guidelines for Accepting Data from Overseas Clinical Trials of Drugs (《接受藥品境外臨床試驗資料的技術指導原則》) was promulgated on 10 July 2018, which allows the data of clinical trials conducted outside of China to be used for NDA filing in China. With this industry background, Frost & Sullivan predicts that more indications will be approved by the NMPA for the mAbs approved in the U.S. in a more timely manner.

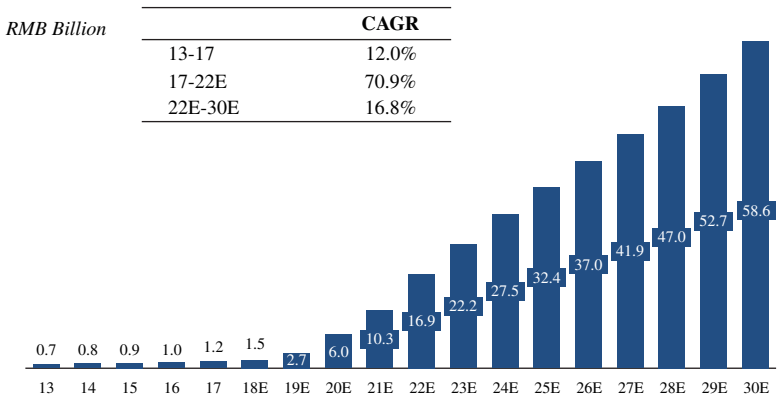
Increasing acceptance driven by market education

Unlike chemical generics, biosimilars need to demonstrate structural similarity and functional equivalence, which often require substantial efforts. A key factor that could foster patient and physician acceptance of biosimilars is professional or academic education. During education, clinical trial data will play a critical role in convincing physicians to adopt biosimilars. Over time, therefore, the existing barriers to acceptance of biosimilars are expected to be overcome.

Market Size of China's Biosimilars Market

According to the Frost & Sullivan Report, the sales revenue of China's biosimilars market is expected to grow at a CAGR of 70.9% from approximately RMB1.2 billion in 2017 to approximately RMB16.9 billion in 2022 and further grow to approximately RMB58.6 billion in 2030, representing a CAGR of 16.8% from 2022 to 2030.

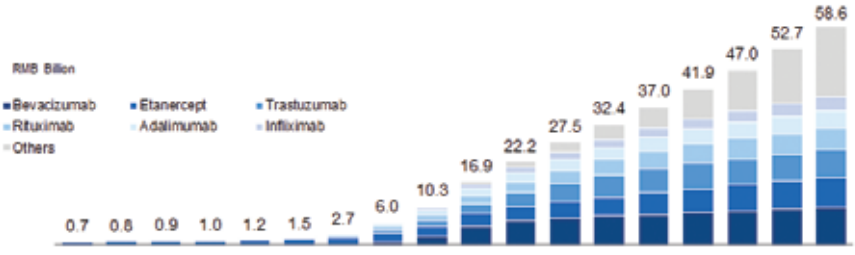
Size of China Biosimilar Market, 2013-2030E



Source: Frost & Sullivan

According to the Frost & Sullivan Report, bevacizumab, etanercept and trastuzumab will become the three largest segments of China's biosimilars market by 2030. The breakdown of China's biosimilars market by international non-proprietary names, or INN, is summarized in the diagram below.

Breakdown of China Biosimilar Market by INN, 2013-2030E



INNs	13	14	15	16	17	18E	19E	20E	21E	22E	23E	24E	25E	26E	27E	28E	29E	30E
Total	0.7	0.8	0.9	1.0	1.2	1.5	2.7	6.0	10.3	16.9	22.2	27.5	32.4	37.0	41.9	47.0	52.7	58.6
Others	-	-	-	-	-	-	0.0	0.2	0.4	0.8	1.5	2.7	4.1	5.7	8.0	11.0	14.8	18.8
Infliximab	-	-	-	-	-	-	0.0	0.3	0.6	1.0	1.4	1.9	2.2	2.6	2.9	3.2	3.5	3.8
Adalimumab	-	-	-	-	-	-	0.2	0.7	1.3	2.2	2.6	2.9	3.3	3.6	3.9	4.2	4.4	4.7
Rituximab	-	-	-	-	-	-	0.5	1.0	1.4	2.0	2.7	3.5	4.2	4.8	5.2	5.5	5.6	5.8
Trastuzumab	-	-	-	-	-	-	0.1	0.8	1.7	2.7	3.8	4.9	5.9	6.5	6.9	7.1	7.2	7.3
Etanercept	0.7	0.8	0.9	1.0	1.2	1.5	1.9	2.5	2.8	3.3	3.8	4.4	5.0	5.7	6.4	6.9	7.5	8.2
Bevacizumab	-	-	-	-	-	-	0.0	0.7	2.0	4.9	6.4	7.2	7.7	8.2	8.7	9.1	9.5	9.9

Source: Frost & Sullivan

The table below sets forth the comparison of regulations with respect to biosimilars in major markets, including China, U.S. and EU:

	China	U.S.	EU
Regulatory Framework	Guidelines for the R&D and Evaluation of Biosimilars (Trial) (《生物類似藥研發與評價技術指導原則(試行)》)	• Biologics Price Competition and Innovation Act (BPCIA)	• Guideline on Comparability of medicinal products containing biotechnology-derived proteins as drug substance: non-clinical and clinical issues • Guideline on Comparability of medicinal products containing biotechnology-derived proteins as active substance – Quality issues
Regulatory Authorization	NMPA	FDA	EMA
Registration Pathway	Biosimilar	351(k), PHS Act	Similar Biological Medicinal Products (SBMP)
Definition	• Therapeutic Biologics • Similar in terms of quality, safety and potency • Same amino acid sequence • Special treatment for PEGylated product, ADC products etc.	• Therapeutic Biologics • No clinically meaningful differences between the biological product and the reference product in terms of the safety, purity, and potency	• Biological medicine • No meaningful differences from the reference medicine in terms of quality, safety or efficacy
Exclusivity for reference biologics	No significant exclusivity for reference biologics	• In the first 4 years after marketing authorization of reference product, applicant of biosimilars can not file application to FDA • In the first 12 years after marketing authorization of reference product, biosimilars can not launch in market	• In the first 8 years after marketing authorization of reference product, company cannot cross-refer to the data in support of another marketing authorization • In the first 10 years after marketing authorization of reference product, biosimilar cannot be placed on the market, even if the medicinal product has already received a marketing authorization. If there is new indication which is registered in first 8 years and bring significant clinical benefit over existing therapies, the period will extend to 11 years
Exclusivity for biosimilars	No exclusivity for the first approved biosimilars product	1 year market exclusivity for first approved interchangeable biosimilars product	No exclusivity for the first approved biosimilars product

Source: Frost & Sullivan

We have three biosimilars candidates in clinical development stage. These three drug candidates are IBI-301, an anti-CD20 mAb and a biosimilar of rituximab; IBI-303, an anti-TNF-α mAb and biosimilar of adalimumab; and IBI-305, an anti-VEGF-A mAb and a biosimilar of bevacizumab.

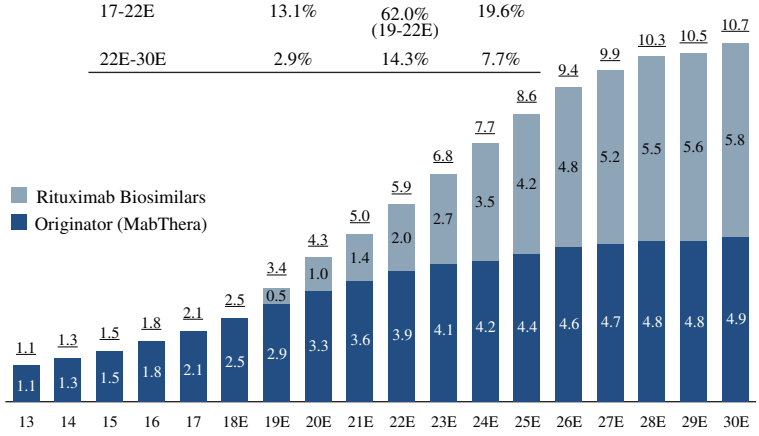
Market Size of Rituximab in China

There are currently three rituximab biosimilars in phase 3 clinical trials in China. The first rituximab biosimilar is expected to be launched in 2019. According to the Frost & Sullivan Report, the sales revenue of China's rituximab biosimilar market is expected to grow at a CAGR of 62.0% from approximately RMB0.5 billion in 2019 to approximately RMB2.0 billion in 2022 and further grow to approximately RMB5.8 billion in 2030, representing a CAGR of 14.3% from 2022 to 2030, outpacing that of its corresponding reference product. As of the date of this prospectus, the retail price of the reference drug of rituximab, i.e. MabThera/Rituxan, is RMB2,418/100 mg and RMB8,290/500 mg in China.

Breakdown of China's Rituximab Market, 2013-2030E

RMB Billion

CAGR	Originator	Biosimilars	Total
13-17	17.1%	–	17.1%
17-22E	13.1%	62.0% (19-22E)	19.6%
22E-30E	2.9%	14.3%	7.7%



Source: Frost & Sullivan

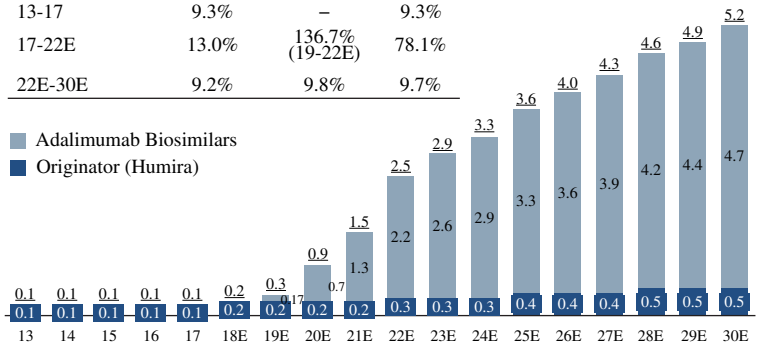
Market Size of Adalimumab in China

According to the Frost & Sullivan Report, the sales revenue of China's adalimumab biosimilar market is expected to grow at a CAGR of 136.7% from approximately RMB170 million in 2019 to approximately RMB2.2 billion in 2022 and further grow to approximately RMB4.7 billion in 2030, representing a CAGR of 9.8% from 2022 to 2030, outpacing that of its corresponding reference product. As of the date of this prospectus, the retail price of the reference drug of adalimumab, i.e. Humira, is RMB7,600/40 mg in China.

Breakdown of China Adalimumab Market, 2013-2030E

RMB Billion

CAGR	Originator	Biosimilars	Total
13-17	9.3%	–	9.3%
17-22E	13.0%	136.7% (19-22E)	78.1%
22E-30E	9.2%	9.8%	9.7%



Source: Frost & Sullivan

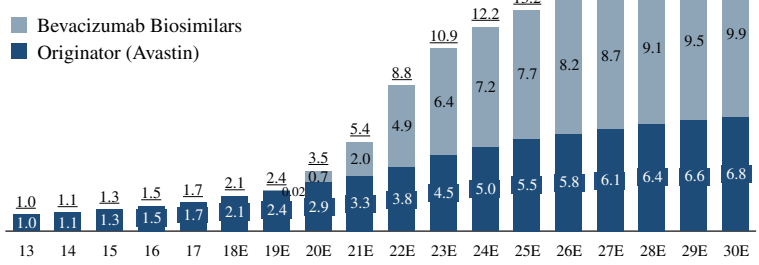
Market Size of Bevacizumab in China

According to the Frost & Sullivan Report, the sales revenue of China's bevacizumab biosimilar market is expected to grow at a CAGR of 568.5% from approximately RMB20 million in 2019 to approximately RMB4.9 billion in 2022 and further grow to approximately RMB9.9 billion in 2030 representing a CAGR of 9.1% from 2022 to 2030, outpacing that of its corresponding reference product. As of the date of this prospectus, the retail price of the reference drug of bevacizumab, i.e. Avastin, is RMB1,998/100 mg in China.

Breakdown of China Bevacizumab Market, 2013-2030E

RMB Billion

CAGR	Originator	Biosimilars	Total
13-17	13.3%	–	13.3%
17-22E	17.6%	568.5% (19-22E)	38.6%
22E-30E	7.3%	9.1%	8.3%



Source: Frost & Sullivan

See "Business" for information on the competitive landscape of our drug candidates. Also see "Regulations" for information on the laws, rules and regulations governing the biologics industry, including the biosimilars industry, in China.