康宁杰瑞
ALPHAMAB ONCOLOGY

ALPHAMAB ONCOLOGY
康寧傑瑞生物製藥

(Incorporated in the Cayman Islands with limited liability)

Stock code: 9966

GLOBAL OFFERING

Joint Sponsors, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Morgan Stanley　CLSA A CITIC Securities Company　Jefferies

Joint Bookrunners and Joint Lead Managers

交銀國際 BOCOM International　FOSUN HANI 复星恒利　东方证券 DFZQ 國際　中銀國際 BOCI

IMPORTANT: If you are in any doubt about any of the contents of this Prospectus, you should seek independent professional advice.

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GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**179,403,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**17,942,000 Shares (subject to adjustment)**
Number of International Offer Shares	**:**	**161,461,000 Shares (subject to adjustment and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$10.20 per Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong Dollars and subject to refund)**
Nominal Value	**:**	**US$0.000002 per Share**
Stock Code	**:**	**9966**

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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

A copy of this Prospectus, having attached thereto the documents specified in "Appendix VI—Documents Delivered to the Registrar of Companies and Available for Inspection" to this Prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this Prospectus or any other document referred to above.

Our Company is incorporated in the Cayman Islands and substantially all of our businesses are located in the PRC. Potential investors should be aware of the differences in legal, economic and financial systems between the Cayman Islands, the PRC and Hong Kong and that there are different risk factors relating to the investment in our Company. Potential investors should also be aware that the regulatory frameworks in the Cayman Islands and the PRC are different from the regulatory framework in Hong Kong and should take into consideration the different market nature of our Shares. Such differences and risk factors are set out in the sections headed "Risk Factors" and "Regulations."

The Offer Price is expected to be fixed by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Thursday, December 5, 2019 (Hong Kong time) and, in any event, not later than Monday, December 9, 2019 (Hong Kong time). The Offer Price will be not more than HK$10.20 per Offer Share and is currently expected to be not less than HK$9.10 per Offer Share. If, for any reason, the Offer Price is not agreed by Monday, December 9, 2019 (Hong Kong time), or such other date as agreed between the parties, between the Joint Global Coordinators (on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK$10.20 for each Hong Kong Offer Share together with brokerage fee of 1.0%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price as finally determined is less than HK$10.20.

The Joint Global Coordinators (on behalf of the Underwriters), and with the consent of our Company, may, where considered appropriate, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that is stated in this Prospectus (which is HK$9.10 to HK$10.20) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, notices of the reduction in the number of Hong Kong Offer Shares and/or the indicative Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notices will also be available on the website of our Company at www.alphamabonc.com and on the website of the Stock Exchange at www.hkexnews.hk. Further details are set forth in "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this Prospectus. If applications for Hong Kong Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, in the event that the number of Offer Shares and/or the indicative Offer Price range is so reduced, such applications can subsequently be withdrawn.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this Prospectus, including the risk factors set out in the section headed "Risk Factors" in this Prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Hong Kong Offer Shares, are subject to termination by the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the day that trading in the Shares commences on the Stock Exchange. Such grounds are set out in "Underwriting—Underwriting Arrangements—Hong Kong Public Offering—Grounds for Termination" in this Prospectus.

The Offer Shares have not been and will not be registered under the Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of U.S. persons, except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. The Offer Shares are being offered and sold (1) solely to QIBs as defined in Rule 144A pursuant to an exemption from registration under the Securities Act and (2) outside the United States in offshore transactions in reliance on Regulation S to investors.

December 2, 2019

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published in English in South China Morning Post and in Chinese in Hong Kong Economic Times.

Latest time to complete electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk**[2] ..... 11:30 am on Thursday, December 5, 2019

Application lists of the Hong Kong Public Offering open[3] ..... 11:45 am on Thursday, December 5, 2019

Latest time to lodge **WHITE** and **YELLOW** Application Forms ..... 12:00 noon on Thursday, December 5, 2019

Latest time to give **electronic application instructions** to HKSCC[4] ..... 12:00 noon on Thursday, December 5, 2019

Latest time to complete payment of **White Form eIPO** applications by effecting Internet banking transfer(s) or PPS payment transfer(s) ..... 12:00 noon on Thursday, December 5, 2019

Application lists of the Hong Kong Public Offering close ..... 12:00 noon on Thursday, December 5, 2019

Expected Price Determination Date[5] ..... Thursday, December 5, 2019

(1) Announcement of the Offer Price, an indication of the level of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Public Offer Shares to be published in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.alphamabonc.com** on or before[6] ..... Wednesday, December 11, 2019

(2) Announcement of results of allocations in the Hong Kong Public Offering (including successful applicants' identification document numbers, where appropriate) to be available through a variety of channels including the websites of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.alphamabonc.com** (see "How to Apply for Hong Kong Offer Shares—11. Publication of Results" in this Prospectus) from ..... Wednesday, December 11, 2019

(3) A full announcement of the Hong Kong Public Offering containing (1) and (2) above to be published on the website of the Stock Exchange at **www.hkexnews.hk**[7] and our Company's website at **www.alphamabonc.com**[8] from ..... Wednesday, December 11, 2019

Results of allocations for the Hong Kong Public Offering will be available at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function . . . . . Wednesday, December 11, 2019

Dispatch of Share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before(6) . . . . . Wednesday, December 11, 2019

Dispatch of **White Form** e-Refund payment instructions/refund cheques on or before(9) . . . . . Wednesday, December 11, 2019

Dealings in Shares on the Stock Exchange to commence on . . . . . Thursday, December 12, 2019

Notes:

(1) All times and dates refer to Hong Kong local time and date, except as otherwise stated.

(2) You will not be permitted to submit your application through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is a typhoon warning signal number 8 or above, an announcement of "extreme conditions" caused by a super typhoon by the Government of Hong Kong in accordance with the revised "Code of Practice in Times of Typhoons and Rainstorms" issued by the Hong Kong Labour Department in June 2019 and/or a "black" rainstorm warning at any time between 9:00 a.m. and 12:00 noon on Thursday, December 5, 2019, the application lists will not open on that day. See "How to Apply for Hong Kong Offer Shares—10. Effect of Bad Weather on the Opening of the Application Lists" of this Prospectus.

(4) Applicants who apply for Hong Kong Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to "How to Apply for Hong Kong Offer Shares—6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS" of this Prospectus.

(5) The Price Determination Date is expected to be on or around Thursday, December 5, 2019, and, in any event, not later than Monday, December 9, 2019, or such other date as agreed between parties. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (for itself and on behalf of the Underwriters) and our Company by Monday, December 9, 2019, or such other date as agreed between parties, the Global Offering will not proceed and will lapse.

(6) Share certificates are expected to be issued on Wednesday, December 11, 2019 but will only become valid provided that the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms, which is scheduled to be at around 8:00 a.m. on Thursday, December 12, 2019. Investors who trade Shares on the basis of publicly available allocation details before the receipt of share certificates and before they become valid do so entirely of their own risk.

(7) The announcement will be available for viewing on the "Main Board—Allotment of Results" page on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.alphamabonc.com**.

(8) None of the websites or any of the information contained on the website forms part of this Prospectus.

(9) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of wholly or partially successful applications if the Offer Price is less than the price per Offer Share payable on application.

The above expected timetable is a summary only. You should read carefully the sections headed "Underwriting", "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" of this Prospectus for details relating to the structure of the Global Offering, procedures on the applications for Hong Kong Public Offer Shares and the expected timetable, including conditions, effect of bad weather and the dispatch of refund cheques and Share certificates.

CONTENTS

IMPORTANT NOTICE TO INVESTORS

This Prospectus is issued by us solely in connection with the Hong Kong Public Offering and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this Prospectus pursuant to the Hong Kong Public Offering. This Prospectus may not be used for the purpose of, and does not constitute, an offer or a solicitation of an offer to subscribe for or buy, any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this Prospectus in any jurisdiction other than Hong Kong. The distribution of this Prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this Prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this Prospectus. Any information or representation not made in this Prospectus must not be relied on by you as having been authorized by us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our or their respective directors, officers or representatives, or any other person or party involved in the Global Offering.

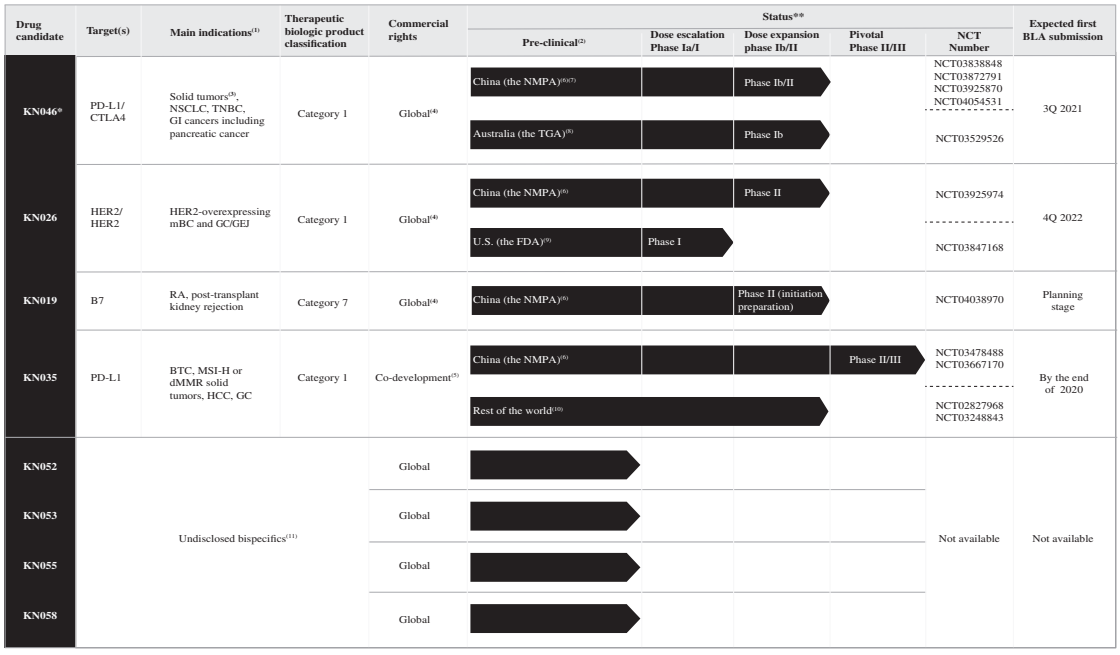
CONTENTS

This summary aims to give you an overview of the information contained in this Prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read this Prospectus in its entirety before you decided to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in "Risk Factors" of this Prospectus. You should read that section carefully before you decide to invest in the Offer Shares. ***In particular, we are a biotechnology company seeking to list on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules on the basis that we are unable to meet the requirements under Rule 8.05(1), (2) or (3) of the Listing Rules.*** *There are unique challenges, risks and uncertainties associated with investing in companies such as ours. Your investment decision should be made in light of these considerations.*

OVERVIEW

We are a leading clinical-stage biopharmaceutical company in China with a fully-integrated proprietary biologics platform in bispecifics and protein engineering. Our mission is to deliver world-class innovative therapeutic biologics to treat patients globally by applying our unique drug discovery and development capabilities. We believe our unique drug discovery and development capabilities are demonstrated by our strong R&D track record and supported by our proprietary technologies, platforms and expertise.

Our highly differentiated in-house pipeline consists of eight oncology drug candidates, including four in clinical stage. The following summarizes our product pipeline:



Abbreviations: NSCLC = non-small cell lung cancer, TNBC = triple-negative breast cancer, mBC=metastatic breast cancer, GC = gastric cancer, GEJ = gastroesophageal junction cancer, HCC = hepatocellular carcinoma, BTC = biliary tract cancer, RA = rheumatoid arthritis, MSI-H = high microsatellite instability, dMMR = DNA mismatch repair, GI cancer = gastrointestinal cancer.

* Denotes Core Product.

** Denotes the most advanced ongoing clinical trials.

(1) We also plan to develop (i) KN046 for esophageal squamous cell carcinoma; and (ii) KN026 for gastric cancers and other types of gastrointestinal cancers, urothelial cancer and ovarian cancer in combination with KN046.

(2) Among the four pre-clinical bispecific candidates, two are at preliminary pre-clinical study stage and two at lead-optimized stage.

(3) The phase Ib study of KN046 targeted various types of solid tumors, with a focus on late-line unresectable metastatic nasopharyngeal carcinoma, urothelial cancer and melanoma. It should be noted that these indications are not major cancer indications in China, each with a relatively low cancer incidence and

representing a small fraction of the total cancer population in China, according to the CIC Report. See "Industry Overview—Overview of Oncology Drug Market in the PRC and United States." We plan to submit the first BLA for KN046 in China for NPC in 2021.

(4) No licensing partner/collaborator as of the Latest Practicable Date.

(5) We invented KN035 in-house and currently are jointly developing it with 3DMed for clinical trials. According to the Co-development Agreements, upon receiving the BLA approval for KN035, 3DMed would be responsible for its global commercialization. We own the right to manufacture and supply KN035 to 3DMed and are entitled to profit sharing. See "Business—Our Collaboration Arrangements—Co-development Agreements with 3DMed."

(6) All of our clinical-stage drug candidates received Umbrella IND approvals from the NMPA. Some indication(s) may not require a non-pivotal phase II clinical trial prior to beginning the pivotal phase II/III clinical trials in China. Based on our experience, the need for comparison studies for our drug candidates is considered on a case-by-case basis and based on communications with the NMPA.

(7) We conducted the China phase Ia clinical trial as a bridging study to leverage our clinical trial data in Australia.

(8) Except for the phase I clinical trial, we do not expect to conduct any other clinical trials or make any registration filing for KN046 in Australia.

(9) KN026 received the IND approval from the FDA in October 2018. We could use clinical trial data in China to support clinical trials in the U.S. or initiate pivotal II/III clinical trials for some indication(s) without conducting non-pivotal phase II clinical trials in the U.S.

(10) Phase I clinical trials are ongoing in the United States and Japan. KN035 received the IND approvals from the U.S. FDA and the Japan Pharmaceuticals and Medical Devices Agency in November 2016 and May 2017, respectively. 3DMed is responsible for clinical trials and registration filings under the Co-development Agreements.

(11) Due to commercial sensitivity, we do not disclose additional details of these BsAb drug candidates for oncology treatment.

- *KN046* – a BsAb immune checkpoint inhibitor simultaneously targeting two clinically-validated immune checkpoints, PD-L1 and CTLA-4, representing a potential breakthrough, next-generation immuno-oncology blockbuster drug. As of the Data Cut-off Date, in our phase I clinical trials in Australia and China, among all subjects receiving KN046 at 5.0 mg/kg Q2W (RP2D), the DCR was 77.8% and 69.2%, respectively and 10 (55.6%) and 4 (30.8%) subjects had target lesion shrinkage, respectively. These subjects have generally failed at least first-line standard of care. The results from the phase I clinical trials have shown a favorable safety profile, and early efficacy signals on NPC (especially in subjects with high PD-L1 expression), and gastrointestinal cancers (including pancreatic cancer). We have adopted a fast/first-to-market approach on select indications and we plan to submit the first BLA for KN046 in China for third or later-line unresectable/metastatic NPC in 2021. We are also conducting clinical trials for several major cancer indications, including NSCLC, TNBC and ESCC. As of the Data Cut-off Date, in our phase II clinical trial in China for second-line or later-line NSCLC subjects (all failed first-line chemotherapy), the DCR was 85.7% and the ORR was 28.6%. As of the same date, in the phase II clinical trial of KN046 as a first-line therapy combined with chemotherapy for first-line TNBC subjects in China, all three evaluable subjects achieved disease control and the ORR was 66.7%. Such preliminary results indicate promising efficacy of KN046 for these two indications especially the combination therapy with chemotherapy.

- *KN026* – a next-generation anti-HER2 BsAb that can simultaneously bind two distinct clinically-validated epitopes of HER2, resulting in potentially superior efficacy. As of September 20, 2019, in our China phase I clinical trial of KN026, KN026 had shown early efficacy signals on heavily pre-treated breast cancer patients as well as favorable safety profile. In this trial, the overall DCR and ORR was 71.4% and 28.6%, respectively, and a total of 19 (90.5%) evaluable subjects had target lesion shrinkage. Among all the evaluable subjects receiving KN026 at 20.0 mg/kg Q2W or 30.0 mg/kg Q3W (RP2Ds), the DCR was 80.0%, the ORR was 40%, and 93.3% subjects had target lesion shrinkage. We plan to complete the phase Ib trial for HER2 High breast cancer and GC/GEJ in China by the first half of 2020. We are also conducting a phase II clinical trial for HER2-overexpressing GC/GEJ in China and a phase I clinical trial for HER2-overexpressing solid tumors, including but not limited to breast cancer and GC/GEJ, in the United States.

- *KN019* – a CTLA-4-based immunosuppressant fusion protein with a potential broad applications in both autoimmune diseases and oncology treatment-induced immune disorders. We plan to start a phase II trial for RA in August 2019 and expand to oncology treatment-induced immune disorder indications in the future.

- *KN035* – potentially the first subcutaneously injectable PD-L1 inhibitor worldwide, offering advantages in safety, convenience, compliance, access to patients not suitable for intravenous infusion, and lower medical cost. Invented by us and jointly developed with 3DMed, KN035 is currently undergoing a phase II clinical trial for dMMR/MSI-H solid tumors and a phase III pivotal trial for BTC in China. The first BLA for KN035 is expected to be filed by the end of 2020 for dMMR/MSI-H solid tumors.

We have a strong research and development team led by our Founder Dr. Xu, a prolific scientist who has made contributions to over 100 patents and patent applications since 2011. As of the Latest Practicable Date, our team had contributed to the CMC processes of many biosimilar candidates. Four of these candidates filed BLAs since 2017, out of a total of 11 biosimilar BLAs that had been filed in China during this period. Our team had also authored 14 papers published in high-impact journals, including *Cancer Cell* and *Immunity*. As of the Latest Practicable Date, we owned one patent covering KN026 in China, co-owned one patent with 3DMed covering KN035 in Australia, and co-owned five patents with Suzhou Alphamab covering our CRIB and CRAM platforms, including in China and the United States. As of the same date, we owned or co-owned 23 patent applications worldwide relating to our drug candidates and technology platforms.

The depth and breadth of our in-house R&D and manufacturing capabilities are demonstrated by the following: (i) structure-guided protein engineering capability to develop protein building blocks in various formats, including sdAbs and engineered proteins; (ii) proprietary CRIB and CRAM platforms for bispecifics and antibody mixtures, respectively; and (iii) state-of-the-art manufacturing capability to be further strengthened by new facilities with an expected capacity of over 30,000L, designed and built to meet NMPA and EU/FDA's cGMP standards.

OUR PLATFORMS AND EXPERTISE

We focus on the development of technologies and platforms of antibody-based therapies for oncology treatment and our expertise in this regard. Benefitting from our proprietary protein engineering platforms and structure-guided molecular modeling expertise, we are able to develop fit-for-purpose mAbs and fusion proteins with bi-, tri- and tetra-specificity. We plan to continue to leverage these platforms and expertise to expand our biologics pipeline and develop new drug candidates, which we believe will be significant improvements to the standard of care for multiple cancer types.

- *CRIB platform*. Our CRIB platform is a heterodimeric Fc-based BsAb engineering platform. Unlike monospecific mAbs, bispecific mAbs can be developed with dual-targeting of receptors and/or ligands that simultaneously block multiple identified signaling pathways, thereby inducing biological effects previously unattainable with monospecific mAbs and increasing tumor-specific targeting and efficacy. Moreover, our CRIB platform allows antibodies to retain the Fc region and its desirable biophysical properties, allowing the antibodies to be stably formulated, dosed on a convenient schedule, and have the ability to kill tumors through multiple mechanisms of action. KN026 was developed using the CRIB platform.
- *CRAM platform*. Combinations of different antibodies have been shown to be more effective for managing certain diseases than monotherapy. However, adding multiple light and heavy chains to cells can lead to production of mismatched heterodimeric by-products. In our CRAM platform, we modified the CH3 domain interface of the Fc region to create electrostatic interactions that prevent the formation of heterodimer impurities. This enables a single streamlined process to produce multiple mAbs with adjustable pre-determined ratios between various mAb components, potentially lowering manufacturing cost and regulatory hurdles. We co-own patents for our CRAM platform in China, the U.S. and Japan.
- *Single domain antibodies used as an alternative scaffold*. The sdAbs are ideal building blocks for multifunctional biologics, with bi-, tri-or tetra-specificity, because they are smaller and stable with a compact structure. We developed KN046 and KN035 using the sdAb format.

RISK FACTORS

We are a biotechnology company seeking to list on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules. There are unique challenges, risks and uncertainties associated with investing in companies such as ours, including the following: (i) we may be unable to obtain regulatory approval for our drug candidates; (ii) clinical drug development involves a lengthy and expensive process with uncertain outcomes, and we may be unable to commercialize our drug candidates on a timely basis; (iii) if our drug 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 drug candidates; (iv) we may not be able to identify, discover or develop new drug candidates; (v) we have incurred significant net losses since inception and expect to continue to incur losses, and may never achieve or maintain profitability; (vi) we may need to obtain substantial additional financing to fund our operations; (vii) we may not be successful in developing,

enhancing or adapting to new technologies and methodologies; (viii) we have very limited experience in commercializing drug candidates; (ix) we may not be able to obtain sufficient patent protection for our drug candidates; and (x) we have collaborated with third parties in the development of drug candidates and combination therapies, and may seek collaboration opportunities and strategic alliances in the future. These risks are not the only significant risks that may affect the value of our Shares. See "Risk Factors" for details of risks and uncertainties related to us.

COMMERCIALIZATION

To date, we have not commercialized any products. We plan to build up our own commercialization team in China with an initial focus on late-stage drug candidates. We plan to assemble a team of personnel dedicated to medical affairs and governmental affairs in the second half of 2020 to prepare for the upcoming launch of KN046 in 2021. Our medical affairs and government affairs personnel would be primarily responsible for physician and KOL education, enhancing awareness of innovative oncology therapies, and communicating with government authorities on insurance, reimbursement and drug pricing. With a one year lead time before we enter into the pre-launch window of our KN046, we plan to begin recruiting team leaders and commercialization personnel with extensive industry knowledge and biopharmaceutical marketing skills, in particular in oncology. During the pre-launch window, we plan to conduct market research and patient analysis, brand building and public education. We expect our commercialization team to have approximately 100 members in 2021. After the launch of KN046, we plan to further expand our team to actively seek insurance and reimbursement opportunities from third-party payors and government reimbursement programs to support the ongoing commercial operations of KN046 and the upcoming launch of KN026. We expect our team to cover major provinces and municipalities in China, especially those with relatively well-developed economies and higher levels of discretionary income. We intend to continue to expand our team in anticipation of more product launches and additional approved indications. See "Business—Commercialization."

MANUFACTURING

To date, we have not commenced manufacturing of commercial products. We currently lease a 2,235 square meter facility from Suzhou Alphamab, which houses our manufacturing and research and development facilities. See "Business—Properties" and "Connected Transactions—One-off Connected Transaction—Property and Equipment Lease Arrangement." This manufacturing facility is equipped with two 1,000L production lines. We are also in the process of building our own manufacturing and research and development facilities in Suzhou, designed to meet NMPA and EU/FDA's cGMP requirements with an expected capacity of over 30,000L. Phase I of our new facilities is expected to be completed in late 2019 with a commercial production capacity of 4,000L (2x2,000L) and a planned GFA of 53,867 square meters. During the Track Record Period, we produced the clinical trial supply of KN035, including those used in pivotal trials, at our leased manufacturing facility. As such, we plan to continue to manufacture KN035 at this facility in the next few years and gradually transfer to our own facilities in due course. If KN035 is approved, we plan to conduct commercial production of other products in our pipeline at our own facilities.

COLLABORATION ARRANGEMENTS

As of the Latest Practicable Date, we had three collaboration arrangements, details of which are set out below:

- *Co-development with 3DMed*. In February 2016, we entered into the initial Co-development Agreement with 3DMed for KN035. Under the Co-development Agreements, we agree to co-own the patent rights under a PCT application and its multiple national phase applications (including the ones in China and the United States) covering the molecule of KN035 with 3DMed. 3DMed would have exclusive commercialization rights for KN035 worldwide. We own the rights to manufacture and supply KN035, and are entitled to profit sharing of KN035. Our ownership in KN035 would be adjusted based on achievement of certain milestones. Upon approval and commercialization of KN035, we would be entitled to a 49% interest in KN035, and 3DMed would own the remaining 51% interest. Under the Co-development Agreements, we were eligible to receive an upfront payment of RMB10 million, which had been paid as of the Latest Practicable Date.

- *Collaboration with Sunshine Lake*. In January 2019, we entered into a collaboration agreement to jointly develop an anti-tumor combination therapy (the "**Anti-tumor**

Combination Therapy") with Sunshine Lake. Under this agreement, both parties have agreed to cooperate in the development, manufacturing and commercialization of the Anti-tumor Combination Therapy indicated for HCC in China based on two drug candidates, namely, CT-053 (an anti-tumor small molecule drug candidate at clinical stage) and KN046, which are owned by Sunshine Lake and us, respectively. Sunshine Lake is generally responsible for all research and development prior to phase II clinical trial. The allocation and undertaking of research and development of the phase II and phase III clinical trials will be determined by supplemental agreements. The allocation of sales revenue will be determined based on the allocation of research and development expenses incurred from phase II clinical trials to the launch of the Anti-tumor Combination Therapy.

- *Non-exclusive Licensing Agreements with Suzhou Dingfu*. In February 2019 and March 2019, we became a party to the Patent Implementation and Licensing Agreement and the Non-exclusive Licensing Agreement, respectively, entered into by Suzhou Alphamab and Suzhou Dingfu. Under the Patent Implementation and Licensing agreement, we granted a non-exclusive license for a CRIB platform patent to Suzhou Dingfu to develop a tumor-targeting cytokine drug for oncology treatment. We will receive royalty or other payments depending on how Suzhou Dingfu commercializes the product they develop under the licensing arrangement. Under the Non-exclusive Licensing Agreement, Suzhou Dingfu has granted a non-exclusive, royalty-free license for a DF004 full human antibody patent for us to develop a DF004/PD-L1 bispecific antibody drug and a DF004/CTLA-4 bispecific antibody drug. Pursuant to the same agreement, we and Suzhou Alphamab have also jointly granted a non-exclusive, royalty-free license for a CTLA-4 humanized antibody patent to Suzhou Dingfu to develop a DF003/CTLA-4 bispecific antibody drug.

RAW MATERIALS AND SUPPLIERS

During the Track Record Period, we primarily procured cell culture media, chromatography resins, raw materials, excipients, packaging materials, nanofiltration and ultrafiltration membranes, bioreactor and single-use bioprocess bags and other ancillary materials used for our research and development activities. We also engage CROs, CMOs, consultants and other third-party service providers to manage, conduct and support our clinical trials and pre-clinical studies. During the Track Record Period, we engaged approximately 20 consultants who are KOLs in our focused therapeutic areas. They primarily provide professional advice on clinical trial feasibility, clinical trial design, sample size calculation and/or data analysis methods for our clinical trials. During the Track Record Period, none of our Directors, their associates or any Shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital, had any interest in any of our five largest suppliers. See "Business—Raw Materials" and "Business—Suppliers."

COMPETITIVE STRENGTHS AND BUSINESS STRATEGY

We believe that the following are our competitive strengths and investment highlights: (i) next-generation in-house developed bispecific antibody candidates with blockbuster potential; (ii) robust pipeline of other in-house developed candidates; (iii) fully-integrated platform supporting drug discovery, development and manufacturing; and (iv) visionary founder supported by an experienced management team. See "Business—Competitive Strengths."

We intend to implement a business strategy with the following key components: (i) rapidly advance clinical development of our product pipeline; (ii) advance our pre-clinical and discovery programs; (iii) continue to enhance our manufacturing capabilities; (iv) continue to attract, train and retain talent to further expand our capabilities; and (v) seek value-maximizing collaboration opportunities. See "Business—Business Strategy."

SUMMARY OF KEY FINANCIAL INFORMATION

This summary historical data of financial information set forth below have been derived from, and should be read in conjunction with, our consolidated audited financial statements, including the accompanying notes, set forth in the Accountants' Report set out in Appendix I to this Prospectus, as well as the information set forth in "Financial Information" of this Prospectus.

Summary Consolidated Statement of Profit or Loss and Other Comprehensive Income Data

	For the year ended December 31,		For the six months ended June 30,	
	2017	2018	2018	2019
	(RMB in thousands)			
			(unaudited)	
Other income	1,428	783	403	11,025
Other gains (losses), net	–	(9,833)	(2)	1,280
Fair value change of convertible redeemable preferred shares	–	(26,284)	–	22,436
Research and development expenses	(53,221)	(65,608)	(26,577)	(55,752)
Administrative expenses	(13,025)	(25,857)	(9,240)	(24,661)
Reorganization related expenses	–	(69,416)	(64,453)	–
Finance costs	(8)	(1,507)	(173)	(235)
Listing expenses	–	(4,911)	–	(12,878)
Loss before taxation	**(64,826)**	**(202,633)**	**(100,042)**	**(58,785)**
Income tax expense	–	–	–	–
Loss for the year/period	**(64,826)**	**(202,633)**	**(100,042)**	**(58,785)**

Summary Consolidated Statement of Financial Position Data

	As of December 31,		As of June 30,
	2017	2018	2019
	(RMB in thousands)		
Non-current assets	35,362	170,790	287,050
Current assets	11,215	656,103	962,991
Current liabilities	10,266	82,800	99,073
Net current assets	949	573,303	863,918
Non-current liabilities	10,000	1,011,121	1,464,240
Net assets/liabilities	26,311	(267,028)	(313,272)

We issued the Series A Preferred Shares in 2018 and the Series B Preferred Shares in May 2019, which were classified as financial liabilities measured at fair value through profit and loss, or FVTPL. As of December 31, 2018 and June 30, 2019, the fair value of the Preferred Shares recognized as convertible redeemable preferred shares in our consolidated statement of financial position was RMB900.6 million and RMB1,288.6 million, respectively, which led to significant increases of our total liabilities as of the same dates. As a result, we changed from a net assets position of RMB26.3 million as of December 31, 2017 to a net liabilities position of RMB267.0 million as of December 31, 2018, and our net liabilities further increased to RMB313.3 million as of June 30, 2019.

Summary Consolidated Cash Flow Statement Data

	For the year ended December 31,		For the six months ended June 30,	
	2017	2018	2018	2019
	(RMB in thousands)			
			(unaudited)	
Operating cash flows before movements in working capital	(64,509)	(90,549)	(33,397)	(73,454)
Net cash used in operating activities	(65,161)	(93,874)	(26,483)	(110,014)
Net cash from/(used in) investing activities	2,305	(72,110)	(30,775)	(716,636)
Net cash from financing activities	2,000	798,800	70,814	445,898
Net contribution for the Oncology Business by Suzhou Alphamab	60,868	9,537	9,537	300
Net increase (decrease) in cash and cash equivalents	12	642,353	23,093	(380,452)
Cash and cash equivalent at the beginning of the year or period	45	57	57	633,712
Effect of foreign exchange rate changes	–	(8,698)	–	302
Cash and cash equivalents at the end of the year or period	57	633,712	23,150	253,562

As a clinical-stage biopharmaceutical company, we have not generated any revenue to date and have incurred operating losses since our inception. As a result, we had net cash outflows from operating activities of RMB65.2 million, RMB93.9 million, RMB26.5 million and RMB110.0 million for the years ended December 31, 2017 and 2018 and the six months ended June 30, 2018 and 2019, respectively. While we expect to continue to experience net cash outflows from operating activities in the foreseeable future, as we continue to spend on our research and development programs, we expect cash inflows to be improved by (i) our future supply and profit-sharing of the sales of KN035 pursuant to the Co-development Agreements with 3DMed, as the first BLA of KN035 is expected to be filed in 2020; and (ii) future sales of KN046, as the first BLA of KN046 is expected to be filed in 2021. See "Business—Our Collaboration Arrangements—Co-development Agreements with 3DMed." In addition, we expect to generate cash inflows from financing activities including net proceeds from the Global Offering.

Key Financial Ratios[(1)]

	As of December 31,		As of June 30,
	2017	2018	2019
Current ratio	1.09	7.92	9.72
Quick ratio	0.75	7.84	9.51

(1) For more information on our key financial ratios, see "Financial Information—Key Financial Ratios."

Cash Operating Costs

	For the year ended December 31,		For the six months ended June 30,	
	2017	**2018**	**2018**	**2019**
	(RMB in thousands)			
Costs relating to research and development of our Core Product:				
Third-party contracting costs	4,352	9,996	1,099	28,219
Raw materials	1,373	9,797	3,105	4,562
Staff costs	2,696	1,827	326	4,169
Others	226	576	255	1,674
Subtotal	*8,647*	*22,196*	*4,785*	*38,624*
Costs relating to research and development of our other drug candidates				
Third-party contracting costs	13,653	21,903	7,809	17,879
Raw materials	12,757	7,759	6,457	7,859
Staff costs	7,283	5,716	1,711	8,388
Others	2,504	2,594	965	2,074
Subtotal	*36,197*	*37,972*	*16,942*	*36,200*
Total	**44,844**	**60,168**	**21,727**	**74,824**
Workforce employment[(1)]	16,497	28,167	5,825	32,290
Direct production[(2)]	–	–	–	–
Commercialization[(2)]	–	–	–	–
Contingency allowance[(3)]	–	–	–	–

(1) Workforce employment costs represents total staff costs, primarily including salaries, compensation and benefits, of our research and development and other employees.

(2) Direct production costs represent costs directly attributable to commercial manufacturing. Commercialization costs represent costs relating to product sales and marketing. We had not commenced commercial manufacturing or product sales as of the Latest Practicable Date.

(3) Contingency allowance represents provisions accrued for contingent liabilities. We had no contingent liabilities during the Track Record Period.

Our research and development cash costs for KN046, our Core Product, for each period reflects the stage and progress of our KN046 development program. In 2017, our research and development of KN046 was in an early stage and, as a result, our research and development cash costs for KN046 in 2017 were relatively low. In 2018, as we ramped up our research and development for KN046 and commenced our phase Ia clinical trial in Australia, research and development cash costs for KN046 increased significantly. In the first half of 2019, we further expanded clinical trials for KN046 by commencing a phase Ia clinical trial and two phase Ib/II clinical trials in China and a phase Ib clinical trial in Australia, and therefore the research and development costs for KN046 experienced a significant increase compared to the first half of 2018. As we advance our clinical development plan for KN046, we expect our research and development cash costs for KN046 to continue to increase.

Our research and development cash costs for our other drug candidates include costs for KN026, KN019, KN035, pre-clinical programs and general discovery and research work. The

overall increase in these research and development cash costs reflect the advancement of these drug development programs, and we expect to incur more cash costs as we commence more clinical trials and pre-clinical studies and enrich our pipeline. The decrease in cash costs of raw materials for other drugs from 2017 to 2018 primarily reflected our inventory level of relevant raw materials in these two years.

While we had net cash outflow and net losses during the Track Record Period, we believe our liquidity requirements will be satisfied by using funds from a combination of net proceeds from the Global Offering, our proceeds from the Pre-IPO Investments and bank borrowings. As of October 31, 2019, our cash and cash equivalents and time deposits with original maturity over three months amounted to RMB847.3 million and we had bank facilities of RMB550.0 million, of which RMB312.8 million were unrestricted and unutilized. Taking these into account, our Directors believe that we have sufficient working capital to cover at least 125% of our costs, including general, administrative and operating costs as well as research and development costs, for at least the next 12 months from the date of this Prospectus.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of share options under the Pre-IPO Share Option Plans), Dr. Xu (for himself and as settlor of Dr. Xu's Family Trust) will be interested in approximately 36.62% of the total issued share capital of our Company. Accordingly, Dr. Xu and Rubymab will be our Controlling Shareholders upon the Listing. For details, see "Relationship with Controlling Shareholders" of this Prospectus.

Our Group has entered into and will continue to engage in certain transactions with Suzhou Alphamab, a company held as to 51% by one of our Controlling Shareholders, which will constitute continuing connected transactions upon the Listing. For details, see "Connected Transactions" of this Prospectus.

PRE-IPO INVESTMENTS

Since the establishment of our Company, we have had two rounds of Pre-IPO Investments. For further details regarding the key terms of these Pre-IPO Investments, see "History, Reorganization and Corporate Structure—The Pre-IPO Investments." Our broad and diverse base of Pre-IPO Investors includes Sophisticated Investors, such as private equity funds, venture capital funds and investment holding companies, some with specific focus on the healthcare industry. For further details of the identity and background of the Pre-IPO Investors, please see "History, Reorganization and Corporate Structure—The Pre-IPO Investments—(4) Information about the Pre-IPO Investors."

PRE-IPO SHARE OPTION PLANS

In recognition of the contributions of our directors and employees and to incentivize them to further promote our development, our Company adopted the Pre-IPO Share Option Plans including the pre-IPO share option plan I on October 16, 2018 (which was further amended on March 29, 2019) and the pre-IPO share option plan II adopted on March 29, 2019. As of the Latest Practicable Date, options to subscribe for an aggregate of 57,460,365 Shares (as adjusted after the Share Subdivision), representing 6.41% of the total issued share capital of the Company immediately following the Global Offering (assuming the Over-allotment Option is not exercised), had been granted to 82 grantees under the Pre-IPO Share Option Plans. Pursuant to the terms of the Pre-IPO Share Option Plans, no grantee may exercise the outstanding options granted under the Pre-IPO Share Option Plans prior to the Listing. For details and principal terms of the Pre-IPO Share Option Plans, please see "Appendix V—Statutory and General Information—D. Pre-IPO Share Option Plans" to this Prospectus.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, no material adverse changes had occurred with respect to the regulatory approvals we have received in relation to our drug candidates. We expect to

achieve a net assets position upon the Listing, when our Preferred Shares will be converted into Shares. We recorded fair value loss and gain from such Preferred Shares of RMB26.3 million and RMB22.4 million for the year ended December 31, 2018 and for the six months ended June 30, 2019, respectively, and expect to continue to record fair value changes from the Preferred Shares subsequent to the Track Record Period and up to the Listing. Any changes in the fair value of the Preferred Shares may adversely affect our financial positions and performance. Save as disclosed in the Prospectus, our Directors confirm that there has been no material adverse change in our financial, operational or trading positions or prospects since June 30, 2019, being the date of our consolidated financial statements as set out in "Appendix I—Accountant's Report" to this Prospectus, and up to the date of this Prospectus.

As we further our research and development programs for our product pipeline in 2019, we expect to incur increasing research and development costs, which may impact our results of operations for the year ending December 31, 2019. We expect to continue to incur significant expenses and operating losses in the future as we further the clinical development and/or pre-clinical studies of our product pipeline, expand our team and grow our business. We expect that our financial performance will fluctuate from period to period due to the status of the development of our drug candidates, the regulatory approval process and commercialization of our drug candidates.

GLOBAL OFFERING STATISTICS

The statistics in the following table are based on the assumptions that: (i) the Global Offering is completed and 179,403,000 Offer Shares are issued and sold in the Global Offering; (ii) the Over-allotment Option is not exercised and without taking into account any Offer Shares which may be issued upon exercised of any options which may be granted under the Pre-IPO Share Option Plans; and (iii) 897,011,575 Shares are in issue upon completion of the Global Offering:

	Based on an Offer price of HK$9.10 per Share	**Based on an Offer price of HK$10.20 per Share**
Market capitalization of our Shares[(1)]	HK$8,162.8 million	HK$9,149.5 million
Unaudited pro forma adjusted net tangible asset value per Share[(2)]	HK$2.93	HK$3.14

(1) The calculation of market capitalization is based on 897,011,575 Shares expected to be in issue immediately upon completion of the Global Offering.

(2) The unaudited pro forma adjusted net tangible asset per Share is calculated after making adjustments referred to in "Appendix II—Unaudited Pro Forma Financial Information" to this Prospectus.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$1,614.4 million, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering, and assuming an Offer Price of HK$9.65 per Share, which is the mid-point of the indicative Offer Price range stated in this Prospectus. We currently intend to apply these net proceeds for the following purposes: (i) approximately 75%, or HK$1,210.8 million, will be used for our key drug development programs, including 50%, or HK$807.2 million for KN046, 20%, or HK$322.9 million, for KN026, 5%, or HK$80.7 million, for KN019; (ii) approximately 15%, or HK$242.2 million, will be used for the construction of our new manufacturing and research and development facilities in Suzhou; and (iii) approximately 10%, or HK$161.4 million, will be used for our early-stage pipeline and our working capital and general corporate purposes. See "Future Plans and Use of Proceeds" for details.

DIVIDEND POLICY

We did not declare or pay any dividend during the Track Record Period. Any future declarations and payments of dividends will be at the absolute discretion of our Directors. There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all. Currently, we do not have any dividend policy or intention to declare or pay any dividends in the near future. Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have advised us that, under our Articles of Association, our Directors may from time to time declare and authorise payment of dividends out of the profits of the Company lawfully available therefor (as permitted by Cayman Islands law), and such dividend would not violate the Memorandum and Articles of Association of the Company nor any applicable law, regulation, order or decree in the Cayman Islands. Conyers Dill & Pearman have also advised that a position of accumulated losses at the Company level does not necessarily restrict the Company from declaring and paying dividends, as dividends may still be declared and paid from sums standing to the credit of our share premium account.

LISTING EXPENSES

Listing expenses to be borne by us are estimated to be approximately RMB105.0 million (including underwriting commission), assuming an Offer Price of HK$9.65 per Share, which is the mid-point of the indicative Offer Price range stated in this Prospectus, and assuming that the Over-allotment Option is not exercised. As of June 30, 2019, we incurred a total of RMB23.6 million in listing expenses, of which RMB17.8 million were recognized in our consolidated statement of profit or loss and other comprehensive income and RMB5.8 million were capitalized. After June 30, 2019, approximately RMB23.3 million is expected to be charged to our consolidated statement of profit or loss and other comprehensive income, and approximately RMB58.1 million is expected to be accounted for as a deduction from equity upon the Listing. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

PROPERTY VALUATION

The Property Valuation Report from JLL, an independent property valuer, set out in Appendix III to this Prospectus, sets out details of the properties we owned and occupied as of October 31, 2019. JLL is of the opinion that the total market value of our properties as of October 31, 2019 was RMB230.6 million. See "Appendix III—Property Valuation Report" to this Prospectus.

In this Prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain other terms are explained in "Glossary of Technical Terms" of this Prospectus.

"3DMed"	3D Medicines (Beijing) Co., Ltd. (思路迪(北京)醫藥科技有限公司), a company incorporated under the laws of the PRC on December 22, 2014, an Independent Third Party collaborating with us in the development of KN035
"Advantech I"	Advantech Capital Investment I Limited, a company incorporated in the Cayman Islands and one of our Pre-IPO Investors
"Advantech II"	Advantech Capital II AlphaMab Partnership L.P., a limited partnership registered in the Cayman Islands and one of our Pre-IPO Investors
"Aljade"	Aljade Ltd., a company incorporated in the BVI on July 11, 2018 and owned by Suzhou Zhongning and Suzhou Yuning as to 50%, respectively
"Alphamab Australia"	Alphamab (Australia) Co Pty Ltd, a company incorporated in Australia on November 20, 2017 and a direct wholly-owned subsidiary of Jiangsu Alphamab
"Alphamab Oncology (BVI)"	Alphamab Oncology (BVI) Ltd., a business company incorporated in the BVI and a direct wholly-owned subsidiary of our Company
"Alphamab Oncology (HK)"	Alphamab Oncology (HK) Limited, a limited liability company incorporated in Hong Kong on May 11, 2018
"Application Form(s)"	**WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s), or where the context so requires, any of them, relating to the Hong Kong Public Offering
"Articles of Association" or "Articles"	articles of association of our Company conditionally adopted on November 24, 2019 with effect from the Listing Date, a summary of which is set out in "Appendix IV—Summary of the Constitution of the Company and Cayman Islands Company Law" to this Prospectus

"Asset Transfer and Patent Licensing Agreements"	an asset transfer and patent licensing agreement (資產轉讓及專利實施許可合同) entered into between Suzhou Alphamab and Jiangsu Alphamab on April 18, 2018, together with three supplemental agreements entered into by the same parties on June 26, 2018, December 26, 2018 and February 27, 2019, respectively
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"AstraZeneca"	AstraZeneca plc, a British multi-national pharmaceutical and biopharmaceutical company
"BLA"	biologic license application
"BMS"	Bristol-Myers Squibb, a U.S. multi-national pharmaceutical company
"Board"	the board of directors of our Company
"Business Day"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate
"CCASS"	the Central Clearing and Settlement System established and operation by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or 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 Operational Procedures"	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operation and functions of CCASS, as from time to time in force

"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"CDA"	China Drug Administration (國家藥品監督管理總局)
"CDE"	Center for Drug Evaluation (藥品審評中心)
"China," "mainland China," "PRC" or "State"	People's Republic of China, but for the purpose of this Prospectus and for geographical reference only and except where the context requires otherwise, references in this Prospectus to "China" and the "PRC" do not apply to Hong Kong, Macau and Taiwan
"CIC"	China Insights Consultancy Limited
"CIC Report"	the market research report prepared by CIC and commissioned by us
"Circular 7"	Announcement on Issues of Enterprising Income Tax Arising from Indirect Property Transfer Between Non-resident Enterprises (關於非居民企業間接轉讓財產企業所得稅若干問題的公告)
"Circular 37"	SAFE Circular on Relevant Issues Relating to the Administration of Foreign Exchange on Domestic Resident's Overseas Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (國家外匯管理局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)
"Classic Insight"	Classic Insight Project Company Limited, a company incorporated in the BVI and one of our Pre-IPO Investors
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"CNIPA"	National Intellectual Property Administration of the PRC
"Co-development Agreements"	a co-development agreement entered into between 3DMed and us in relation to KN035 in February 2016, together with a series of other supplemental agreements entered into by the same parties from 2017 to 2019

"Companies Law" or "Cayman Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
"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"	Alphamab Oncology (康寧傑瑞生物製藥), an exempted company with limited liability incorporated under the laws of the Cayman Islands on March 28, 2018
"connected person"	has the meaning ascribed thereto under the Listing Rules
"connected transaction"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Dr. Xu and/or Rubymab
"Core Product"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for the purposes of this Prospectus, our Core Product refers to KN046
"Data Cut-off Date"	September 13, 2019 for KN046 and KN019
"Director(s)" or "our Director(s)"	the directors of our Company, including all executive, non-executive and independent non-executive directors
"Dr. Xu"	Dr. Xu Ting (徐霆), the Founder, chairman, executive Director and chief executive officer of our Company
"Dr. Xu's Family Trust"	a discretionary family trust in the process of establishment by Dr. Xu as settlor for the benefits of Dr. Xu's family members, of which South Dakota Trust is a trustee

"EIT Law"	the PRC Enterprise Income Tax Law (中華人民共和國企業所得税法), as enacted by the NPC on March 16, 2007 and effective on January 1, 2008, as amended, supplemented or otherwise modified from time to time
"FDA"	the U.S. Food and Drug Administration, a federal agency of the U.S. Department of Health and Human Services responsible for regulating food and drugs
"Founder"	Dr. Xu, the founder of our Group
"Genentech"	Genentech, Inc., an American biotechnology corporation which became a subsidiary of Roche in 2009
"GFA"	gross floor area
"Global Offering"	the Hong Kong Public Offering and the International Offering
"**GREEN** Application Form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited
"Group" or "our Group" or "we"	our Company and all of our subsidiaries or, where the context so requires, any companies that became our subsidiaries as part of the Reorganization and the oncology businesses operated by such subsidiaries or their predecessors, Suzhou Alphamab (as the case may be)
"HCC Investments"	HCC Investments, LLC, a limited liability company incorporated in the United States and one of our Pre-IPO Investors
"Hengrui"	Jiangsu Hengrui Medicine Co., Ltd. (江蘇恒瑞醫藥股份有限公司), a PRC biopharmaceutical company
"HK$" or "Hong Kong Dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited

"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	the 17,942,000 Shares initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to reallocation as described in "Structure of the Global Offering" of this Prospectus)
"Hong Kong Public Offering"	the offer for subscription of the Hong Kong Offer Shares to the public in Hong Kong at the Offer Price, subject to and in accordance with the terms and conditions set out in this Prospectus and the Application Forms
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering whose names are set out in "Underwriting—Hong Kong Underwriters" of this Prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated November 29, 2019 relating to the Hong Kong Public Offering entered into by, among other parties, our Company, the Joint Sponsors, the Joint Global Coordinators and the Hong Kong Underwriters
"Hudson Bay"	Hudson Bay Master Fund Ltd., a company incorporated in the Cayman Islands and one of our Pre-IPO Investors
"ICH"	International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use
"IFRSs"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China and clinical trial notification in Australia

"Independent Third Party(ies)"	party or parties that, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is or are not a connected person of the Company within the meaning of the Listing Rules
"Innovent"	Innovent Biologics, Inc. (信達生物製藥), a PRC-based biopharmaceutical company listed on the Main Board of the Stock Exchange (stock code: 01801)
"International Offer Shares"	the 161,461,000 Shares initially offered by our Company for subscription under the International Offering, together, where relevant, with any additional Shares which may be offered by the Company pursuant to the exercise of the Over-allotment Option, subject to reallocation as described in "Structure of the Global Offering" of this Prospectus
"International Offering"	the offer of the International Offer Shares at the Offer Price, in the United States to QIBs only in reliance on Rule 144A and outside the United States in offshore transactions in accordance with Regulation S or any other available exemption from registration under the U.S. Securities Act, as further described in "Structure of the Global Offering" of this Prospectus
"International Underwriters"	the group of international underwriters expected to enter into the International Underwriting Agreement relating to the International Offering
"International Underwriting Agreement"	the international underwriting agreement relating to the International Offering and expected to be entered into by, among other parties, our Company, the Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers and the International Underwriters on or about the Price Determination Date
"Janchor"	Janchor Partners Pan-Asian Master Fund, a company incorporated under the laws of the Cayman Islands and one of our Pre-IPO Investors
"Jiangsu Alphamab"	Jiangsu Alphamab Biopharmaceuticals Co., Ltd. (also known as Jiangsu Alphamab Pharmaceuticals Co., Ltd.) (江蘇康寧傑瑞生物製藥有限公司), a limited liability company established in the PRC on July 14, 2015 and our wholly-owned subsidiary

"JLL"	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the independent property valuer commissioned by us to conduct property valuation on the properties of our Group
"Joint Bookrunners"	Morgan Stanley Asia Limited (in relation to the Hong Kong Public Offering), Morgan Stanley & Co. International plc (in relation to the International Offering), CLSA Limited, Jefferies Hong Kong Limited, BOCOM International Securities Limited, Fosun Hani Securities Limited, Orient Securities (Hong Kong) Limited and BOCI Asia Limited
"Joint Global Coordinators"	Morgan Stanley Asia Limited, CLSA Limited and Jefferies Hong Kong Limited
"Joint Lead Managers"	Morgan Stanley Asia Limited (in relation to the Hong Kong Public Offering), Morgan Stanley & Co. International plc (in relation to the International Offering), CLSA Limited, Jefferies Hong Kong Limited, BOCOM International Securities Limited, Fosun Hani Securities Limited, Orient Securities (Hong Kong) Limited and BOCI Asia Limited
"Joint Sponsors"	Morgan Stanley Asia Limited, CLSA Capital Markets Limited and Jefferies Hong Kong Limited
"Junshi"	Shanghai Junshi Biosciences Co., Ltd. (上海君實生物醫藥科技股份有限公司), a PRC-based biopharmaceutical company listed on the Main Board of the Stock Exchange (stock code: 01877)
"Kiwi Jolly"	Kiwi Jolly Limited, a business company incorporated in the BVI and one of our Pre-IPO Investors
"KOL(s)"	key opinion leader(s)
"Latest Practicable Date"	November 23, 2019, being the latest practicable date for the purpose of ascertaining certain information contained in this Prospectus prior to its publication
"Listing"	the listing of our Shares on the Main Board
"Listing Committee"	the listing committee of the Stock Exchange

"Listing Date"	the date, expected to be on or about December 12, 2019, on which dealings in our Shares first commence on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange. For the avoidance of doubt, the Main Board excludes the Growth Enterprise Market of the Stock Exchange
"MedImmune"	MedImmune, LLC, a pharmaceutical company wholly-owned by AstraZeneca
"Memorandum of Association" or "Memorandum"	memorandum of association of our Company conditionally adopted on November 24, 2019 with effect from the Listing Date
"Merck"	Merck & Co., Inc., a U.S. multi-national pharmaceutical company
"Merck KGaA"	Merck KGaA, or the Merck Group, a German multinational pharmaceutical company
"MOFCOM" or "Ministry of Commerce"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"MOH"	Ministry of Health (中華人民共和國衛生部), the predecessor of NHFPC
"MOHRSS"	Ministry of Human Resources and Social Security (中華人民共和國人力資源和社會保障部)
"NDRC"	National Development and Reform Commission (中華人民共和國國家發展和改革委員會)
"New Pavillion"	New Pavillion Limited, a company incorporated in the Cayman Islands and one of our Pre-IPO Investors
"NHFPC"	National Health Commission of the PRC (中華人民共和國國家衛生健康委員會)

"NIFDC"	National Institute for Food and Drug Control (中國食品藥品檢定研究院)
"NMPA"	the National Medical Products Administration of China (國家藥品監督管理局) or, where the context so requires, its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局), or CFDA
"Non-competition Undertaking"	the non-competition undertaking dated November 24, 2019 and entered into by the Controlling Shareholders in favor of our Company, details of which are set out in "Relationship with Controlling Shareholders" of this Prospectus
"NPCSC"	Standing Committee of the National People's Congress (全國人民代表大會常務委員會)
"NRDL"	China's National Reimbursement Drug List
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK$10.20 and expected to be not less than HK$9.10, such price to be agreed upon by our Company and the Joint Global Coordinators (on behalf of the Underwriters) on or before the Price Determination Date
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares
"Over-allotment Option"	the option expected to be granted by our Company to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, pursuant to which our Company may be required to allot and issue up to an aggregate of 26,910,000 Offer Shares, representing 15% of the Offer Shares initially being offered under the Global Offering, at the Offer Price to cover over-allocations in the International Offering, if any, further details of which are described in "Structure of the Global Offering" of this Prospectus
"PAG Growth"	PAG Growth I (BVI) Limited, a business company incorporated under the laws of the BVI and one of our Pre-IPO Investors

"Pearlmed"	Pearlmed Ltd., a company incorporated in the BVI on March 22, 2018 and wholly owned by Mr. Xue Chuanxiao
"Pfizer"	Pfizer Inc., a US multi-national pharmaceutical corporation
"PRC Legal Adviser"	Commerce & Finance Law Offices, our legal adviser as to PRC laws
"PRDL"	Provincial Reimbursement Drug List
"Pre-IPO Investment(s)"	the pre-IPO investment(s) in our Company, the details of which are set out in "History, Reorganization and Corporate Structure—The Pre-IPO Investments"
"Pre-IPO Investors"	the investors of Pre-IPO Investments
"Pre-IPO Share Option Plans"	the pre-IPO share option plan I adopted by our Company on October 16, 2018, which was further amended on March 29, 2019 and the pre-IPO share option plan II adopted by our Company on March 29, 2019, as amended from time to time, the principal terms of which are set out in "Appendix V—Statutory and General Information—D. Pre-IPO Share Option Plans" to this Prospectus
"Preferred Shares"	the Series A Preferred Shares and the Series B Preferred Shares
"Price Determination Agreement"	the agreement to be entered into between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be on or about December 5, 2019 on which the Offer Price is to be fixed by agreement between us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters)
"Property Valuation Report"	the text of a letter, the summary of values and valuation certificates from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, as set out in Appendix III to this Prospectus
"Prospectus"	this prospectus being issued in connection with the Hong Kong Public Offering

"QIB"	a qualified institutional buyer within the meaning of Rule 144A
"Regulation S"	Regulation S under the U.S. Securities Act
"Renminbi" or "RMB"	the lawful currency of the PRC
"Reorganization"	the reorganization undergone by our Group in preparation for the Listing as described in the section headed "History, Reorganization and Corporate Structure—Reorganization"
"Roche"	F. Hoffmann-La Roche AG, a Swiss multi-national healthcare company
"Rubymab"	Rubymab Ltd., a company incorporated in the BVI on March 22, 2018 and wholly owned by Dr. Xu
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAIC"	the State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家税務總局)
"Series A Investors"	holder(s) of the Series A Preferred Shares
"Series A Preferred Shares"	the convertible series A preferred shares with a par value of US$0.00001 per share in the authorized share capital of the Company allotted and issued to the Series A Investors during the Pre-IPO Investments, or the series A preferred shares with a par value of US$0.000002 per share held by the Series A Investors in the authorized share capital of the Company following the Share Subdivision, details of which are described in the section headed "History, Reorganization and Corporate Structure"
"Series B Investors"	holder(s) of the Series B Preferred Shares

"Series B Preferred Shares"	the convertible series B preferred shares with a par value of US$0.00001 per share in the authorized share capital of the Company allotted and issued to the Series B Investors during the Pre-IPO Investments, or the series B preferred shares with a par value of US$0.000002 per share held by the Series B Investors in the authorized share capital of the Company following the Share Subdivision, details of which are described in the section headed "History, Reorganization and Corporate Structure"
"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, supplemented or otherwise modified from time to time
"Share(s)"	ordinary shares in the share capital of our Company of US$0.000002 each
"Share Subdivision"	the subdivision of each share in the Company's issued and unissued share capital with par value of US$0.00001 each into five shares of the corresponding class with par value of US$0.000002 each on November 24, 2019, the details of which are set out in "History, Reorganization and Corporate Structure"
"Shareholder(s)"	holder(s) of the Share(s) of our Company
"Shareholders Agreement"	shareholders agreement dated May 27, 2019 entered into among our Company and its subsidiaries, Dr. Xu, Rubymab, Mr. Xue Chuanxiao, Mr. ZHANG Xitian, Mr. Mike Liu, Pearlmed, Sky Diamond, Aljade, the Series A Investors and the Series B Investors
"Sky Diamond"	Sky Diamond Co., Ltd., a company incorporated in the BVI on June 1, 2018 and wholly owned by Mr. ZHANG Xitian
"Sophisticated Investor"	has the meaning ascribed to it under Guidance Letter HKEX-GL92-18 issued by the Stock Exchange
"South Dakota Trust"	South Dakota Trust Company LLC, the trustee of Dr. Xu's Family Trust
"Southern Creation"	Southern Creation Limited, a special purpose vehicle registered in the BVI and one of our Pre-IPO Investors

"Stabilizing Manager"	Morgan Stanley Asia Limited
"State Council"	State Council of the PRC (中華人民共和國國務院)
"Stock Borrowing Agreement"	the stock borrowing agreement to be entered into between Rubymab and Morgan Stanley & Co. International plc on or around the Price Determination Date
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Sunshine Lake"	Sunshine Lake Pharma Co., Ltd. (廣東東陽光藥業有限公司), our collaboration partner to develop a new anti-tumor combination therapy
"Suzhou Alphamab"	Suzhou Alphamab Co., Ltd. (蘇州康寧傑瑞生物科技有限公司), a limited liability company established in the PRC on November 6, 2008 and our connected person
"Suzhou Dingfu"	Suzhou Dingfu Target Biotechnology Co., Ltd. (蘇州丁孚靶點生物技術有限公司), a limited liability company established in the PRC on December 2, 2011
"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 years ended December 31, 2017 and 2018 and the six months ended June 30, 2019
"Umbrella IND"	pursuant to the Announcement of the NMPA Concerning Several Policies on Drug Registration Evaluation and Approval (國家食品藥品監督管理總局關於藥品註冊審評審批若干政策的公告) issued by the NMPA on November 11, 2015, the IND approval for new drugs shall be an overall approval of all phases of a new drug's clinical trials, instead of a phase-by-phase approval for each phase of a new drug's clinical trial
"Underwriters"	the Hong Kong Underwriters and the International Underwriters

"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. Securities Act"	United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
"U.S. dollar(s)," "US$" or "USD"	United States dollars, the lawful currency of the United States
"USPTO"	United States Patent and Trademark Office
"VAT"	value-added tax; all amounts are exclusive of VAT in this Prospectus except where indicated otherwise
"we" "us" or "our"	the Company or the Group, as the context requires
"**WHITE** Application Form(s)"	the applicable form(s) for the Hong Kong Offer Shares for use by the public who require(s) such Hong Kong Offer Shares to be issued in the applicant's own name
"**White Form eIPO**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of **White Form eIPO** Service Provider at **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"Worldwide Healthcare"	Worldwide Healthcare Trust PLC, a closed-end fund incorporated in the United Kingdom and one of our Pre-IPO Investors
"**YELLOW** Application Form(s)"	the application form(s) for use by the public who require(s) such Hong Kong Public Offer Shares to be deposited directly into CCASS

Certain amounts and percentage figures included in this Prospectus 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.

For ease of reference, the names of the PRC laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in the Prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of official Chinese names are for identification purpose only.

In this Prospectus, unless the context otherwise requires, explanations and definitions of certain terms used in this Prospectus in connection with our Group and our business shall have the meanings set out below. The terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

"μg"	microgram, a unit of mass equal to one millionth (1×10^{-6}) of a gram
"'3+3' design"	an empirical rule-based dose escalation schedule that starts by allocating lowest dose level to the first cohort, then adaptively escalates or de-escalates based on observed DLT events, and repeats until MTD is obtained or when trial is stopped
"^{89}Zr"	a radiolabel for PET imaging of monoclonal antibodies
"95% CI"	95% confidence interval, a commonly used concept in biostatistics, meaning in approximately 95 out of 100 times, the interval will contain the true mean value
"ADA"	anti-drug antibody, an antibody triggered by the use of a biological anti-cancer drug. ADA may affect the efficacy and safety of the drug
"ADC"	antibody-drug conjugate, a class of biopharmaceutical drugs designed as a targeted therapy using antibody-guided chemical toxins to kill tumor cells
"adjuvant treatment"	additional treatment given after the main treatment to help lower the risk of the cancer recurring
"AE"	adverse event, any untoward medical occurrence in a patient or clinical investigation subject administered a drug or other pharmaceutical product during clinical trials and which does not necessarily have a causal relationship with the treatment
"ALK"	anaplastic lymphoma kinase, a protein that is critical for cell proliferation and differentiation. The over-expression of ALK is believed to be associated with a number of cancers
"APC(s)"	antigen presenting cells

"assay"	an analysis done to determine (1) the presence of a substance and the amount of that substance and (2) the biological or pharmacological potency of a drug
"autoimmune diseases"	diseases such as rheumatoid arthritis and lupus which arise from an abnormal immune response of the body against substances and tissues normally present in the body
"B7"	a type of peripheral membrane protein found on an activated APC that, when paired with either a CD28 or CD152 (CTLA-4) surface protein on a T-cell, can produce a signal to enhance or decrease the activity of a MHC-TCR signal between the APC and the T-cell. There are two major types of B7 proteins: B7-1 or CD80, and B7-2 or CD86
"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
"basket trial"	a study that tests the effect of one drug on a single mutation or biomarker in a variety of tumor types, at the same time
"BED"	biologically effective dose, a measure that indicates quantitatively the biological effect of any radiotherapy treatment
"biliary tract cancer" or "BTC"	a cancer of the liver, gall bladder or bile ducts
"bioavailability"	a measure of the degree and rate at which an administered drug is absorbed by the body's circulation system
"bispecific"	in reference to antibodies, antibodies that combine two antigen-recognizing elements into a single construct, able to recognize and bind to two different antigens (or epitopes)
"bridging study"	a supplemental trial or study performed in a new region to provide pharmacodynamic or clinical data on efficacy, safety, dosage and dose regimen in the new region that will allow extrapolation of the foreign clinical data to the new region
"BsAb"	bispecific monoclonal antibody
"carcinoma"	a type of cancer that develops from epithelial cells

"CBR"	clinical benefit rate, the percentage of patients with advanced or metastatic cancer who have achieved complete response, partial response and stable disease to a therapeutic intervention in clinical trials of anticancer agents
"CD4+ T-cells"	also known as T-helper cells, a type of T-cell that helps the activity of other immune cells by releasing T-cell cytokines
"CD40"	a co-stimulatory protein found on APCs which is required for their activation. The binding of CD154 (the ligand of CD40) on T cells to CD40 activates APCs and induces a variety of downstream effects
"cell culture"	the process by which cells are grown under controlled conditions, generally outside of their natural environment
"cell line"	a cell culture developed from a single cell and therefore consisting of cells with a uniform genetic makeup
"cGMP"	current good manufacturing practice
"chemotherapy"	a category of cancer treatment that uses one or more non-selective anti-cancer agents as part of its standardized regimen
"C_{max}"	maximum measured serum concentration
"CMC"	chemistry, manufacturing and controls processes in the development, licensure, manufacturing and ongoing marketing of pharmaceutical products
"CMO(s)"	contract manufacturing organizations, which provide support to the pharmaceutical industry in the form of manufacturing services outsourced on a contract basis
"CNI drugs"	calcineurin inhibitor drugs, which inhibit the action of calcineurin and are used to treat inflammatory skin conditions such as atopic dermatitis when other treatments have failed

"cohort"	a group of patients as part of a clinical study who share a common characteristic or experience within a defined period and who are monitored over time
"colorectal cancer" or "CRC"	a cancer of the colon or rectum, located at the digestive tract's lower end
"combination therapy"	treatment in which a patient is given two or more drugs (or other therapeutic agents) for a single disease
"CRAM platform"	the charge repulsion induced antibody mixture platform, used to engineer antibody mixtures
"CRIB platform"	the charge repulsion improved bispecific platform, used to engineer heterodimeric Fc-based BsAbs
"CRO(s)"	contract research organizations, which provide support to the pharmaceutical, biotechnology and medical device industries in the form of research and development services outsourced on a contract basis
"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
"CT"	computed tomography scan, a radiological examination that captures detailed images of the body in three dimensions
"CTCAE"	Common Terminology Criteria for Adverse Events, a set of criteria for the standardized classification of adverse effects of drugs used in cancer therapy produced by the US National Cancer Institute
"CTLA-4"	cytotoxic T-lymphocyte-associated protein 4, a protein expressed on all T-cells but which is expressed at the highest level on regulatory T-cells (Treg) and contributes to the suppressor function of Treg and acts as an off-switch to T-cell immune response to cancer cells
"Ctrough/trough concentration"	the lowest concentration reached by a drug before the next dose is administered

"cytokine"	a broad and loose category of small proteins that are important in cell signaling. Their release has an effect on the behaviour of cells around them
"cytotoxic"	toxic to living cells
"deficient mismatch repair" or "dMMR "	ability of a cell in correcting mistakes made when DNA is copied in a cell Mismatch repair deficient cells usually have many DNA mutations, which may lead to cancer
"disease control"	the sum of complete responses (CR), partial responses (PR) and stable disease (SD) lasting at least six weeks
"disease control rate" or "DCR"	the total proportion of patients who demonstrate a response to treatment, equal to the sum of complete responses (CR), partial responses (PR) and stable disease (SD) lasting at least six weeks
"DLT"	dose-limiting toxicity, side effects of a drug or other treatment that are serious enough to prevent an increase in dose or level of that treatment
"DOR"	duration of response, the length of time between the initial response to therapy and subsequent disease progression or relapse
"EC_{50}"	half maximal effective concentration, which refers to the concentration of a drug, antibody or toxicant which induces a response halfway between the baseline and maximum after a specified exposure time
"EDC"	electronic data capture system, a computerized system designed for the collection of clinical data in electronic format for use mainly in human clinical trials
"effector functions"	the functions of antibodies in which they bind to extracellular pathogens and toxins to mediate their destruction by phagocytic cells
"effector phase"	a phase in many cell-mediated immune responses in which the T lymphoblasts and other presenting cells interact to eliminate the antigen
"effector T-cells"	a group of cells that includes several T-cell types that actively respond to a stimulus, such as co-stimulation, including CD4+, CD8+ and Treg cells

"EGFR"	epidermal growth factor receptor
"ESCC"	esophageal squamous cell carcinoma
"Fast/first-to-market approach"	being the first to bring a drug in its class to the market, or being the one that develops an approved drug from a concept within a short time period
"Fc region"	fragment crystallisable region, which is the tail region of an antibody that interacts with cell surface receptors called Fc receptors and some proteins of the complement system
"first-line"	with respect to any disease, the treatment regimen or regimens that are generally accepted by the medical establishment for initial treatment
"fragment antigen-binding" or "Fab"	a region on an antibody that binds to antigens
"GC"	gastric cancer
"GEJ"	gastroesophageal junction cancer
"GI"	gastrointestinal tract, an organ system within humans and other animals which takes in food, digests it to extract and absorb energy and nutrients, and expels the remaining waste as feces
"glycosylation"	enzymatic process that attaches glycans to proteins, or other organic molecules
"GMP"	good manufacturing practice
"grade"	term used to refer to the severity of adverse events, in order of Grade 1 to 5 ranging from mild symptoms, moderate, to life threatening consequences and death
"GvHD"	graft versus host disease, a potentially serious complication of allogeneic stem cell transplantation and reduced-intensity allogeneic stem cell transplantation
"HCC"	hepatocellular carcinoma, a type of cancer arising from hepatocytes in predominantly cirrhotic liver
"head-to-head study"	a study designed to evaluate an investigational medicine compared to an existing standard of care

"HER2"	human epidermal growth factor receptor 2
"HER2 High"	a high level of HER2 expression in tumors, typically assigned with a "++" or "+++" value in immunohistochemistry, or scored as positive in FISH
"HER2 Intermediate"	an intermediate level of HER2 expression in tumors, typically assigned with "++" value in immunohistochemistry, or scored as equivocal or negative in FISH
"HER2 Low"	a low level of HER2 expression in tumors, typically assigned with a "+" value in immunohistochemistry, or scored as equivocal or negative in FISH
"HER2-overexpressing cancers"	cancers that are closely associated with the over-expression or amplification of HER2 (including HER2 High, Intermediate and Low), including but not limited to breast cancer and gastric cancer
"IFN-γ"	type II interferon, a cytokine that is critical for innate and adaptive immunity against viral, some bacterial infections and protozoal infections (infections caused by parasites)
"IgG"	the most common antibody type found in blood circulation that plays an important role in antibody-based immunity against invading pathogens
"IL-2"	interleukin-2, a type of cytokine signaling molecule in the immune system to provoke an immune response in the body of a human and other animal (i.e., the ability to induce humoral and/or cell-mediated immune responses)
"immune checkpoint inhibitor(s)" or "ICI(s)"	molecules that release the natural brakes of immune response
"immune response"	the body's response caused by its immune system being activated by antigens, and can include immunity to pathogenic microorganisms and its products, allergies, graft rejections, as well as autoimmunity to self-antigens
"immuno-oncology"	a type of cancer therapy by stimulating the body's immune system to fight cancer
"*in vitro*"	studies using components of an organism that have been isolated from their usual biological surroundings, such as microorganisms, cells or biological molecules

"*in vivo*"	studies in which the effects of various biological entities are tested on whole, living organisms as opposed to a partial or dead organism, or those done *in vitro*
"internalization"	a cellular process in which substances are brought into the cell
"intravenous" or "IV"	a route of administration of injecting drugs directly into a vein, the fastest way to deliver fluids and medications throughout the body
"irAEs"	immune-related adverse events
"kDa"	kilodalton, a common measurement of molecular weight or mass for proteins and other macromolecules
"late-line"	any treatment after the first-line treatment without a standard of care
"lesion"	tumors in the terminology of RECIST
"ligand"	a substance that forms a complex with a biomolecule to serve a biological purpose
"Lugano"	a lymphoma staging classification system to simplify and standardize the response assessment enabling better understanding and communication among professionals
"lymphocytes"	a sub-type of white blood cells, such as T-cells, B-cells and NK cells
"metastatic"	in reference to any disease, including cancer, disease producing organisms or of malignant or cancerous cells transferred to other parts of the body by way of the blood or lymphatic vessels or membranous surfaces
"MHC"	major histocompatibility complex, a class of proteins capable of binding antigens and displaying them on the cell surface for the recognition by T-cells
"ml"	milliliter, a unit of volume equal to one thousandth (1×10^{-3}) of a liter
"MLR"	mixed leukocyte reaction, a test used by pharmaceutical and biotech organizations to show the safety of a drug or implantable material

"monoclonal antibodies" or "mAbs"	an antibody produced by a single clone of immune cells or cell line and consisting of identical antibody molecules, this includes monospecific antibodies and bispecific antibodies and excludes ADC
"monospecific"	in reference to antibodies, are those whose specificity to antigens is singular in any of several ways: antibodies that all have affinity for the same antigen; antibodies that are specific to one antigen or one epitope; or antibodies specific to one type of cell or tissue
"monotherapy"	therapy that uses a single drug to treat a disease or condition
"MRI"	magnetic resonance imaging, a medical test uses a strong magnetic field and radio waves to create detailed images of the organs and tissues within the body
"MSI-H"	microsatellite instability-high, a feature of cancer's genetic coding with a high amount of instability in a tumor
"MTD"	maximum tolerated dose, the highest dose of a drug or treatment that does not cause unacceptable side effects
"neoadjuvant treatment"	a therapy administered before a main treatment to reduce the size of tumor to enhance the ease of tumor removal
"new lesion"	the appearance of malignant lesion which is not present at baseline
"NHL"	non-Hodgkin's lymphoma
"nM"	nanomolar, a unit of concentration equal to one billionth (1×10^{-9}) of a molar
"non-target lesion"	a lesion whose presence has been noted, but whose measurement has not been taken
"NPC"	nasopharyngeal carcinoma
"NSCLC"	non-small cell lung cancer
"on-target toxicity"	adverse effect that results from interactions of the drug with its therapeutic target

"oncology"	a branch of medicine that deals with tumors, including study of their development, diagnosis, treatment and prevention
"open-label"	describes clinical trials in which both the researchers and participants know which treatment is being administered, ie. not blinded
"ORR"	objective response rate, which is equal to the sum of CR and PR
"overall survival"	the time from randomization to death from any cause
"OX40"	a secondary co-stimulatory immune checkpoint molecule, expressed after 24 to 72 hours following activation. Expression of OX40 is dependent on full activation of the T cell
"PBMC"	peripheral blood mononuclear cells, blood cells with round nuclei that can be extracted from blood, which are widely used in research and clinical applications
"PBS"	phosphate buffered saline, used in some biological studies as a negative (blank) control
"PCT"	the patent cooperation treaty, an international treaty administered by the World Intellectual Property Organization
"PD"	progressive disease, cancer that is growing, spreading or getting worse
"PD-1"	programmed cell death protein 1, an immune checkpoint receptor expressed on some T-cells, B-cells and macrophages that turns off the T-cell mediated immune response as part of the process that discourages a healthy immune system from attacking other cells in the body
"PD-(L)1"	PD-1 and/or PD-L1
"PD-L1"	programmed death ligand 1, a protein on the surface of a normal cell or a cancer cell that can attach to PD-1 on the surface of the T-cell that causes the T-cell to turn off its ability to kill the cancer cell

"PFS"	progression-free survival, the length of time during and after the treatment that a patient lives without the disease getting worse
"pharmacodynamics" or "PD"	the study of how a drug affects an organism, which, together with pharmacokinetics, influences dosing, benefit, and adverse effects of the drug
"pharmacokinetics" or "PK"	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
"pivotal trial"	also known as the registration trial, the final stage of trial or study to demonstrate clinical efficacy and safety evidence required before submission for drug marketing approval
"placebo"	any dummy medical treatment administered to the control group in a controlled clinical trial in order that the specific and non-specific effects of the experimental treatment can be distinguished
"PR"	partial response, refers to a decrease in the size of a tumor, or in the extent of cancer in the body, in response to treatment
"pre-clinical studies"	testing a drug on non-human subjects, to gather efficacy, toxicity, pharmacokinetic and safety information and to decide whether the drug is ready for clinical trials
"primary endpoints"	the pre-determined main result that is measured at the end of a clinical trial to see if the given treatment works
"priming phase"	the first contact of a T- or B-cell with its specific antigen which causes differentiation into effector T- or B-cells
"Q2W"	once every two weeks
"Q3W"	once every three weeks
"QW"	once every week
"RCC"	renal cell carcinoma

"receptor clustering"	grouping of a set of receptors at a cellular location caused by receptor metabolic process, often to amplify the sensitivity of a signaling response
"receptor occupancy" or "RO"	the binding of PD-1 antibodies to PD-1, which is a measure of the fraction of PD-1 that is blocked on the surface of T lymphocytes. By repeatedly measuring the receptor occupancy over time, the duration of receptor blockade can be directly observed. A higher fraction of occupied receptor for a longer period of time could result in better clinical efficacy
"RECIST"	Response Evaluation Criteria in Solid Tumors, a set of rules developed and published in February 2000, and subsequently updated in 2009 that define when tumors in cancer patients improve ("respond"), stay the same ("stabilize"), or worsen ("progress") during treatment by an international collaboration including the European Organisation for Research and Treatment of Cancer (EORTC), National Cancer Institute of the United States, and the National Cancer Institute of Canada Clinical Trials Group
"refractory"	in reference to any type of cancer, cancer that does not respond to treatment
"rheumatoid arthritis" or "RA"	a chronic, systemic inflammatory disorder that may affect many tissues and organs, but principally attacks synovial joints
"RP2D"	recommended phase II dose
"SAEs"	serious adverse events, any untoward medical occurrence in human drug trials that at any dose results in death, is life-threatening, requires inpatient hospitalization or causes prolongation of existing hospitalization, results in persistent or significant disability/incapacity, may have caused a congenital anomaly/birth defect, or requires intervention to prevent permanent impairment or damage
"SCLC"	small cell lung cancer, a fast-growing cancer that forms in tissues of the lung and can spread to other parts of the body

"sdAb"	single domain antibody
"SEB"	a superantigen, also known as staphylococcal enterotoxin B, a protein binds to MHC class II molecules and specific variable regions of TCR
"second-line"	with respect to any disease, the therapy or therapies that are tried when the first-line treatments do not work adequately
"secondary endpoint(s)"	secondary objectives that are analyzed post hoc, for a purpose other than the primary objectives of the clinical trial
"serious TEAE(s)"	serious TEAEs, any untoward medical occurrence in human drug trials that at any dose: results in death; is life threatening; requires inpatient hospitalization or causes prolongation of existing hospitalization; results in persistent or significant disability/incapacity; may have caused a congenital anomaly/birth defect, or requires intervention to prevent permanent impairment or damage
"serum concentration"	the amount of a drug or other compound in the serum (the liquid part of the blood)
"single-arm"	describes clinical trials in which everyone enrolled in a trial receives the experimental therapy
"solid tumors"	an abnormal mass of tissue that usually does not contain cysts or liquid areas. Solid tumors may be benign (not cancer), or malignant (cancer). Different types of solid tumors are named for the type of cells that form them. Examples of solid tumors are sarcomas, carcinomas, and lymphomas
"stable disease" or "SD"	cancer that is neither decreasing nor increasing in extent or severity
"standard of care"	treatment that is accepted by medical experts as a proper treatment for a certain type of disease and that is widely used by healthcare professionals
"subcutaneous"	situated or applied under the skin

"superantigen"	a class of antigens that result in excessive activation of the immune system
"synergistic effect"	an interaction between two or more drugs that causes the total effect of the drugs to be greater than the sum of the individual effects of each drug, which can be beneficial or harmful
"$t_{1/2}$"	half-life, the time required for the concentration to fall to 50% of its peak value
"T-cell" or "T lymphocyte"	a type of lymphocyte produced or processed by the thymus gland and actively participating in the immune response, which plays a central role in cell-mediated immunity
"target lesion"	a lesion that has been specifically measured
"target-mediated-drug-disposition"	a phenomenon in which a drug binds with high affinity to its pharmacological target site (such as a receptor) to such an extent that this affects its pharmacokinetic characteristics
"TCR"	T-cell receptors
"TEAEs"	treatment emergent adverse events, adverse events not present prior to medical treatment, or an already present event that worsens either in intensity or frequency following the treatment. The association between TEAE and the therapeutic agent or intervention received may not be necessary
"TGA"	the Therapeutic Goods Administration, the regulatory body for therapeutic goods (including medicines, medical devices, gene technology, and blood products) in Australia
"therapeutic window"	the range of drug dosages which can treat disease effectively without having toxic effects, or the time interval during which a particular therapy can be given safely and effectively
"TKI"	tyrosine kinase inhibitors, a class of pharmaceuticals that inhibits tyrosine kinases to keep cancer cells from growing
"T_{max}"	the time at which the C_{max} is observed

"TNBC"	triple-negative breast cancer, any breast cancer that does not express the genes for estrogen receptor (ER), progesterone receptor (PR) and HER2/neu
"TNF-α"	tumor necrosis factor, a cell signaling protein (cytokine) involved in systemic inflammation and one of the cytokines that make up the acute phase reaction
"toxicity"	the degree to which a substance or a mixture of substances can harm humans or animals, expressed generally as a dose response
"toxicity probability interval design"	a Bayesian dose finding design, where the dose finding decisions are based on whether a statistic called the Unit Probability Mass has its highest value in the target DLT interval or in the interval above or below it
"treatment naïve"	when a patient has never undergone a specific treatment for a particular indication
"Treg"	regulatory T-cell, a subpopulation of T-cells that modulate and suppress the immune system, maintain tolerance to self-antigens, and prevent autoimmune disease
"tumor proportion score" or "TPS"	the percentage of viable tumor cells showing partial or complete membrane staining at any intensity
"urothelial cancer," "urothelial carcinoma" or "UC"	a type of cancer that typically occurs in the urinary system and the most common type of bladder cancer and cancer of the ureter, urethra and urachus
"VHH"	the antigen binding fragment of heavy chain only antibodies, which is a new and valuable immunoreagent for the analysis of small molecular weight environmental chemicals
"xenograft model"	a widely used model in which human tumor cells are transplanted, either under the skin or into the organ type in which the tumor originated, into immunocompromised mice that do not reject human cells

We have included in this Prospectus 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 Prospectus contains certain forward-looking statements and information relating to our Company and our subsidiaries 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 Prospectus, the words "aim", "anticipate", "believe", "could", "expect", "going forward", "intend", "may", "ought to", "plan", "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 other risk factors as described in this Prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- the timing of initiation and completion, and the progress of our research and development programs;
- the timing and likelihood of regulatory filings and approvals, such as the BLA;
- our ability to advance our drug candidates into drugs, and the successfully completion of clinical trials;
- the approval, pricing and reimbursement of our drug candidates;
- the commercialization of our drug candidates;
- the market opportunities and competitive landscape of our drug candidates;
- estimates of our costs, expenses, future revenues, capital expenditures and our needs for additional financing;
- our ability to attract and retain senior management and key employees;
- our operations and business prospects;
- future developments, trends, conditions and competitive landscape in the industry and markets in which we operate;
- our strategies, plans, objectives and goals and our ability to successfully implement these strategies, plans, objectives and goals;

- our ability to continue to maintain our market position in China's biopharmaceutical industry;
- our ability to identify collaboration opportunities and maintain good relationships with collaboration partners;
- our ability to identify and integrate suitable acquisition targets;
- changes to regulatory and operating conditions in the industry and markets in which we operate;
- the amount and nature of, and potential for, future development of our business;
- the actions and developments of our competitors;
- certain statements in the sections headed "Business" and "Financial Information" of this Prospectus with respect to trends in prices, operations, margins, overall market trends, and risk management; and
- other statements in this Prospectus that are not historical facts.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this Prospectus are qualified by reference to the cautionary statements in this section.

In this Prospectus, statements of or references to our intentions or those of our Directors are made as of the date of this Prospectus. Any such information may change in light of future developments.

You should carefully consider all of the information in this Prospectus, including the risks and uncertainties described below, before making an investment in our Shares. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks and uncertainties. The trading price of our Shares could decline due to any of these risks, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we deem immaterial, could also harm our business, financial condition and results of operations.

RISKS RELATING TO OUR FINANCIAL POSITION AND PROSPECTS

We have incurred significant net losses since inception and expect to continue to incur losses, and may never achieve or maintain profitability.

Investment in biopharmaceutical drug companies is highly speculative. We have incurred substantial capital expenditures to date, and expect to continue to incur significant expenses related to clinical trials and pre-clinical studies. However, we cannot assure you that our drug candidates will obtain regulatory approvals and/or become commercially viable. Our ability to generate significant revenue from our drug candidates will depend primarily on the success of the regulatory approval, manufacturing and commercialization of the drug candidates, which is subject to significant uncertainty. Even if we obtain regulatory approval to market our drug candidates, our future revenue will depend upon other factors such as the market size for the proposed indications of our drug candidates, and our ability to achieve sufficient market acceptance.

Substantially all of our operating losses have resulted from costs and expenses incurred by our research and development programs and in relation to our operations. To date, we have funded our operations primarily through the proceeds from Pre-IPO Investments and bank borrowings. The amount of our future net losses will depend, in part, on our future expenditures and our ability to obtain funding through equity and/or debt financings, strategic collaborations or government grants. We expect to continue to incur significant expenses and operating losses for the foreseeable future. We anticipate that our expenses will increase significantly if and as we:

- continue to advance the clinical trials and pre-clinical studies of our product pipeline;
- initiate pre-clinical, clinical or other studies for new drug candidates;
- seek regulatory approvals for our drug candidates to complete clinical development and commence commercialization;

- manufacture our drug candidates for clinical trials and for commercial sale;
- develop and expand our commercialization team to commercialize any drug candidates in our pipeline for which we may obtain regulatory approval;
- acquire or in-license other drug candidates and technologies;
- incur costs to develop or manufacture drug candidates under any collaboration or in-license agreements;
- maintain, protect and expand our intellectual property portfolio;
- attract and retain skilled personnel, and grant share options to our employees under our Pre-IPO Share Option Plans; and
- create additional infrastructure to support our operations as a public company and our product development and planned future commercialization efforts.

In addition, considering the numerous risks and uncertainties associated with regulatory approval, we are unable to accurately predict the timing or amount of additional expenses, or when, or if, we will be able to achieve or maintain profitability. Our expenses could increase beyond expectations if we are required by the NMPA, the FDA or other similar authorities to perform studies in addition to those that we currently anticipate. Even if our drug candidates are approved for commercial sale, we expect to continue incurring significant costs associated with the manufacturing and the commercial launch of the drug candidates.

Even if we are able to generate revenue from the sale of our drugs, we may not become profitable and may need to obtain additional funding to continue operations. If we fail to become profitable or obtain sufficient equity or debt financings, we may be unable to continue our operations according to our plans and be forced to scale back our operations. Moreover, even if we manage to achieve profitability, we may not be able to sustain or increase profitability on an ongoing basis. Our failure to become and remain profitable may also impact investors' perception of the potential value of our Company and could impair our ability to raise additional capital, expand our business or continue our operations. Failure to become and remain profitable may also adversely affect the market price of our Shares. A decline in the market price of our Shares could cause potential investors to lose all or part of their investment in our business.

We may need to obtain substantial additional financing to fund our operations.

Our drug candidates require substantial investments for the completion of clinical development, regulatory review, drug manufacturing, marketing and launch before they can generate product sales revenue. We will need to expend substantial resources on the research and development and commercialization of our product pipeline. Our future funding requirements will depend on many factors, including but not limited to:

- the progress, timing, scope and costs of our clinical trials, including the ability to timely identify and enroll patients in our planned and potential future clinical trials;

- the outcome, timing and cost of regulatory approvals of our drug candidates;
- the progress, timing, scope and costs related to discovery and early development of additional drug candidates;
- the preparation required for anticipated commercialization of our drug candidates, and if regulatory approvals are obtained, to fund the product launch;
- the manufacturing requirements and capabilities related to clinical development and future commercialization for any approved drug candidates;
- the amount and timing of any profit sharing, milestone and royalty payments we receive from our current or future collaborators; and
- our headcount growth and associated costs.

We expect to continue to experience net cash outflows from our operating activities for the foreseeable future. We plan to use the net proceeds from the Global Offering, together with our Pre-IPO Investments and bank borrowings to fund our operations. However, if the commercialization of our drug candidates is delayed or terminated, or if the expenses associated with drug development and commercialization increase substantially, we may need to obtain additional financing to fund our operations. Additional funds may not be available when we need them on terms that are acceptable to us, or at all. Our ability to raise funds will depend on financial, economic and market conditions and other factors, many of which are beyond our control. If adequate funds are not available to us on a timely basis, we may be required to delay, limit, reduce or terminate pre-clinical studies, clinical trials or other research and development activities or commercialization for one or more of our drug candidates, and in turn will adversely affect our business prospects.

If we are unable to maintain adequate working capital, we may default in our payment obligations and may not be able to meet our capital expenditure requirements, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

We have a limited operating history, particularly as a standalone company, which may make it difficult to evaluate our current business and predict our future performance.

We are a development-stage biopharmaceutical company with a relatively short operating history as a standalone company. We only began to operate on a standalone basis from Suzhou Alphamab in 2018 after the completion of the Reorganization. See "History, Reorganization and Corporate Structure." Our operations to date have focused on the pre-clinical studies and clinical trials of oncology-focused drug candidates. However, to date, we have not yet successfully advanced any drug candidates from research and development to regulatory approval for commercial sale. We have not generated any revenue from product sales. We also have limited experience in manufacturing and sales and marketing of drugs. For these reasons,

particularly in light of the rapidly evolving biopharmaceutical industry, it may make it difficult to evaluate our current business and reliably predict our future performance. We may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. If we do not address these risks and difficulties successfully, our business will suffer.

The fair value measurement of our convertible redeemable preferred shares is subject to significant uncertainties and risks, and changes in such fair value may affect our financial performance.

Our Series A Preferred Shares and Series B Preferred Shares are classified as financial liabilities measured at fair value through profit and loss, or FVTPL. The fair value measurement of our Preferred Shares involves estimates and assumptions that are subject to significant uncertainties and risks.

The fair value of the financial liabilities at FVTPL is established by using valuation techniques, including the backsolve method and hybrid method. Valuation techniques are certified by an independent qualified professional valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Valuation models established by the valuer make the maximum use of market inputs and rely as little as possible on our specific data. However, some significant unobservable inputs, such as fair value of our ordinary shares, possibilities under different scenarios such as initial public offering, liquidation and redemption, and discount for lack of marketability, require management estimates. Management estimates and assumptions are reviewed periodically and are adjusted when necessary. Should any of the estimates and assumptions change, it may lead to changes in the fair value of financial liabilities at FVTPL. In addition, the valuation methodologies may involve a significant degree of management judgment and are inherently uncertain, which may result in material adjustment to the carrying amounts of certain liabilities and in turn may materially and adversely affect our results of operations.

As of December 31, 2018 and June 30, 2019, the fair value of our financial liabilities at FVTPL was RMB900.6 million and RMB1,288.6 million, respectively. The losses or gains of fair value change from convertible redeemable preferred shares represent changes in the fair value of our Preferred Shares. For the year ended December 31, 2018 and the six months ended June 30, 2019, we recorded a loss on fair value change of RMB26.3 million and a gain on fair value change of RMB22.4 million, respectively, both of which take into account exchange gains or losses. We expect to continue to recognize the fair value changes of the Preferred Shares after June 30, 2019 to the Listing Date. After the automatic conversion of all Preferred Shares into Shares upon the Listing, we do not expect to recognize any further loss or gain on fair value changes from Preferred Shares in the future.

We had net liabilities and net cash outflows in operating activities during the Track Record Period.

As of December 31, 2018 and June 30, 2019, we had net liabilities of RMB267.0 million and RMB313.3 million, respectively. Our net liabilities position was in part due to the accounting treatment for convertible redeemable preferred shares in relation to our Preferred Shares, which are classified as financial liabilities measured at FVTPL. See "Financial Information—Description of Certain Consolidated Statement of Financial Position Items." Our Preferred Shares will be converted into Shares upon the Listing, but we may still retain accumulated losses due to the loss on the fair value change of our Preferred Shares after the Listing.

We had net cash used in operating activities of RMB65.2 million, RMB93.9 million and RMB110.0 million for the years ended December 31, 2017 and 2018 and the six months ended June 30, 2019, respectively. While we believe we have sufficient working capital to fund our current operations, we expect that we may 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 capital expenditure requirements, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

Fluctuations in exchange rates of the Renminbi could result in foreign currency exchange losses.

Certain of our cash and cash equivalents, time deposits with original maturity over three months, trade payables and convertible redeemable preferred shares are denominated in foreign currencies, and are exposed to foreign currency risk. We incurred net exchange losses of RMB8.7 million for the year ended December 31, 2018 and recognized net exchange gains of RMB1.4 million for the six months ended June 30, 2019. The fair value change of convertible redeemable preferred shares take into account exchange gains or losses. As of June 30, 2019, RMB321.1 million of our cash and cash equivalents and time deposits with original maturity over three months were denominated in U.S. dollars, primarily representing proceeds from our Series A Financing and Series B Financing. The exchange rate of the Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by, among other things, the policies of the PRC Government and changes in China's and international political and economic conditions, as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between the Renminbi and the Hong Kong dollar, the U.S. dollar or other currencies in the future. In addition, the PBOC regularly intervenes in the foreign exchange market to limit fluctuations in Renminbi exchange rates and achieve policies goals.

There remains significant international pressure on the PRC Government to adopt a more flexible currency policy, which, together with domestic policy considerations, could result in a significant appreciation of Renminbi against the U.S. dollar, the Hong Kong dollar or other foreign currencies.

The proceeds from the Global Offering will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the U.S. dollar, the Hong Kong dollar or any other foreign currencies may result in the decrease in the value of our proceeds from the Global Offering. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Any of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

RISKS RELATING TO DEVELOPMENT, COMMERCIALIZATION AND REGULATORY APPROVAL OF OUR DRUG CANDIDATES

We may be unable to obtain regulatory approval for our drug candidates.

Our business depends substantially on our ability to complete the development of, obtain regulatory approval for, and successfully commercialize, our drug candidates in a timely manner. We cannot commercialize drug candidates in China or the United States without obtaining the IND, BLA and other regulatory approvals from the NMPA and the FDA, respectively. The time required to obtain approvals from the NMPA or the FDA is unpredictable, but typically takes years following the commencement of pre-clinical studies and clinical trials and depends upon numerous factors, including the substantial discretion of the regulatory authorities. In addition, approval policies, regulations or the type and amount of clinical data necessary to gain approval may change during the clinical development of a drug candidate and may vary among jurisdictions. Changes in regulatory requirements and guidance during our clinical trials may result in necessary changes to clinical trial protocols, which could increase our costs, delay the timeline for or reduce the likelihood of regulatory approval for our drug candidates.

Our drug candidates could fail to receive regulatory approval from the NMPA or the FDA for many reasons, including but not limited to:

- failure to begin or complete clinical trials due to disagreements with regulatory authorities;
- failure to conduct clinical trials in accordance with regulatory requirements or our clinical trial protocols;
- failure to demonstrate the safety and efficacy of a drug candidate for its proposed indications;
- 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 drug candidate outweigh its safety risks;
- disagreement on our interpretation of data from pre-clinical studies or clinical trials;

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

- 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;

- deficiencies identified by the NMPA or the FDA in relation to CMC, manufacturing processes or facilities; and

- changes in approval policies or regulations that render our pre-clinical and clinical data insufficient for approval.

The NMPA or the FDA may require more information, including additional pre-clinical or clinical data, to support the BLA, which may delay or prevent approval and our commercialization plans, or we may decide to abandon the development program. Even if we are able to obtain the BLA approval, regulatory authorities may approve our drug candidates for fewer or more limited indications than we request, may grant approval contingent on the performance of costly post-marketing clinical trials, or may approve a drug candidate with a label that is not desirable for the successful commercialization of that drug candidate. In addition, if any of our drug candidates produces undesirable side effects or safety issues, the NMPA or the FDA may require the establishment of risk evaluation and mitigation measures that may, for instance, restrict distribution of our drugs and impose burdensome implementation requirements on us.

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. Amendments may require us to resubmit clinical trial protocols to institutional review boards or ethics committees for re-examination, which may impact the costs, timing or successful completion of a clinical trial. The policies of the NMPA, FDA and of other applicable regulatory authorities may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our drug candidates. We cannot predict the likelihood, nature or extent of government regulation that may arise from existing or future legislation or administrative action, in any of China, the United States or other countries. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any regulatory approval that we may have obtained.

If we experience delays in the completion of, or the termination of, a clinical trial of any of our drug candidates, the commercial prospects of that drug candidate will be harmed, and our ability to generate product sales revenues from any of those drug candidates will be delayed. In addition, any delays in completing our clinical trials will increase our costs, slow down our drug 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.

Our financial prospects depends on the success of our clinical-stage and pre-clinical stage product pipeline.

Our ability to achieve revenue and profitability is dependent on our ability to complete the clinical development of our drug candidates, obtain necessary regulatory approvals, and have our drugs manufactured and successfully marketed. We have invested significant time and resources on the development of our existing drug candidates, and we expect to continue to incur substantial and increasing expenditures for the development and commercialization of our drug candidates.

The success of these drug candidates will depend on several factors, including but not limited to:

- successful enrollment of patients in, and completion of, clinical trials, as well as completion of pre-clinical studies;
- obtaining sufficient supplies of any drug products that are used in combination with our drug candidates, competitor drugs or comparison drugs that may be necessary for use in clinical trials for evaluation of our drug candidates;
- favorable safety and efficacy data from our clinical trials and other studies;
- receipt of regulatory approvals from the NMPA or the FDA and other applicable regulatory authorities for our drug candidates;
- establishing sufficient commercial manufacturing capabilities, by completing construction of our new manufacturing facilities as planned;
- the performance by 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 and maintaining patent, trade secret and other intellectual property protection and regulatory exclusivity;
- ensuring we do not infringe, misappropriate or otherwise violate the patents, trade secrets or other intellectual property rights of third parties;
- successful launch of our drug candidates, if and when approved;
- obtaining reimbursement from third-party payors for drug candidates, if and when approved;
- competition with other drug candidates and drugs; and

- continued acceptable safety profile for our drug candidates following regulatory approval, if and when received.

If our drug candidates fail to achieve their expected success in a timely manner or at all, we could experience significant delays in our ability to obtain approval for and/or to successfully commercialize our drug candidates, which would materially harm our business and we may not be able to generate sufficient revenues and cash flows to continue our operations.

Moreover, because we have limited financial and managerial resources, we focus our product pipeline on research programs and drug candidates that we identify for specific indications. As a result, we may forego or delay pursuit of opportunities with other drug 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 drug 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 drug candidate, we may relinquish valuable rights to that drug 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.

We may not be able to identify, discover or develop new drug candidates.

We cannot guarantee that we will be successful in identifying potential drug candidates. For example, although we have developed technology platforms such as CRIB and CRAM, which we believe enables us to design, evaluate and select optimal candidates and continue to enrich our pipeline, we cannot guarantee that we will be successful in identifying potential drug candidates. Drug candidates that we identify may be shown to have harmful side effects or other characteristics that make them unmarketable or unlikely to receive regulatory approval. We are developing a number of BsAb drug candidates for oncology, which could be technically challenging to develop and manufacture. We may also pursue collaboration with third parties in the discovery and development of potential drug candidates, but we cannot assure you that such collaboration will be able to deliver the intended results.

Research programs to pursue the development of our drug candidates for additional indications and to identify new drug candidates and drug targets require substantial technical, financial and human resources. Our research programs may initially show promise in identifying potential indications and/or drug candidates, yet fail to yield results for clinical development for a number of reasons, including but not limited to the following factors:

- the research methodology used may not be successful in identifying potential indications and/or new drug candidates;

- potential drug candidates may, after further study, be shown to have adverse effects or other characteristics that indicate they are unlikely to achieve desired efficacy; or

- it may take greater resources to identify additional therapeutic opportunities for our drug candidates or to develop suitable potential drug candidates, thereby limiting our ability to diversify and expand our drug portfolio.

Accordingly, there can be no assurance that we will be able to identify new drug candidates or additional therapeutic opportunities for our drug candidates or to develop suitable potential drug candidates through internal research programs, which could materially adversely affect our future growth and prospects. We may focus our efforts and resources on potential drug candidates or other potential programs that ultimately prove to be unsuccessful.

If our drug 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 drug candidates.

Before obtaining regulatory approval for the commercial sale of our drug candidates, we must conduct extensive clinical trials to demonstrate the safety and efficacy of our drug candidates for their proposed indications. We may conduct clinical trials with larger subject sample sizes as our clinical trial plan advances, and our drug candidates may not show the promising safety and efficacy results that were observed in earlier clinical trials with fewer subjects. Undesirable adverse events caused by our drug candidates could cause us or regulatory authorities to interrupt, delay, suspend or terminate clinical trials and result in a more restrictive label or the delay or denial of regulatory approval by the NMPA or the FDA. Results of our clinical trials could reveal a high and unacceptable severity or prevalence of adverse events. In such an event, our clinical trials could be suspended or terminated and the NMPA or the FDA could order us to cease further development of, or deny approval of, our drug candidates for any or all targeted indications. Adverse events could affect patient recruitment or the ability of enrolled subjects to complete the trial, and result in potential product liability claims. In addition, our clinical trials may be shown to lack meaningful clinical response or other unexpected characteristics, such as short-term DOR and insufficient enhancement of overall survival benefits.

If the results of clinical trials of our drug candidates are not positive or only modestly positive for proposed indications or if they raise safety concerns, we may:

- be delayed in obtaining regulatory approval for our drug candidates, or not obtain regulatory approval at all;

- be required to add labeling statements, such as a "boxed" warning or a contra-indication;

- be required to create a medication guide outlining the risks of the side effects for distribution to patients;

- be required to develop risk evaluation and mitigation strategies and plans to mitigate risks, which could include medication guides, physician communication plans, or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools;

- not obtain regulatory approval for all the proposed indications as intended;
- be subject to restrictions on how the drug is distributed or used;
- be sued or held liable for injury caused to individuals exposed to or taking our drug candidates; and
- be unable to obtain reimbursement for use of the drug.

In addition, if one or more of our drug candidates receives regulatory approval, and we or others later identify undesirable side effects caused by such drugs, a number of potentially significant negative consequences could result, including but not limited to the following situations whereby:

- we may be forced to suspend marketing of the drug;
- regulatory authorities may withdraw approvals for the commercial sale of the drug;
- regulatory authorities may require additional warnings on the label;
- we may be required to develop risk evaluation and mitigation measures for the drug or, if risk evaluation and mitigation measures are already in place, to incorporate additional requirements under the risk evaluation and mitigation measures;
- we may be required to conduct post-market studies;
- we could be sued and held liable for harm caused to subjects or patients; and
- our reputation may suffer.

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

Clinical drug development involves a lengthy and expensive process with uncertain outcomes, and we may be unable to commercialize our drug candidates on a timely basis.

Clinical trials are expensive, difficult to design and implement, and can take years to complete with uncertainty as to outcome. A failure of one or more of our clinical trials can occur at any stage of testing. The outcome of pre-clinical studies and early clinical trials may not be predictive of the success of later phase clinical trials, and successful interim results of a clinical trial do not necessarily predict successful final results.

We may experience numerous unexpected events during, or as a result of, clinical trials that could delay or prevent our ability to receive regulatory approvals for the development and commercialization of our drug candidates, including but not limited to situations whereby:

- regulators may not authorize us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;
- clinical trials of our drug candidates may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional clinical trials or abandon drug development programs;
- the patient enrollment may be insufficient or slower than we anticipate or patients may drop out or fail to return for post-treatment follow-up at a higher rate than anticipated;
- our CROs may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;
- the number of patients required for clinical trials of our drug candidates may be larger than we anticipate;
- our drug candidates may lack meaningful clinical responses or the participants may be exposed to unacceptable health and safety risks;
- regulators may require that we or our investigators suspend or terminate clinical research for various reasons such as non-compliance with regulatory requirements;
- the costs of clinical trials of our drug candidates may be substantially higher than anticipated;
- the supply or quality of our drug candidates or other materials necessary to conduct clinical trials of our drug candidates may be insufficient or inadequate; and
- our drug candidates may cause adverse events, have undesirable side effects or other unexpected characteristics, causing us or our investigators to suspend or terminate the trials.

If we are required to conduct additional clinical trials or other testing of our drug candidates beyond those that we currently contemplate, if we are unable to successfully complete clinical trials of our drug candidates or other testing, if the results of these trials or tests are not positive or are only modestly positive or if they raise safety concerns, we may:

- be delayed in obtaining regulatory approval for our drug candidates or not obtain regulatory approval at all;
- obtain approval for proposed indications that are not as broad as intended;
- have the drug removed from the market after obtaining regulatory approval;

- be subject to additional post-marketing testing requirements;
- be subject to restrictions on how the drug is distributed or used; or
- be unable to obtain reimbursement for use of the drug.

Delays in testing or approvals may result in increases in our drug 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 drug candidates or allow our competitors to bring drugs to market before we do and impair our ability to commercialize our drug candidates and may have an adverse effect on our business and results of operations.

If we encounter difficulties enrolling patients in our clinical trials, clinical trials of our drug candidates could be delayed or otherwise adversely affected.

The timely completion of clinical trials in accordance with their protocols depends, among other things, on our ability to enroll a sufficient number of patients who remain in the trial until its conclusion. We may experience difficulties in patient enrollment in our clinical trials for a variety of reasons, including:

- the size and nature of the patient population;
- the patient eligibility criteria defined in the protocol;
- the size of the study population required for analysis of the trial's primary endpoints;
- the proximity of patients to trial sites;
- the design of the trial;
- our ability to recruit clinical trial investigators with the appropriate competencies and experience;
- clinicians' and patients' perceptions of the potential advantages and side effects of the drug candidate being studied compared to other available therapies, including any new drugs or treatments that may be approved for the indications we are investigating;
- our ability to obtain and maintain patient consents;
- the risk that patients enrolled in clinical trials will not complete a clinical trial; and
- the availability of approved therapies that are similar in mechanism to our drug candidates.

In addition, our clinical trials may compete with our competitors' clinical trials for drug candidates that are in the same therapeutic areas as our drug candidates. Such competition will likely reduce the number and types of patients available to us, as some patients might opt to enroll in a trial being conducted by our competitors instead of ours. Even if we are able to enroll a sufficient number of patients in our clinical trials, delays in patient enrollment may result in increased costs or may affect the timing or outcome of the planned clinical trials, which could delay or prevent the completion of these trials and adversely affect our ability to advance the development of our drug candidates.

Results of earlier clinical trials may not be predictive of results of later-stage clinical trials.

The results of pre-clinical studies and early clinical trials of our drug candidates may not be predictive of the results of later phase clinical trials. Drug 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 and early phase clinical trials. For example, KN046 has been observed to have a favorable safety profile in phase I clinical trial in Australia with a lower number of KN046-related TEAEs at grade 3 or higher levels than that of Opdivo and Yervoy in its phase III registration clinical trial for metastatic melanoma and advanced or metastatic RCC (although these are not head-to-head studies). However, we cannot guarantee that this will continue to be the case when KN046 is studied in larger subject sample sizes. A number of companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in advanced clinical trials due to lack of efficacy or adverse safety profiles, notwithstanding promising results in earlier trials. Future clinical trial results may not be favorable for these and other reasons.

In some cases, safety and efficacy results may vary significantly among different trials of the same drug candidate due to numerous factors, including but not limited to changes in trial procedures set forth in protocols, differences in the size and type of the patient population such as genetic differences, patient adherence to the dosing regimen and other trial protocols, and the rate of dropout among clinical trial participants. As drug candidates are developed through pre-clinical and clinical trials towards approval and commercialization, it is customary that various aspects of the development programs, such as manufacturing and formulation, are altered along the way in an effort to optimize processes and results. Such changes carry the inherent risks that they may not necessarily achieve the intended objectives. 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. Any of these changes could make the results of planned clinical trials or other future clinical trials we may initiate less predictable and could cause our drug candidates to perform differently, which could delay completion of clinical trials, delay approval of our drug candidates and/or jeopardize our ability to commence commercialization of our drug candidates.

Immuno-oncology therapies, including immune checkpoint inhibitors, may cause undesirable side effects.

Immuno-oncology therapies such as immune checkpoint inhibitors are still considered as emerging and relatively novel therapeutics for treating cancer. Their mechanisms of action are yet to be thoroughly understood, and adverse events or side effects have been observed in clinical studies and reported by medical practitioners in connection with their usage in cancer patients. In particular, we are developing a number of BsAb drug candidates for oncology, which represent innovative, next generation medical therapies. BsAb treatments are largely still under development, with numerous pre-clinical studies and clinical trials to determine their safety and efficacy in oncology. To date, only a few BsAbs have been approved for oncology treatments in the United States, and none in China.

The results of clinical trials for immuno-oncology therapies, including immune checkpoint inhibitors and specifically, BsAb candidates, could reveal a high and unacceptable severity and prevalence of undesirable side effects, including TEAEs that may be treatment-related. Managing adverse events and toxicity for patients undergoing BsAbs treatments may be more complex. Any such side effects could adversely impact our ability to obtain regulatory approvals. For example, the NMPA, the FDA or other similar authorities could order us to suspend or terminate our studies or to cease further development, of or deny approval of, our drug candidates. These TEAEs may be more common in certain patient populations and may be exacerbated when immune checkpoint inhibitors are combined with other therapies. In addition, any drug-related side effects could affect patient recruitment or the ability of enrolled patients to complete trials or may result in potential product liability claims. Any of these occurrences may harm our business, financial condition and prospects significantly.

We may be unable to market our drug candidate if issues arise from any medical product or treatment intended to used in combination with our drug candidates.

We plan to develop certain of our drug candidates, such as KN046 and KN026, for combination therapies. If the NMPA, FDA or other comparable regulatory agency revokes its approvals of the pharmaceutical products or medical treatments we intend to use in combination with our drug candidates, we will be forced to terminate or re-design the clinical trials, experience significant regulatory delays, or not be able to market our drug candidates in combination with such revoked pharmaceutical products or medical treatments. In addition, if safety or efficacy issues arise with these pharmaceutical products or medical treatments that we seek to combine with our drug candidates, we may also experience significant regulatory delays, and be required to re-design or terminate the relevant clinical trials. Moreover, if manufacturing or other issues result in a supply shortage of any component in the combination therapies we are developing, we may not be able to complete clinical development of our drug candidates under our target timetable or at all.

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

We must keep pace with new technologies and methodologies to maintain our competitive position, and 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 pre-clinical studies and clinical trials. We have made significant efforts to develop biologics platforms, namely, our CRIB platform and CRAM platform, and deep know-how, which allow us to continuously develop and manufacture a robust pipeline of drug candidates. We cannot assure you that we will be able to develop, enhance or adapt to new technologies and methodologies. Any failure to do so may make our techniques obsolete, which could harm our business and prospects.

We may not be able to comply with ongoing regulatory obligations and continued regulatory review even if we receive regulatory approval for our drug candidates.

If our drug candidates are approved, they will be subject to ongoing regulatory requirements for manufacturing, labeling, packaging, storage, advertising, promotion, sampling, record-keeping, post-marketing studies, and submission of safety, efficacy, and other post-market information in China and/or the United States.

Manufacturers and their facilities are required to comply with extensive NMPA and/or FDA requirements, including ensuring that quality control and manufacturing procedures conform to cGMP regulations. As such, we will be subject to continual review and inspections to assess compliance with cGMP and adherence to commitments made in any BLA, other marketing application, and previous responses to inspection observations. Accordingly, we must continue to expend time, money and effort in all areas of regulatory compliance, including manufacturing, production and quality control.

The NMPA or the FDA may withdraw its approval if compliance with regulatory requirements and standards is not maintained or if problems occur after the drugs reach the market. Later discovery of previously unknown problems with our drug candidates, including but not limited to adverse events of unanticipated severity or frequency, or with our manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical studies to assess new safety risks, or imposition of distribution restrictions or other restrictions under a risk evaluation and mitigation program. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of our drugs, withdrawal of the product from the market, or voluntary or mandatory product recalls;
- fines, untitled or warning letters, or holds on clinical trials;
- refusal by the NMPA or the FDA to approve pending applications or supplements to approved applications filed by us or suspension or revocation of license approvals;

- product seizure or detention, or refusal to permit the import or export of our drug candidates; and

- injunctions or the imposition of civil or criminal penalties.

We may apply for conditional BLA approval from regulators for one or more of our drug candidates in the future. Even if we were able to obtain conditional approval of any of our drug candidates, the NMPA or the FDA may require us to conduct confirmatory studies to verify the predicted clinical benefit and additional safety studies. The results from the confirmatory studies may not support the clinical benefit, which would result in the approval being withdrawn. While operating under conditional approval, we will be subject to certain restrictions that we would not be subject to upon receiving regular approval. The NMPA, the FDA and other applicable regulatory authorities also strictly regulate the marketing, labeling, advertising and promotion of products that are placed on the market. Drugs may be promoted only for their approved indications and for use in accordance with the provisions of the approved label. The NMPA, the FDA and other applicable regulatory authorities actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability.

We may face intense competition.

The industry in which we operate is highly competitive and rapidly changing. Large multinational pharmaceutical companies, established biotechnology companies, specialty pharmaceutical companies, universities and other research institutions have commercialized or are commercializing or pursuing the development of drugs for the treatment of cancer or other indications for which we are developing our drug candidates. For example, our KN046 faces competition in China and the United States from immune checkpoint inhibitors and anti-PD-(L)1/CTLA-4 combination therapies approved and under late-stage clinical trials, and potentially BsAbs under clinical trials. We may not be able to successfully compete with these products.

Many of our competitors have substantially more developed commercial infrastructure, greater financial, technical and human resources as well as more drug candidates in late-stage clinical development than we do. Even if successfully developed and subsequently approved by the NMPA and FDA, our drug candidates will still face competition based on safety and efficacy, the timing and scope of the regulatory approvals, the availability and cost of supply, sales and marketing capabilities, price, patent position and other factors. Our competitors may succeed in developing competing drugs and obtaining regulatory approvals before us or gain better acceptance for the same target markets as ours, which will undermine our competitive position. In addition, any new product that competes with an approved product must demonstrate compelling advantages in efficacy, convenience, tolerability and/or safety in order to overcome price competition and to be commercially successful. Disruptive technologies and medical breakthroughs may further intensify the competition and render our drug candidates obsolete or noncompetitive.

Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated in a smaller number of our competitors. Smaller and other early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties may also compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs.

Our drug candidates may fail to achieve market acceptance for commercial success.

Even if our drug candidates receive the requisite regulatory approval, they may fail to gain sufficient market acceptance by physicians, patients, third-party payors and other relevant parties in the medical community. If our drug candidates do not achieve an adequate level of acceptance, we may not generate significant revenue from sales of our drugs and we may not become profitable. The degree of market acceptance of our drug candidates will depend on a number of factors, including but not limited to:

- the clinical indications for which our drug candidates are approved;
- physicians' and patients' perception of our drug candidates as a safe and effective treatment;
- the potential and perceived advantages of our drug candidates over alternative treatments;
- the prevalence and severity of any side effects;
- product labeling or product insert requirements of the NMPA, FDA or other applicable regulatory authorities;
- limitations or warnings contained in the labeling approved by the NMPA, FDA or other applicable regulatory authorities;
- the timing of market introduction of our drug candidates as well as competing drugs;
- the cost of treatment in relation to alternative treatments;
- the amount of upfront costs or training required for physicians to administer our drug candidates;
- the availability of adequate coverage and reimbursement by government authorities under the NRDL and PRDL, or by third-party payors;
- the willingness of patients to pay out-of-pocket in the absence of 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.

Even if our drugs 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 drugs, are more cost effective or render our drugs obsolete.

We have very limited experience in commercializing drug candidates.

We have yet to demonstrate an ability to commercialize any of our drug candidates and have limited practical experience in relation to establishing and managing our own sales, distribution and marketing channels. If we are unable to build up our capabilities in sales, marketing, managerial and commercialization, we may not be able to successfully sell our drug candidates commercially and generate product revenue, and may not become profitable. In addition, the commercialization of our drug candidates may involve more risk, take longer and cost more than it would if we had more experience in commercializing drug candidates. We will be competing with many companies that currently have commercialization teams and extensive sales and marketing operations. With limited experience in sales and marketing, we may be unable to compete successfully against these more established companies.

Our drugs may not be covered by reimbursement programs or may become subject to unfavorable reimbursement practices, either of which could harm our business.

Our ability to commercialize any approved drug candidates successfully also will depend in part on the extent to which reimbursement for these drugs and related treatments will be available from government health administration authorities and/or third-party payors, such as private health insurers and health maintenance organizations. The regulations that govern reimbursement for new therapeutic drugs vary substantially from country to country.

In China, the NRDL and PRDL include drugs under the National Medical Insurance Catalogue, which affect the amounts reimbursable to program participants for those drugs. There can be no assurance that any of our drug candidates will be included in the NRDL or the PRDL after initial approval for commercial sale. Pharmaceutical products included in the NRDL or the PRDL are typically generic and essential drugs. Innovative drugs similar to our drug candidates have historically been more limited on their inclusion in the NRDL or the PRDL due to cost constraints. 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 PRDL, our revenue from commercial sales will be highly dependent on patient self-payment, which can make our products less competitive.

In the United States, no uniform policy of coverage and reimbursement for drugs exists among third-party payors. As a result, obtaining coverage and reimbursement approval of a drug from a government or other third-party payor is a time-consuming and costly process that could require us to provide to each payor supporting scientific, clinical and cost-effectiveness

data for our drug candidates on a payor-by-payor basis, with no assurance that coverage and adequate reimbursement will be obtained. Even if we obtain coverage for a given drug, the resulting reimbursement rates might not be adequate for us to achieve or sustain profitability or may require co-payments that patients find unacceptably high. Additionally, third-party payors may not cover, or provide adequate reimbursement for, long-term follow-up evaluations required following the use of our future approved drug candidates. Patients may not choose to use our drug candidates if coverage is not provided and reimbursement is inadequate to cover a significant portion of the cost of the drug. If any of our drug candidates are shown to have higher manufacturing costs than alternative therapies, or may require long-term follow-up evaluations, the risk that coverage and reimbursement rates may be inadequate for us to achieve profitability may be greater.

In addition, a key 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. As a result, even if our drug candidates are successfully approved by the NRDL or PRDL or any other reimbursement programs sponsored by government health administration authorities and third-party payors, 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 such reimbursement programs due to price control policies. 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 assure you that reimbursement will be available for our drug candidates that we commercialize and, if reimbursement is available, the level of reimbursement. Reimbursement may impact the demand for, or the price of, any approved drug candidate that we commercialize. Obtaining or maintaining reimbursement for approved drug 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 drug candidate that we successfully develop.

There may also be significant delays in obtaining reimbursement for approved drug candidates, and reimbursement coverage may be more limited than the approved indications of the drug candidates by the NMPA, the FDA or other comparable 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. Payment rates may vary according to the uses of the drugs and the clinical setting in which the drugs are 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. Our inability to promptly obtain reimbursement coverage at intended payment rates from both government-funded and private payors for our drug candidates and any new drug candidates that we develop could have a material adverse effect on our business, operating results, and overall financial conditions.

The commercialization of our drug candidates, if approved, may be subject to price restrictions and will continue to be subject to price competition in our intended markets.

The regulations that govern regulatory approvals, pricing and reimbursement for new therapeutic drugs vary substantially from country to country. In China and some other markets, the pricing of prescription pharmaceutical products remains subject to continuing governmental control even after initial approval, and the pricing negotiations can take considerable time. As a result, the commercial launch of our drug candidates can be delayed due to price regulation, which will negatively impact our revenues.

In China, despite the lifting of government price controls on pharmaceutical products pursuant to the Notice Regarding the Opinion on Facilitating the Pharmaceutical Pricing Reform (關於印發推進藥品價格改革意見的通知) issued in May 2015, the prices of prescription drugs continue to be subject to, and determined by, the centralized tender process. There is no assurance that the adoption of the tender process will result in higher product pricing compared to the government-controlled pricing, as competition from other manufacturers, particularly those offering the same or substitute pharmaceutical products may force us to lower prices of our products upon commercialization. The availability of cheaper substitutes may adversely affect our business, financial condition, results of operations and profitability in China and the United States where we intend to commercialize our products.

The market opportunities for drug candidates for certain indications may be limited to those patients who are ineligible for or have failed prior treatments and may be small.

For certain indications with well-established standard of care therapies, we may initially seek approval of our drug candidates as a later stage therapy for patients who have failed other approved treatments. For drugs that prove to be sufficiently beneficial, we may subsequently seek approval as an early-line therapy for these indications, but there is no guarantee that our drug candidates would be approved for early-line therapy. Our projections of the number of patients in a position to receive a later stage therapy and those who can potentially benefit from treatment with our drug candidates as a second- or first-line of therapy, are based on our estimates and may be inaccurate. Further, new studies may change the estimated incidences 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 drug candidates may be limited or may not be amenable to treatment with our drug candidates. Even if we obtain significant market shares for our drug candidates, because the potential target populations are small, we may never achieve profitability without obtaining regulatory approval for additional indications, including the use as an early-line therapy.

The manufacturing of therapeutic biologics products is highly complex and if we encounter problems in manufacturing our products, our business could be materially and adversely affected.

The manufacturing of therapeutic biologics products is highly complex and we have limited experience in commercial manufacturing. Problems may arise during manufacturing for a variety of reasons, including but not limited to equipment malfunction, failure to follow

specific protocols and procedures, changes in product specification, low quality or insufficient supply of raw materials, delays in the construction of new facilities or the expansion of our existing manufacturing facilities as a result of changes in manufacturing production sites and limits to manufacturing capacity due to regulatory requirements, changes in the types of products produced, physical limitations that could inhibit continuous supply, man-made or natural disasters and other environmental factors. Products with quality issues may have to be discarded, resulting in product shortages or additional expenses. This could lead to, among other things, increased costs, lost revenue, damage to customer relationships, time and expense spent investigating the cause and, depending on the cause, similar losses with respect to other batches or products. If problems are not discovered before the product is released to the market, recall and product liability costs may also be incurred. We face additional manufacturing risks in relation to the CMOs we engage from time to time. See "—Risks Relating to Our Dependence on Third Parties—We may rely on third parties to manufacture our drug supplies."

Manufacturing methods and formulation are sometimes altered through the development of drug candidates from clinical trials to approval, and further to commercialization, in an effort to optimize manufacturing processes and results. Such changes carry the risk that they will not achieve these intended objectives. Any of these changes could cause the drug candidates to perform differently and affect the results of planned clinical trials or other future clinical trials conducted with the altered materials. This could delay the commercialization of drug candidates and require bridging studies or the repetition of one or more clinical trials, which may result in increases in clinical trial costs, delays in drug approvals and jeopardize our ability to commence product sales and generate revenue.

We may explore the licensing of commercialization rights or other forms of collaboration worldwide, which will expose us to additional risks of conducting business in additional international markets.

Global markets are an important component of our growth strategy. For example, we have retained rights for the development and commercialization of a number of our drug candidates globally, including KN046 and KN026. Outside China, we intend to focus on opportunities in the United States, in particular. If we fail to license the commercialization rights or enter into collaboration arrangements with third parties in other markets, or if a third-party collaborator is not successful, our revenue-generating growth potential will be adversely affected. Moreover, international collaboration and licensing of commercialization rights in other markets may subject us to additional risks that may materially adversely affect our ability to attain or sustain profitable operations, including but not limited to:

- efforts to enter into collaboration or licensing arrangements with third parties in connection with our international sales, marketing and distribution efforts may increase our expenses or divert our management's attention from the development of drug candidates;

- difficulty of effective enforcement of contractual provisions in other jurisdictions;

- unexpected changes in or imposition of trade restrictions, such as tariffs, sanctions or other trade controls, and similar regulatory requirements;

- economic weakness, including inflation, interest rate hikes and foreign exchange fluctuations;

- compliance with tax, employment, immigration and labor laws for employees traveling abroad;

- the effects of applicable foreign tax structures and potentially adverse tax consequences;

- workforce uncertainty and labor unrest;

- failure of our employees and contracted third parties to comply with United States Department of the Treasury's Office of Foreign Assets Control rules and regulations and the United States Foreign Corrupt Practices Act of 1977, as amended, or FCPA; and

- business interruptions resulting from geo-political actions, including war and acts of terrorism, or natural disasters, including earthquakes, volcanoes, typhoons, floods, hurricanes and fires.

These and other risks may materially adversely affect our ability to procure equipment and raw materials and to attain or sustain any future revenue from international markets.

The illegal and/or parallel imports and counterfeit pharmaceutical products may reduce demand for our drug candidates, which could have a negative impact on our reputation and business.

The illegal import of competing products from countries where government price controls or other market dynamics result in lower prices may adversely affect the demand for our drug candidates and, in turn, may adversely affect our sales and profitability in China and other countries where we plan to commercialize our products. Unapproved foreign imports of prescription drugs are illegal under current laws of China. However, illegal imports may continue to occur or even increase as the ability of patients and other customers to obtain these lower priced imports continues to grow. Furthermore, cross-border imports from lower-priced markets (parallel imports) into higher-priced markets could harm sales of our drugs and exert commercial pressure on pricing within one or more markets. In addition, competent government authorities may expand consumers' ability to import lower priced versions of our future approved products or competing products from outside China or other countries where we operate. Any future legislation or regulations that increase consumer access to lower priced medicines from outside China or other countries where we operate could have a material adverse effect on our business.

Certain pharmaceutical products distributed or sold in our target markets may be manufactured without proper licenses or approvals, or are fraudulently mislabeled with respect to their usage or manufacturers. These products are generally referred to as counterfeit

pharmaceutical products. The regulatory control and law enforcement system in relation to the counterfeit pharmaceutical products, particularly in developing markets such as China, may be inadequate to discourage or eliminate the manufacturing and sale of counterfeit pharmaceutical products imitating our products. Since counterfeit pharmaceutical products in many cases have very similar appearances compared with the authentic pharmaceutical products but are generally sold at lower prices, counterfeits of our products can quickly erode the demand for our drug candidates.

A patient who receives a counterfeit pharmaceutical product may be at risk for a number of dangerous health consequences. Our reputation and business could suffer harm as a result of counterfeit pharmaceutical products sold under our or our collaborators' brand name(s). In addition, theft of inventory at warehouses, plants or while in-transit, which is not properly stored and which is sold through unauthorized channels, could adversely impact patient safety, our reputation and our business.

RISKS RELATING TO OUR DEPENDENCE ON THIRD PARTIES

We have collaborated with third parties in the development of drug candidates and combination therapies, and may seek collaboration opportunities and strategic alliances in the future.

As of the Latest Practicable Date, we had three collaboration arrangements with third parties, including a co-development arrangement with 3DMed for KN035, a joint development arrangement with Sunshine Lake for an Anti-Tumor Combination Therapy using our KN046 and a licensing arrangement with Suzhou Dingfu. Going forward, we may seek additional collaboration opportunities and strategic alliances. Any of such relationships may require us to incur non-recurring and other charges, increase capital expenditures, issue securities that dilute our existing shareholders, or divert the attention of our management from our normal course of business. We face significant competition in seeking appropriate strategic partners and the negotiation process is time-consuming and complex. Collaborations involving our drug candidates are subject to a number of risks, which may include but are not limited to the following:

- collaborators and strategic partners have significant discretion in determining the efforts and resources that they will allocate to such collaborations or strategic alliances;

- collaborators and strategic partners could independently develop, or develop with other third parties, drugs that compete directly or indirectly with our drug candidates;

- collaborators and strategic partners may not properly maintain or defend our intellectual property rights or may use our intellectual property or proprietary information in a way that gives rise to actual or threatened litigations that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential liability;

- disputes may arise between us and a collaborator or strategic partner that cause the delay or termination of the research, development or commercialization of our drug candidates, or that result in costly litigation or arbitration that diverts management attention and resources;

- collaborations and strategic partnerships may be terminated and, if terminated, may result in a need for additional capital to pursue further development or commercialization of the relevant drug candidates; and

- collaborators and strategic partners may own or co-own intellectual property covering our drugs that results from our collaborating with them, and in such cases, we would not have the exclusive right to commercialize such intellectual property.

Under our Co-development Agreements with 3DMed, 3DMed is responsible for conducting clinical trials and has exclusive commercialization rights for KN035 worldwide, while we own the right to manufacture and supply KN035 to 3DMed and are entitled to share the profits of KN035. See "Business—Our Collaboration Arrangements." We out-license two patents that we co-own with Suzhou Alphamab to Suzhou Dingfu and Suzhou Dingfu also granted a non-exclusive, royalty-free license for a patent to Suzhou Alphamab and us. Under this licensing arrangement, we will receive royalties or other payments from Suzhou Dingfu based on how they commercialize the products they develop under the licensing arrangement. We may be subject to the following risks under these arrangements:

- our collaboration partners may delay their drug development plan, including clinical trials, provide insufficient funding for a clinical trial program, stop a clinical trial or abandon a drug candidate, repeat or conduct new clinical trials or require a new formulation of a drug candidate for clinical testing;

- our collaboration partners may not pursue development and commercialization of drug candidates that achieve regulatory approval or may elect not to continue or renew development or commercialization programs based on clinical trial results, changes in their strategic focus or available funding, or external factors, such as an acquisition, that divert resources or create competing priorities;

- our collaboration partners with marketing and distribution rights to one or more of our drug candidates that achieve regulatory approval may not commit sufficient resources to the marketing and distribution of such drug candidates;

We may not necessarily be able to realize the benefits of the collaborations and/or strategic partnerships, which could potentially delay our drug development timelines or otherwise adversely affect our business. We also cannot be certain that, following a strategic transaction, we will be able to generate the target level of revenue or profit that can justify such a 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 drug 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, we may not be able to further develop our drug candidates or bring them to market and generate product sales revenue, which would harm our business prospects, financial condition and results of operations.

We rely on third parties to monitor, support and/or conduct clinical trials of our drug candidates.

We rely on CROs, clinical trial sites, consultants and other third parties to monitor, support and/or conduct pre-clinical studies and clinical trials of our drug candidates. However, we have less control over the quality, timing and cost of these studies and the ability to recruit and monitor trial subjects than if we conducted these trials wholly by ourselves. If we are unable to maintain or enter into agreements with these third parties on acceptable terms, or if any such engagement is terminated, we may be unable to conduct pre-clinical studies and/or clinical trials in the manner that we anticipate. In addition, there is no guarantee that these third parties will devote adequate time and resources to our studies or perform as required by contract or in accordance with regulatory requirements, including the collection and maintenance of clinical trial information regarding our drug candidates. If these third parties fail to meet expected deadlines, timely transfer to us any regulatory information, adhere to protocols or act in accordance with regulatory requirements or our agreements with them, or if they otherwise perform in a sub-standard manner or in a way that compromises the quality or accuracy of their activities or the data they obtain, the clinical trials of our drug candidates may be compromised, delayed, prolonged, suspended or terminated, or our data may be rejected by the NMPA or other applicable regulatory agencies.

In addition, we may not be able to enter into arrangements with alternative CROs or to do so on commercially reasonable terms, if any of our relationships with third-party CROs terminate. 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.

We have relied on and expect to continue to rely on third parties to supply raw materials for the manufacturing of our drug candidates.

During the Track Record Period, we relied on third parties to supply certain raw materials used in our research and development, and the manufacturing of drugs for clinical trials. We expect to continue to rely on third parties to supply raw materials for the research, development and commercialization of our drug candidates. See "Business—Raw Materials" and "Business—Suppliers."

Any disruption in production or the inability of our suppliers to produce adequate quantities to meet our needs could impair our operations and the research and development of our drug candidates. Moreover, we expect our demand for such raw materials to increase as we expand our business scale and commercialize our drug candidates, but there is no assurance

that current suppliers have the capacity to meet our demand. We are also exposed to the possibility of increased costs, which we may not be able to pass on to customers and as a result, lower our profitability. In addition, although we have implemented quality inspection on the raw materials before using them in the manufacturing process, we cannot assure you that we will be able to identify all of the quality issues. We cannot assure you that these third parties will be able to maintain and renew all licenses, permits and approvals necessary for their operations or comply with all applicable laws and regulations. Failure to do so by them may lead to interruption in their business operations, which in turn may result in shortage of the drug substance supplied to us, and cause delays in clinical trials and regulatory filings, or recall of our products. The non-compliance of these third parties may also subject us to potential product liability claims, cause us to fail to comply with the continuing regulatory requirements, and incur significant costs to rectify such incidents of non-compliance, which may have a material and adverse effect on our business, financial condition and results of operations.

We may rely on third parties to manufacture our drug supplies.

During the Track Record Period, we outsourced certain manufacturing activities of our drug candidates to select CMOs in China and the United States. Such outsourcing occurs when it is more efficient than manufacturing in-house and when we seek to reduce regulatory compliance costs. Going forward, in the United States and, to a lesser extent, in China, we plan to continue to work with industry-leading and reputable CMOs. Reliance on third-party CMOs would expose us to the following risks:

- we may be unable to identify manufacturers on acceptable terms or in a timely manner, or at all, because the number of potential manufacturers is limited and the NMPA, FDA or other comparable regulatory authorities must evaluate and/or approve any manufacturers as part of their regulatory oversight of our drug candidates;

- our CMOs might be unable to timely produce the drug candidates or not in the quantity and quality required to meet our needs for clinical trials and commercial sale, if any;

- manufacturers are subject to ongoing periodic inspections by the NMPA or the FDA, as applicable, to ensure strict compliance with cGMP and other government regulations and we do not have control over CMOs' compliance with these regulations and requirements;

- manufacturers may not properly obtain, protect, maintain, defend or enforce our intellectual property rights or may use our intellectual property or proprietary information in a way that gives rise to actual or threatened litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential liability;

- manufacturers may infringe, misappropriate, or otherwise violate the patent, trade secret, or other intellectual property rights of third parties; and

- our CMOs and critical raw materials suppliers may be subject to inclement weather, as well as natural or man-made disasters.

Each of these risks could delay or prevent the completion of our clinical trials or the approval of any of our drug candidates, or result in higher costs or adversely impact the commercialization of our drug candidates.

Manufacturers of biological products often encounter difficulties in production, particularly in assuring high reliability of the manufacturing process (including the absence of contamination). These problems include logistics and shipping, difficulties with production costs and yields, quality control, including stability of the product, product testing, operator error, availability of qualified personnel, as well as compliance with strictly enforced laws and regulations. Furthermore, if contaminants are discovered in our supply of our drug candidates or in the manufacturing facilities of our 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 drug candidates will not occur in the future in relation with our CMOs. Additionally, our CMOs may experience manufacturing difficulties due to resource constraints or as a result of labor disputes or unstable political environments. If our manufacturers were to encounter any of these difficulties, or otherwise fail to comply with their contractual obligations, our ability to provide any future approved drug candidates for commercial sale and our drug candidates to patients in clinical trials would be jeopardized. Any delay or interruption in the provision of clinical trial supplies could delay the completion of clinical trials, increase the costs associated with maintaining clinical trial programs and, depending upon the period of delay, require us to begin new clinical trials at additional expense or terminate clinical trials completely.

RISKS RELATING TO OUR INTELLECTUAL PROPERTY RIGHTS

We may not be able to obtain sufficient patent protection for our drug candidates.

Our success depends in large part on our ability to protect our proprietary technology and drug candidates from competition by obtaining our intellectual property rights, including patent rights. We seek to protect the drug candidates and technology that we consider commercially important by filing patent applications in China, the United States and other countries and through PCT. As of the Latest Practicable Date, we owned or co-owned 23 patent applications worldwide relating to our drug candidates and technology platforms. In addition, a number of patent applications were in the process of being transferred to us from Suzhou Alphamab as of the Latest Practicable Date. In addition, Suzhou Alphamab has licensed to us a number of patents in application. See "Business—Intellectual Property." If we or Suzhou Alphamab are unable to obtain patent protection with respect to our drug candidates and technologies, third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us. Our ability to successfully commercialize any product or technology may be adversely affected, and our business, financial condition, results of operations and prospects could be materially harmed.

The patent prosecution process is expensive, time-consuming and complex, and we may not be able to file, prosecute, maintain, enforce or license all necessary or desirable patent applications at a reasonable cost or in a timely manner in all desirable territories. In addition, patent applications may not be granted for a number of reasons, including known or unknown prior art, deficiencies in the patent application, lack of novelty or inventiveness of the underlying invention or technology, or failure to comply with the confidentiality examination requirement. In China, the CNIPA may require us to amend our patent applications after substantive examinations, including reducing the patentable coverage, and if we fail to respond within a specified period, our applications will be deemed to be withdrawn. Furthermore, the CNIPA may still reject the patent applications after our amendment.

It is also possible that we may fail to develop patentable technologies or products or 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, collaborators, CROs, CMOs, consultants, advisers 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 of such output. In addition, publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States 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 were the first to make the inventions claimed in our patents or pending patent applications or that we were the first to file for patent protection of such inventions. Furthermore, China and, recently, the United States have adopted the "first-to-file" system under which whoever first files a patent application on an invention will be awarded the patent if all other patentability requirements are met. Under the first-to-file system, 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 CNIPA for confidentiality examination. Otherwise, if an application is later filed in China, the patent right will not be granted.

We may not be able to adequately maintain our intellectual property rights.

As of the Latest Practicable Date, we owned one patent covering KN026 in China, co-owned one patent with 3DMed covering KN035 in Australia, and co-owned five patents with Suzhou Alphamab covering our CRIB and CRAM platforms, including in China and the United States. See "Business—Intellectual Property." The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and our patent rights may be challenged in courts or patent offices. Consequently, we do not know whether any of our technology or drug candidates will be protectable or remain protected by valid and enforceable patents.

With respect to our granted US patent and any US patents we may be granted in the future, we may be eligible for limited patent term extensions, and data and market exclusivity under US laws and regulations for approved drugs. The United States Biologics Price Competition and Innovation Act (BPCIA) provides a twelve-year period of data exclusivity to the first applicant to obtain approval of a new biologic drug. In China, there is no currently effective law or regulation providing patent term extension, patent linkage, or data exclusivity (referred to as regulatory data protection). PRC regulators have set forth a framework for integrating data exclusivity into the PRC regulatory regime and have established a pilot program for patent term extension, but no corresponding implementation regulations have been adopted. These factors may result in weaker protection for us against generic competition in China than could be available to us in the United States. We cannot guarantee that we would be granted an extension, in which case our competitors may obtain approval of competing products following our patent expiration, and our business, financial condition, results of operations, and prospects could be materially harmed.

Furthermore, although various extensions may be available, the life of a patent, and the protection it affords, is limited. Even if we successfully obtain patent protection for an approved drug candidate, it may face competition from generic or biosimilar drugs 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. The pending patent applications, if granted, for our drug candidates are expected to expire on various dates as described in "Business—Intellectual Property" of this Prospectus. Upon the expiration of patents that may issue from our pending patent applications, we will not be able to assert such patent rights against potential competitors and our business and results of operations may be adversely affected. Our competitors or other third parties may be able to circumvent our patents by developing similar or alternative technologies, drug candidates or products in a non-infringing manner.

Given the amount of time required for the development, testing and regulatory review of new drug candidates, patents protecting such drug candidates might expire before or shortly after such drug candidates are commercialized. As a result, our 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 patents and patent applications are, and may in the future be, co-owned with third parties. If we 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 technology. Even if we obtain an exclusive license to the third-party co-owners' interest in the patents or patent applications, as is the case with 3DMed, we cannot guarantee that they will not breach our agreements and license out our drug candidates without our consent. We also cannot guarantee that any damages or remedies we collect from our collaboration partners for such breach would sufficiently cover the losses we may incur, or that we will be able to estop or injunct our

collaboration partners from continuing their breach or their out-licensing partner from utilizing our drug candidates or competing with us. In addition, we may need the cooperation of any such co-owners of our patents in order to enforce such patents against third parties and we cannot assure you that we will be able to obtain such cooperation. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

The scope of our intellectual property rights may be insufficient or subject to uncertainty.

The scope of patent protection in various jurisdictions is uncertain. Changes in either the patent laws or their interpretation in China, the United States or other countries may diminish our 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 granted patents will provide sufficient protection from competitors.

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 currently or in the future issue as patents, they may not issue in a form 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. In addition, the patent position of biopharmaceutical 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.

We may not be able to protect our intellectual property rights throughout the world, and particularly in our target markets, or prevent unfair competition by third parties.

We are primarily focused on protecting our intellectual property rights in our target markets, being China and the United States. As of the Latest Practicable Date, we owned one patent granted in China, co-owned two patents granted in China and one in the United States with Suzhou Alphamab, and owned or co-owned four patent applications in China, three in the United States and two PCT applications that are expected to enter into national phases in China and the United States, which we consider to be material to our business. As of the same date, we also owned other granted patents and filed patent applications, including in other jurisdictions such as Japan and Europe. Filing, prosecuting, maintaining and defending patents on drug candidates in all other countries throughout the world could be prohibitively expensive for us. Our intellectual property rights in other countries can have a different scope and strength compared to those in our target markets. In addition, the laws of certain countries do not protect intellectual property rights to the same extent as the laws of our target markets. Consequently, we may not be able to prevent third parties from using our inventions in all countries outside our target markets, or from selling or importing drugs made using our

inventions in and into our target markets or other jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own drugs and further, may export otherwise infringing drugs to jurisdictions where we have patent protection, but where enforcement rights are not as strong as those in markets such as the United States. These drugs may compete with our drug candidates and our patent rights or other intellectual property rights may not be effective or adequate to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in countries such as China. The legal system in these countries could make it difficult for us to stop the infringement, misappropriation or other violation of our patents or other intellectual property rights, or the marketing of competing drugs in violation of our proprietary rights in these countries.

Proceedings to enforce our intellectual property and proprietary rights could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly, could put our patent applications at risk of not issuing, and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

China, the United States, and other countries have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, countries such as the United States limit the enforceability of patents against government agencies or government contractors. In China and the United States, the patent owner may have limited remedies, which could materially diminish the value of such patent. If we, co-owners of our patents and patent applications, or licensors are forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position may be impaired, and our business, financial condition, results of operations, and prospects may be adversely affected.

As a result, we may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time-consuming and unsuccessful. Patent rights relating to our drug candidates could be found invalid or unenforceable if challenged in court or before the USPTO, or CNIPA, or another comparable authority.

Intellectual property rights do not necessarily protect us from all potential threats to our competitive advantage.

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. The following examples are illustrative:

- others may be able to make compounds that are similar to our drug candidates or independently develop similar or alternative technologies or duplicate any of our technologies without infringing the intellectual property rights we own or have exclusively licensed;

- our competitors might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our target markets;

- we might not have been the first to make the inventions covered by the granted patents or pending patent applications that we own or may in the future exclusively license, and we might not have been the first to file patent applications covering certain of our inventions, which could result in the patent applications not issuing or being invalidated after issuing;

- granted patents that we own or have exclusively licensed may not provide us with any competitive advantages, or may be held invalid or unenforceable, as a result of legal challenges by our competitors;

- we may obtain patents for certain compounds 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 fail to develop additional proprietary technologies that are patentable;

- the patents of others may have an adverse effect on our business, for example by preventing us from marketing one or more of our drug candidates for one or more indications.

Any of the aforementioned threats to our competitive advantage could have a material adverse effect on our business.

Patent protection depends on compliance with various procedural, regulatory and other requirements, and our patent protection could be reduced or eliminated due to non-compliance.

Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and patent applications are due to be paid to the CNIPA, the USPTO and other patent agencies in several stages over the lifetime of a patent. The CNIPA, the USPTO and other governmental patent agencies require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process. We are also dependent on our licensors, such as Suzhou Alphamab, to take the necessary action to comply with these requirements with respect to our licensed intellectual property. 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 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 might be able to enter the market, which would have a material adverse effect on our business.

Intellectual property and other laws and regulations are subject to change, which could diminish the value of our intellectual property and impair the intellectual property protection of our drug candidates.

Intellectual property laws, including patent laws, are continuing to change and evolve, and we cannot guarantee that changes to these laws in jurisdictions where we have registered or applied for patents would not adversely affect our intellectual property protection. For example, recently enacted United States laws have changed the procedures through which patents may be obtained and by which the validity of patents may be challenged. For example, in addition to the "first-to-file" system summarized above under which whoever first files a patent application will be awarded the patent if all other patentability requirements are met, the Leahy-Smith America Invents Act, or the America Invents Act, enacted in September 2011, which applies to patent applications filed on or after March 16, 2013, includes a number of significant changes that affect the way patent applications will be prosecuted and may also affect patent litigation. These changes include allowing third party submission of prior art to the USPTO during patent prosecution and additional procedures to attack the validity of a patent by USPTO-administered post-grant proceedings, including post-grant review and inter partes review. The America Invents Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of patents that may issue from our pending patent applications, each of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Recent U.S. Supreme Court rulings have also changed the law surrounding patent eligibility and narrowed the scope of patent protection available in certain circumstances and weakened the rights of patent owners in certain situations. Depending on decisions by the U.S. Congress, the federal courts and the USPTO, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce patents that we might obtain in the future. There could be similar changes in the laws of China or other jurisdictions that may impact the value of our patent rights or our other intellectual property rights.

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 January 2019 and proposes to introduce patent extensions to eligible innovative drug patents. If adopted, the patents owned by third parties may be extended, which may in turn affect our ability to commercialize our products (if approved) without facing infringement risks. Our KN019 is currently covered by two patents granted in China, and we plan to commercialize KN019, if approved, in China after the expiration of these patents in 2021. The adoption of this draft amendment may enable the patent owner to submit applications for a patent term extension, which, if approved, may interfere with or delay the launch of KN019. 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 render our product non-competitive. We also cannot guarantee that other changes to PRC intellectual property laws would not have a negative impact on our intellectual property protection.

Moreover, changes in other laws and regulations in our target markets, as well as changes in the geopolitical environment in China, the United States and globally may adversely affect our intellectual property protection. For example, stricter enforcement of intellectual property laws in China has been a major demand from the United States and a source of disagreement between China and the United States in the ongoing trade war. It is uncertain as to how the trade war will develop, and whether and how it will affect intellectual property laws, enforcement and protection in China.

Granted patents covering one or more of our major drug candidates or technologies could be found invalid or unenforceable if challenged in court.

Despite measures we take to obtain patent protection with respect to our major drug candidates and technologies, any of our granted patents could be challenged or invalidated. For example, if we were to initiate legal proceedings against a third party to enforce a patent covering one of our drug candidates, the defendant could counterclaim that our patent is invalid and/or unenforceable. Although we believe that we have conducted our patent prosecution in accordance with the duty of candor and in good faith, the outcome following legal assertions of invalidity and unenforceability during patent litigation is unpredictable. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on a drug candidate or technology. Even if a defendant does not prevail on a legal assertion of invalidity and/or unenforceability, our patent claims may be construed in a manner that would limit our ability to enforce such claims against the defendant and others. Any loss of patent protection could have a material adverse impact on one or more of our major drug candidates and technologies and our business.

Claims that our drug candidates or future products infringe the intellectual property rights of third parties could result in costly litigation, require substantial time and money to resolve and harm our business and reputation.

Our commercial success depends upon our ability to develop, manufacture, market and sell our drug candidates. We cannot guarantee that our drug candidates or any uses of our drug candidates do not and will not in the future infringe third-party patents or other intellectual property rights. Third parties might allege that we are infringing their patent rights or that we have misappropriated their trade secrets, or that we are otherwise violating their intellectual property rights, whether with respect to the manner in which we have conducted our research, or use or manufacture the compounds we have developed or are developing. Such third parties might resort to litigation against us or other parties we have agreed to indemnify, which litigation could be based on either existing intellectual property or intellectual property that arises in the future.

If third parties successfully assert their intellectual property rights against us or in order to avoid or settle potential claims, we might be barred from using certain aspects of our technology, or barred from developing and commercializing certain products. Prohibitions against using certain technologies, or prohibitions against commercializing certain products, could be imposed by a court or by a settlement agreement between us and a plaintiff. In addition, if we are unsuccessful in defending against allegations that we have infringed, misappropriated or otherwise violated patent or other intellectual property rights of others, we may be forced to pay substantial damage awards to the plaintiff. There is uncertainty in any litigation, including intellectual property litigation. There can be no assurance that we would prevail in any intellectual property litigation, even if the case against us is weak or flawed. If litigation leads to an outcome unfavorable to us, we may be required to obtain a license from the intellectual property owner in order to continue our research and development programs or to market any resulting product. It is possible that the necessary license will not be available to us on commercially acceptable terms, or at all. Alternatively, we may be required to modify or redesign our products in order to avoid infringing or otherwise violating third-party intellectual property rights. This may not be technically or commercially feasible, may render our products less competitive, or may delay or prevent the entry of our products to the market. Any of the foregoing could limit our research and development activities, our ability to commercialize one or more drug candidates, or both.

Many of our competitors are larger than we are and have substantially greater resources. They are, therefore, likely to be able to sustain the costs of complex intellectual property litigation longer than we could. In addition, the uncertainties associated with litigation could have a material adverse effect on our ability to raise the funds necessary to conduct our clinical trials, continue our internal research programs, in-license needed technology, or enter into strategic partnerships that would help us bring our drug candidates to market.

Defending against claims of patent infringement, misappropriation of trade secrets or other violations of intellectual property rights could be costly and time consuming, regardless of the outcome. Thus, even if we were to ultimately prevail, or to settle at an early stage, such litigation could burden us with substantial unanticipated costs.

Moreover, during intellectual property litigation, there could be public announcements of the results of hearings, rulings on motions, and other interim proceedings in the litigation. If securities analysts or investors regard these announcements as negative, the perceived value of our products, programs or intellectual property could be diminished. Accordingly, the market price of our Shares may decline. Such announcements could also harm our reputation or the market for our future products, which could have a material adverse effect on our business.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed.

In addition to 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 drug candidates. Protection of our unpatented proprietary information is especially important for our KN019. Because patents covering KN019 have already been granted to a third party, we may have limited success in obtaining patent protection for KN019. As such, we would be required to rely on unpatented rights, including know-how and trade secrets related to development, manufacturing and distribution of KN019, and it may be more challenging for us to enforce our intellectual property rights upon third parties or prevent others from competing with us.

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, such as our employees, corporate collaborators, outside scientific collaborators, sponsored researchers, contract manufacturers, consultants, advisors and other third parties. In addition, each of our employees is required to sign a confidentiality agreement and invention assignment agreement upon joining our company. Nevertheless, there can be no guarantee that an employee or a third party will not make an unauthorized disclosure of our proprietary confidential information. This might happen intentionally or inadvertently. It is possible that a competitor will make use of such information, and that our competitive position will be compromised, in spite of any legal action we might take against persons making such unauthorized disclosures. In addition, to the extent that our employees, consultants or contractors use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

Trade secrets are difficult to protect. Although we use reasonable efforts to protect our trade secrets, our employees, consultants, contractors or business partners might intentionally or inadvertently disclose our trade secret information to competitors or our trade secrets may otherwise be misappropriated. Enforcing a claim that a third party illegally obtained and is using any of our trade secrets is expensive and time consuming, and the outcome is unpredictable.

We sometimes engage individuals or research institutions to conduct research relevant to our business. The ability of these individuals or research institutions to publish or otherwise publicly disclose data and other information generated during the course of their research is subject to certain contractual limitations. These contractual provisions may be insufficient or inadequate to protect our confidential information. If we do not apply for patent protection prior to such publication, or if we cannot otherwise maintain the confidentiality of our proprietary technology and other confidential information, then our ability to obtain patent protection or to protect our trade secret information may be jeopardized, which could adversely affect our business.

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 or 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. 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 and could adversely affect our competitive position, business, financial condition, 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.

Because our current and future programs may involve additional drug candidates that may require the use of proprietary rights held by third parties, the growth of our business may depend in part on our ability to acquire and maintain licenses or other rights to use these proprietary rights. 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 or maintain the existing intellectual property rights we have, we may have to abandon development of the relevant program or drug candidate, which could have a material adverse effect on our business, financial condition, results of operations and prospects for growth.

Our rights to develop and commercialize our technologies and drug candidates are subject, in part, to the terms and conditions of licenses granted to us by others.

We are reliant upon licenses to certain intellectual property and proprietary technologies from third parties that are important or necessary to the development of our technologies and drug candidates. We have entered into license agreements with third parties and may need to obtain additional licenses from others to advance our research or allow commercialization of drug candidates we may develop. It is possible that we may be unable to obtain 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 technologies, drug candidates, or the methods for manufacturing them or to develop or license replacement technologies, 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 drug candidates, which could harm our competitive position, business, financial condition, results of operations, and prospects significantly. We cannot provide any assurances that third party patents do not exist which might be enforced against our technologies and drug candidates resulting in either an injunction prohibiting our manufacture or sales, or, with respect to our sales, an obligation on our part to pay royalties and/or other forms of compensation to third parties, which could be significant.

These licenses may not provide exclusive rights to use such intellectual properties and proprietary technologies in all relevant fields of use and in all territories in which we may wish to develop or commercialize our technologies and products in the future. As a result, we may not be able to prevent competitors from developing and commercializing competitive products in territories included in all of our licenses.

In addition, subject to the terms of any such license agreements, we may not have the right to control the preparation, filing, prosecution, maintenance, enforcement, and defense of patents and patent applications covering the technologies that we license from third parties. In such an event, we cannot be certain that these patents and patent applications will be prepared, filed, prosecuted, maintained, enforced, and defended in a manner consistent with the best interests of our business. If our licensors fail to prosecute, maintain, enforce, and defend such patents, or lose rights to those patents or patent applications, the rights we have licensed may be reduced or eliminated, and our right to develop and commercialize any of our products that are subject of such licensed rights could be adversely affected.

In spite of our best efforts, our licensors might conclude that we have materially breached our license agreements and might therefore terminate the license agreements, thereby removing our ability to develop and commercialize products and technologies covered by these license agreements. If these license agreements are terminated, or if the underlying patents fail to provide the intended exclusivity, competitors would have the freedom to seek regulatory approval of, and to market, products identical to ours. This could have a material adverse effect on our competitive position, business, financial condition, results of operations, and prospects.

RISKS RELATING TO OUR OPERATIONS

Our 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 relevant laws and regulations, we are required to obtain, maintain and renew various approvals, licenses, permits and certificates from relevant authorities to operate our business. 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 to take remedial actions, suspend our operations or bear fines and penalties which could materially and adversely affect our business, financial condition and results of operations. Furthermore, if the interpretation or implementation of existing laws and regulations changes or new regulations come into effect, we may be required to obtain any additional approvals, permits, licenses or certificates and we cannot assure you that we will be able to do so. Our failure to obtain the additional approvals, permits, licenses or certificates may restrict the conduct of our business, increase our costs, and in turn, adversely affect results of operations and prospects.

We may be unable to attract and retain senior management and retain scientific employees.

Our success depends in part on our continued ability to attract, retain and motivate highly qualified management, clinical and scientific personnel. We are highly dependent upon our senior management, as well as other key clinical and scientific personnel, including Dr. Xu, and other employees and consultants. The loss of services of any of these individuals or one or more of our senior management could delay or prevent the successful development of our drug candidates.

Although we have not historically experienced unique difficulties attracting and retaining qualified employees, we could experience such problems in the future. Competition for qualified employees in the biopharmaceutical industry is intense and the pool of qualified candidates is limited. We may not be able to retain the services of, or attract and retain experienced senior management or key clinical and scientific personnel in the future. The departure of one or more of our senior management or key clinical and scientific personnel, regardless of whether or not they join a competitor or form a competing company, may subject us to risks relating to replacing them in a timely manner or at all, which may disrupt our drug development progress and have a material and adverse effect on our business and results of operations. In addition, we will need to hire additional employees as we expand our commercialization and manufacturing teams. We may not be able to attract and retain qualified employees on acceptable terms.

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 currently lease a manufacturing facility from Suzhou Alphamab and also engage CMOs in China and the United States to provide the clinical trial supply of our drug candidates. We are also building our own facilities in Suzhou to expand our manufacturing capacity. Other than CMOs that we may engage in the United States and China from time to time, we plan to manufacture our products in our pipeline 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, FDA 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. To obtain FDA approval for our products in the United States, we would need to undergo strict pre-approval inspections of our manufacturing facilities. Historically, manufacturing facilities in China have had difficulty meeting FDA standards. When inspecting our manufacturing facilities, the FDA may cite cGMP deficiencies. Remediating deficiencies can be laborious, time consuming and costly. Moreover, the FDA 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 drug candidates.

We may also encounter problems with achieving adequate or clinical-grade products that meet NMPA, FDA or other comparable regulatory agency standards or specifications, maintain consistent and acceptable production costs, experience shortages of qualified personnel, raw materials or key contractors, and experience 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 drugs 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 drug candidates, suspension or withdrawal of approvals, supply disruptions, seizures or recalls of our drug candidates, operating restrictions and criminal prosecutions, any of which may harm our business.

Delays in the construction of our new manufacturing facilities could delay our development plans or commercialization efforts.

We currently lease a manufacturing facility from Suzhou Alphamab to provide the clinical trial supply of our drug candidate. We also engaged CMOs for certain manufacturing activities in China and the United States. Other than CMOs in the United States, we intend to continue to manufacture our drug candidates in-house for clinical trials and commercialization, and are

building our own manufacturing facilities with increased capacity to support our future manufacturing needs. We expect phase I of our new facilities to be completed in late 2019. The construction of our own manufacturing facilities may encounter unanticipated delays and encounter cost overruns due to a number of factors, such as regulatory requirements. If the construction of our new facilities is delayed, we may not be able to manufacture sufficient quantities of our drug candidates, which would limit our development and commercialization activities and our opportunities for growth. Cost overruns associated with constructing our own manufacturing facilities could require us to raise additional funds.

Delays in the construction of our new facilities may also result in breach of contract claims and liabilities to us. Pursuant to the land use right transfer agreement entered into between Jiangsu Alphamab and the Suzhou Industrial Park Land and Real Estate Bureau, we were required to commence and complete construction of our new facilities within a stipulated time period. We were not able to comply with this requirement because we postponed the construction of our new facilities to update our construction design in line with manufacturing upgrades. We have obtained a written confirmation from the competent authority confirming that we have not been required to pay any administrative penalties. Our PRC Legal Adviser has advised that, although such delays in the construction do not meet the criteria for constituting idle land under PRC laws and regulations, and the breach of contract would not affect our interest in, or the term of, the land use right, we may be asked to pay liquidated damages equal to 0.01% of the consideration for the land use right transfer for each day of delay in commencing and completing construction.

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

As we seek to advance our drug candidates through clinical trials, we will need to expand our development, regulatory, manufacturing, sales and marketing capabilities or contract with third parties to provide these capabilities for us. In addition, we may need to manage additional relationships with various strategic partners, suppliers and other third parties. Future growth will impose significant additional responsibilities on our management. Our future financial performance and our ability to commercialize our drug candidates and to compete effectively will depend, in part, on our ability to manage any future growth effectively. We cannot assure you that we will be able to successfully develop and commercialize our drug candidates and build suitable manufacturing, sales, marketing and managerial teams to meet our growth targets. Our failure to accomplish any of these tasks could prevent us from successfully growing our company.

We may be involved in claims, disputes, litigation, arbitration or other legal proceedings in the ordinary course of business.

From time to time, we may be involved in claims, disputes and legal proceedings in our ordinary course of business. These may concern issues relating to, among others, product liability, environmental matters, breach of contract, employment or labor disputes and infringement of intellectual property rights. Any claims, disputes or legal proceedings initiated

by us or brought against us, with or without merit, may result in substantial costs and diversion of resources, and if we are unsuccessful, could materially harm our reputation. Furthermore, claims, disputes or legal proceedings against us may be due to our counterparties, such as our suppliers, CROs and other service providers. Even if we are able to seek indemnity from them, they may not be able to indemnify us in a timely manner, or at all, for any costs that we incur as a result of such claims, disputes and legal proceedings.

We are subject to the risks of doing business globally.

We intend to develop and commercialize our drug candidates outside China, primarily in the United States. We have also conducted clinical trials and worked with local CROs and other third-party service providers in the United States, Australia and Japan. Accordingly, our business and financial results in the future could be adversely affected due to a variety of factors, including but not limited to, changes in a specific country's or region's political and cultural climate or economic condition; unexpected changes in or difficulties or failure to comply with laws and regulatory requirements in local jurisdictions; difficulty of effective enforcement of contractual provisions in local jurisdictions; potential disputes with foreign parties we work with; exposure to litigation or third-party claims outside of China; concerns of local governments and regulators on our research and trial sites and on the relevant management arrangements; inadequate intellectual property protection in certain countries; economic sanctions, trade restrictions, discrimination, protectionism or unfavorable policies against PRC companies; enforcement of anti-corruption and anti-bribery laws, such as the FCPA; the effects of applicable local tax regimes, royalties and other payment obligations owed to local governments, and potentially adverse tax consequences; and significant adverse changes in local currency exchange rates.

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 that are required under the PRC laws and regulations as well as based on our assessment of our operational needs and industry practice, including insurance for our new facilities. In line with industry practice in the PRC, we have elected not to maintain certain types of insurance, such as business interruption insurance or key man insurance. Our insurance coverage may be insufficient to cover any claims that we may have. 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 and may negatively impact our drug development and overall operations.

We benefit from certain preferential tax treatments and government grants, the expiration of or changes to which could adversely affect our profitability.

We currently benefit from certain preferential tax treatments. Since January 2018, Jiangsu Alphamab was entitled to a deduction of 175% on qualifying research and development expenses. Alphamab Australia is qualified as a small business entity under the Treasury Law Amendment (Enterprise Tax Plan Base Rate Entities) Bill 2017 of Australia and is subject to a corporate tax rate of 27.5%. We cannot assure you that these preferential tax treatments will continue to be available to us in the future, or that these preferential tax treatments will not be changed, as a result of changes in government policy, administrative decisions or otherwise, in which case our financial condition and results of operations may be adversely affected.

Moreover, we recorded government grants of RMB1.2 million, RMB0.4 million and RMB2.7 million for the years ended December 31, 2017 and 2018 and the six months ended June 30, 2019, respectively. These government grants were generally in support of our oncology drug development programs. Our government grants may vary from period to period going forward and our results of operations may be affected as a result.

Increased labor costs could slow our growth and affect our operations.

Our operations require a sufficient number of qualified employees. In recent years, the average labor cost in the global biopharmaceutical market, particularly for highly skilled and experienced personnel, has been steadily increasing as the competition for qualified employees has become more intense, according to the CIC Report. We cannot assure you that there will be no further increase in labor cost, which may adversely affect us and our operations. Moreover, during the Track Record Period, we cancelled certain unvested share options under the pre-IPO share options plan I and, as a result, recognized RMB12.3 million as share-based payment expenses. Although no other share-based payment expenses in relation to the pre-IPO share option plans I and II were recognized, we may record significantly increased share-based compensation expenses in our profit or loss statement in the future when the Listing is assessed by our Directors to be highly probable. See "Appendix V—Statutory and General Information—D. Pre-IPO Share Option Plans" to this Prospectus for details of our Pre-IPO Share Option Plans. For details of the share-based payment expenses, see Notes 4 and 29(a)(i) of "Appendix I—Accountants' Report" to this Prospectus. Share options and other share-based incentives granted under our existing or future share-based incentive arrangements and scheme could adversely affect our costs and our results of operations.

If we fail to comply with environmental, health and safety laws and regulations, we could be subject to fines or penalties 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 involve the use of hazardous materials, including chemicals, and may produce hazardous waste products. We cannot eliminate the risks of contamination or personal injury from these materials. We maintain workers' compensation insurance to cover costs and expenses we may incur due to injuries to our employees resulting from the use of hazardous materials. This insurance may not provide adequate coverage against potential liabilities. We do not maintain insurance for environmental liability claims that may be asserted against us in connection with our storage or disposal of hazardous materials. In the event of contamination or personal injury resulting from our use of hazardous materials or our or third parties' disposal 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.

We may incur substantial costs in order 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 activities. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

We may be subject to natural disasters, acts of war or terrorism or other factors beyond our control.

Natural disasters, acts of war or terrorism or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the regions where we conduct our business. Our operations may be under the threat of floods, earthquakes, sandstorms, snowstorms, fire or drought, power, water or fuel shortages, failures, malfunction and breakdown of information management systems, unexpected maintenance or technical problems, or are susceptible to potential wars or terrorist attacks. Serious natural disasters may result in loss of lives, injury, destruction of assets and disruption of our business and operations. Acts of war or terrorism may also injure our employees, cause loss of lives, disrupt our business network and destroy our markets. Any of these factors and other factors beyond our control could have an adverse effect on the overall business sentiment and environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial conditions and results of operations.

Our information technology systems, or those of our CROs or other service providers or consultants, may fail or suffer security breaches.

Despite the implementation of security measures, our information technology systems and those of our CROs, consultants and other service providers are vulnerable to damage from computer viruses, unauthorized access, cyber attacks, natural disasters, terrorism, war and telecommunication and electrical failures. If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our research and development programs. For example, our data may not be backed up in a timely manner and the loss of clinical trial data from ongoing or future clinical trials for any of our drug candidates could result in delays in regulatory approval efforts and significantly increase 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 data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability and the further development of our drug candidates could be delayed.

We may be unable to detect, deter and prevent all instances of fraud or other misconduct committed by our employees or other third parties.

We may be exposed to fraud, bribery or other misconduct committed by our employees or third parties that could subject us to financial losses and sanctions imposed by governmental authorities, which may adversely affect our reputation. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any instances of fraud, bribery, or other misconduct involving employees and other third parties that had any material and adverse impact on our business and results of operations. However, we cannot assure you that there will not be any such instances in future. Although we consider our internal control policies and procedures to be adequate, we may be unable to prevent, detect or deter all such instances of misconduct. Any such misconduct committed against our interests, which may include past acts that have gone undetected or future acts, may have a material adverse effect on our business and results of operations.

Our property valuation is based on certain assumptions which, by their nature, are subjective and uncertain and may materially differ from actual results.

The property valuation report prepared by JLL, an independent property valuer, set out in the Property Valuation Report set out as Appendix III to this Prospectus with respect to the appraised values of our properties is based on various assumptions, which are subjective and uncertain in nature. The assumptions that JLL used in the property valuation report include that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest. Certain of the assumptions used by JLL in reaching the appraised value of our properties may be inaccurate or unreasonable. In addition, unforeseeable changes in general and local economic conditions or other factors beyond our control may affect the value of our properties. As a result, the appraised value of our properties may differ materially from the price we could receive in an actual sale of the properties in the market and should not be taken as their actual realizable value or an estimation of their realizable value. You should not place undue reliance on such values attributable to these properties as appraised by JLL.

Our reputation is important to our business success, and damage to our reputation may adversely affect our business.

Our ability to maintain our reputation depends on a number of factors, some of which are out of our control. We may face negative publicity, claims, disputes and allegations, which may have a material and adverse impact on our reputation, even if untrue or inaccurate. Moreover, any negative publicity, claims, disputes and allegations involving, any conduct of, and any matters affecting the reputation of, other parties, including our Directors, Shareholders, senior management, employees and entities that share the "Alphamab" name, could have a material and adverse impact on our business and reputation. For example, in August 2010, Biogen IDEC Inc. initiated a litigation against Dr. Xu and Suzhou Alphamab, all the claims and counterclaims asserted in which have been dismissed with prejudice by a court consent order in May 2011. Please refer to "Relationship with Controlling Shareholders—Delineation of Business—Consent Order Involving Our Controlling Shareholder" for details. We may be required to spend significant time and incur substantial costs to respond and protect our reputation, and we cannot assure you that we will be able to do so within a reasonable period of time, or at all, in which case our business, results of operations, financial condition and prospects may be materially and adversely affected.

RISKS RELATING TO DOING BUSINESS IN CHINA

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

Our research operations and manufacturing facilities are in China, which we believe confers clinical, commercial and regulatory advantages. The pharmaceutical industry in China is subject to comprehensive government regulation and supervision, encompassing the approval, registration, manufacturing, packaging, licensing and marketing of new drugs. See "Regulations" for a discussion of regulatory requirements that are applicable to our current and planned business activities in China. In recent years, the regulatory framework in China regarding the pharmaceutical 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 drug candidates in China and reduce the current benefits we believe are available to us from developing and manufacturing drugs in China. PRC authorities have become increasingly vigilant in enforcing laws in the pharmaceutical industry and any failure by us or our partners to maintain compliance with applicable laws and regulations or obtain and maintain required licenses and permits may result in the suspension or termination of our business activities in China. We believe our strategy and approach are consistent with the PRC government's policies, but we cannot ensure that our strategy and approach will continue to be consistent.

PRC economic, political, social conditions as well as government policies could adversely affect our business, financial condition, results of operations and prospects.

During the Track Record Period, a substantial amount of our business operations were located in China. The PRC economy differs from the economies of most developed countries in many respects, including but not limited to structure, government involvement, level of development, growth rate, control of foreign exchange, capital reinvestment, allocation of resources, rate of inflation and trade balance position. Before the adoption of its reform and opening up policies in 1978, China was primarily a planned economy. In recent years, the PRC Government has been reforming the PRC economic system and government structure. It has implemented measures emphasizing the utilization of market forces, the reduction of state ownership of productive assets and the establishment of sound corporate governance practices in business enterprises. However, the PRC Government continues to play a significant role in regulating industrial development, allocation of natural and other resources, production, pricing and management of currency, and there can be no assurance that the PRC Government will continue to pursue a policy of economic reform or that the direction of reform will continue to be market friendly.

The economic growth over the past few decades in China was rapid; however, its continued growth has faced downward pressure since 2008 and its annual GDP growth rate has declined from 7.8% in 2013 to 6.8% in 2017, according to the National Bureau of Statistics of China (中華人民共和國國家統計局). There is no assurance that the future growth will be sustained at similar rates or at all. The PRC Government's economic, political and social policies, including those related to our industry may materially and adversely affect our business, financial position, results of operations and prospects.

The relationships between China and other countries may affect our business operations.

We plan to seek collaboration or partnership opportunities with entities in foreign countries and regions, in particular the United States, and establishing new collaboration partnerships is a component of our business strategy. Our business may therefore be subject to constantly changing international economic, regulatory, social and political conditions, and local conditions in those foreign countries and regions. As a result, China's relationships with those foreign countries and regions may affect the prospects of maintaining existing or establishing new collaboration partnerships, expanding our team, making investments, conducting clinical trials, commercializing and importing/exporting in these countries and regions. We may also be subject to higher taxes, tariffs and duties and may be affected by

deteriorating trade and economic relationships, trade disputes and changing foreign policies, laws and regulations. Moreover, there can be no assurance that our potential collaboration partners will not alter their perception of us or their preferences as a result of adverse changes to the relationships between China and foreign countries or regions where they are located. Any tensions and political concerns between China and such foreign countries or regions may adversely affect our business, financial condition, results of operations, cash flows and prospects.

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

A large 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 the late 1970s, 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 drug 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 significant 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 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 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 of the Latest Practicable Date, we failed to register all five of our lease agreements as tenant, which were primarily used as office premises, research and development facilities and manufacturing facilities. We may be required by relevant government authorities to file the 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, with a maximum penalty of RMB60,000 for our five leases. See "Business—Properties—Leased Properties."

It may be difficult to effect service of legal process and enforce judgments against us and our management.

We are a holding company incorporated in the Cayman Islands with limited liability, and a substantial amount of our assets are located in the PRC. In addition, a majority of our Directors and our senior management personnel reside within the PRC, and a majority of their assets are located within the PRC. As a result, it may not be possible to effect service of process within certain jurisdictions outside the PRC upon us or most of our Directors and senior management. Furthermore, the PRC does not have treaties providing for the reciprocal enforcement of judgments of courts with the United States, the United Kingdom, Japan or many other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, recognition and enforcement in the PRC or Hong Kong of judgments of a court obtained in the United States and any of the other jurisdictions mentioned above may be difficult or impossible.

On July 14, 2006, the Supreme People's Court of the PRC and the government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by Courts of the Mainland and the Hong Kong Special Administration Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the "**Arrangement**"). Under the Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case pursuant to a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. It is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute have not agreed to enter into a choice of court agreement in writing. In addition, the Arrangement has expressly provided for "enforceable final judgement", "specific legal relationship" and "written form." 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 reciprocal recognition and enforcement of judgments in a wider range of civil and commercial matters between Hong Kong Special Administrative Region and the 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. Therefore, 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.

More stringent restrictions on the remittance of Renminbi into and out of the PRC and governmental control over currency conversion may limit our ability to pay dividends and other obligations, and affect the value of your investment.

The Renminbi is not currently a freely convertible currency, as the PRC Government imposes controls on the convertibility of Renminbi into foreign currencies and in certain cases, the remittance of currency out of China. A substantial majority of our future revenue is expected to be denominated in Renminbi and we will need to convert Renminbi into foreign currencies for the payment of dividends, if any, to holders of our Shares. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends or other payments, or otherwise satisfy our foreign currency denominated obligations.

Under China's current foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from SAFE, but we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business. Approval from appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC Government may also at its discretion restrict access in the future to foreign currencies for current account transactions. Since 2015, in response to China's declining foreign currency reserves, the PRC Government has placed increasingly stringent restrictions on the convertibility of the Renminbi into foreign currencies. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Further, there is no assurance that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of Renminbi into or out of China.

The Company may be deemed to be a PRC tax resident under the EIT Law and our global income may be subject to a 25% PRC enterprise income tax.

The EIT Law provides that enterprises established outside of China whose "de facto management bodies" are located in China are considered "resident enterprises" and are generally subject to the uniform 25% enterprise income tax rate on their global income. "De facto management body" is defined as the body that has the significant and overall management and control over the business, personnel, accounts and properties of an enterprise. In April 2009 and July 2011, SAT issued several circulars to clarify certain criteria for the determination of the "de facto management bodies" for foreign enterprises controlled by PRC enterprises, however, no official implementation rules have been issued regarding the determination of the "de facto management body" for foreign enterprises that are not controlled by PRC enterprises. Being regarded as a PRC resident enterprise may materially and adversely affect our profit and hence our retained profit available for distribution to our Shareholders.

Dividends payable by us to our foreign investors and gains on the sale of our Shares may become subject to withholding taxes under PRC tax laws.

Under the EIT law, PRC withholding tax at a rate of 10% is normally applicable to dividends from a PRC source paid to investors that are "non-resident enterprises", which do not have an establishment or place of business in China, or which have such establishment or place of business but whose relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such is generally subject to a 10% PRC income tax if such gain is regarded as income derived from sources within China.

Under PRC Individual Income Tax law and its implementation rules, dividends from sources within China paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to PRC income tax at a rate of 20% for individuals. Any PRC tax may be reduced or exempted under applicable tax treaties or similar arrangements.

If we are treated as a PRC resident enterprise as described under the risk factor headed "–The Company may be deemed to be a PRC tax resident under the EIT Law and our global income may be subject to a 25% PRC enterprise income tax", dividends we pay with respect to our Shares, or the gain realized from the transfer of our Shares, may be treated as income derived from sources within China and as a result be subject to the PRC income taxes described above. However, shareholders who are not PRC tax residents and seek to enjoy preferential tax rates under relevant tax treaties may apply to the PRC tax authorities to be recognized as eligible for such benefits in accordance with the Announcement of the SAT on Promulgating the Administrative Measures for Tax Convention Treatment for Non-resident Taxpayors (國家税務總局關於發佈〈非居民納税人享受税收協定待遇管理辦法〉的公告) (the "**Circular 60**"), which was issued on August 27, 2015. According to the Circular 60, the preferential tax rate does not automatically apply. With respect to dividends, the "beneficial owner" tests under the Circular of the SAT on Relevant Issues relating to Beneficial Owner under Tax Treaties (國家

税務總局關於税收協定中"受益所有人"有關問題的公告) (the "**Circular 9**") will also apply. If determined to be ineligible for the foregoing tax treaty benefits, gains obtained from sales of our Shares and dividends on our Shares paid to such Shareholders would subject to higher PRC tax rates. In such cases, the value of your investment in our Shares may be materially and adversely affected.

We expect to rely principally on dividends paid by our subsidiary to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiary to pay dividends to us could have a material and adverse effect on our ability to conduct our business.

We operate our core businesses through our operating subsidiary in China. Therefore, the availability of funds to pay dividends to our Shareholders depends upon dividends received from these subsidiaries. If our subsidiary incurs debts or losses, such indebtedness or loss may impair their ability to pay dividends or other distributions to us. As a result, our ability to pay dividends will be restricted. The PRC laws and regulations require that dividends be paid only out of the net profit calculated according to the PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including IFRS. The PRC laws and regulations also require foreign-invested enterprises to set aside part of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends. Therefore, these restrictions on the availability and usage of our major source of funding may impact our ability to pay dividends to our Shareholders.

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

Under the EIT Law, if a foreign entity is deemed to be a "non-resident enterprise" as defined under the EIT Law, a withholding tax at the rate of 10% will be applicable to any dividends for earnings accumulated since January 1, 2008 payable to the foreign entity, unless it is entitled to reduction or elimination of such tax, including by tax treaties or agreements. According to the Arrangement between the Mainland of China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Incomes (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), dividends paid by a PRC foreign-invested enterprise to its shareholder(s) incorporated in Hong Kong will be subject to withholding tax at a rate of 5% if the Hong Kong company directly holds 25% or more interests in the PRC foreign-invested enterprises. The SAT promulgated the Circular 9 on February 3, 2018, which addresses the methods to determine the "beneficial owners" under the treaty articles on dividends, interest and royalties. According to the Circular 9, the PRC tax authorities must evaluate whether an applicant qualifies as a "beneficial owner" on a case-by-case basis, and a beneficial owner generally must be engaged in substantive business activities and an agent will not be regarded as a beneficial owner.

Under the current PRC tax law, if our Hong Kong subsidiary is not considered as a "beneficial owner," dividends from our PRC subsidiaries to our Hong Kong subsidiary will be subject to PRC withholding tax at a 10% rate instead of a 5% rate. This would negatively impact us and it would impact our ability to pay dividends in the future.

The heightened scrutiny over acquisitions from the PRC tax authorities may have an adverse impact on our business, acquisitions or restructuring strategies.

On February 3, 2015, the SAT promulgated the Circular 7, which provides comprehensive guidelines relating to, and heightened the PRC tax authorities' scrutiny on indirect transfers, by a non-resident enterprise, of assets (including equity interests) of a PRC resident enterprise.

The application of the Circular 7 is uncertain. Tax authorities may determine that Circular 7 applies to our offshore restructuring transactions or sale of the shares of our offshore subsidiaries, where non-resident enterprises are transferors. Furthermore, we, our non-resident enterprises and PRC subsidiaries may be required to spend valuable resources to comply with the Circular 7 or to establish that we and our non-resident enterprises should not be taxed under the Circular 7 for our previous and future restructuring or disposal of shares of our offshore subsidiaries, which may have a material adverse effect on our financial conditions and results of operations.

PRC regulations relating to the establishment of offshore special purpose vehicles by PRC residents may subject our PRC resident Shareholders to personal liability, limit our PRC subsidiaries' ability to distribute profits to us, or otherwise adversely affect our financial position.

The SAFE promulgated the Circular 37 on July 4, 2014. According to Circular 37, PRC residents (including PRC citizens and PRC enterprises) shall apply to the SAFE or its local bureau to register foreign exchange for overseas investments before contributing to special purpose vehicles (the "**SPVs**") with legitimate domestic and overseas assets or rights and interests. In the event of any alteration in the basic information of the registered SPVs, such as the change of a PRC citizen shareholder, name and operating duration; or in the event of any alternation in key information, such as increases or decreases in the share capital held by PRC citizens, or equity transfers, swaps, consolidations, or splits, the registered PRC residents shall timely submit a change in the registration of the foreign exchange for overseas investments with the foreign exchange bureaus. SAFE promulgated the Notice on Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment (關於進一步簡化及改進直接投資外匯管理政策的通知) (the "**Simplifying and Improving Notice**") in February 2015, which took effect on June 1, 2015. The Simplifying and Improving Notice amended Circular 37 requiring PRC residents or entities to register with qualified banks rather than SAFE or its local branch in connection with the establishment or control of an offshore entity established for the purpose of overseas investment.

We may not at all times be fully aware or informed of the identities of our beneficiaries who are PRC nationals, and may not be able to compel our beneficiaries to comply with the requirements of the Circular 37. As a result, we cannot assure you that all of our Shareholders or beneficiaries who are PRC nationals will at all times comply with, or in the future make or obtain any applicable registrations or approvals required by the Circular 37 or other related regulations. Under the relevant rules, failure to comply with the registration procedures set forth in the Circular 37 may result in restrictions on the foreign exchange activities of the relevant PRC enterprise and may also subject the relevant PRC resident to penalties under the PRC foreign exchange administration regulations.

PRC regulations of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of the Global Offering to make loans or additional capital contributions to our PRC subsidiaries.

Any loans provided by our offshore holding companies to our PRC subsidiaries are subject to PRC regulations and such loans must be registered with the local branch of SAFE. Additionally, our capital contributions must be filed with or approved by the MOFCOM or its local counterpart and registered with the SAIC or its local branch. We cannot assure you that we will be able to obtain these government registrations or approvals or to complete filing and registration procedures on a timely basis, if at all, with respect to future loans or capital contributions by us to our subsidiaries or any of their respective subsidiaries. If we fail to obtain such approvals or registrations, our ability to make equity contributions or provide loans to our PRC subsidiaries or to fund their operations may be materially and adversely affected. This may materially and adversely affect our PRC subsidiaries' liquidity, their ability to fund their working capital and expansion projects, and their ability to meet their obligations and commitments. As a result, this may have a material adverse effect on our business, financial conditions and results of operations.

RISKS RELATING TO THE GLOBAL OFFERING

An active trading market for our Shares may not develop.

Prior to the Global Offering, there was no public market for our Shares. We cannot assure you that a public market for our Shares with adequate liquidity will develop and be sustained following the completion of Global Offering. Factors such as variations in our revenue, earnings and cash flows or any other developments of us may affect the volume and price at which our Shares will be traded.

Furthermore, the price and trading volume of our Shares may be volatile. The following factors, among others, may cause the market price of our Shares after the Global Offering to vary significantly from the Offer Price:

- our financial results;
- unexpected business interruptions resulting from natural disasters or power shortages;

- major changes in our key personnel or senior management;
- changes in laws and regulations in China;
- our inability to compete effectively in the market;
- our inability to obtain or maintain regulatory approval for our operations;
- fluctuations in stock market prices and volume;
- changes in analysts' estimates of our financial performance;
- political, economic, financial and social developments in China and Hong Kong and in the global economy; and
- involvement in material litigation.

In addition, shares of other companies listed on the Stock Exchange with operations and assets in China have experienced significant price volatility in the past. As a result, our Shares may be subject to changes in price not directly related to our performance and as a result, investors in our Shares may suffer substantial losses.

Since there will be a gap of several days between pricing and trading of our Shares, holders of our Shares are subject to the risk that the price of our Shares could fall during the period before trading of our Shares begins.

The Offer Price of our Offer Shares is expected to be determined on the Price Determination Date. However, our Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be several business days after the pricing date. As a result, investors may not be able to sell or deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could fall before trading begins as a result of adverse market conditions or other adverse developments, that could occur between the time of sale and the time trading begins.

Our Controlling Shareholders have substantial influence over our Company and its interests may not be aligned with the interests of our other Shareholders.

Our Controlling Shareholders have substantial influence over our business, including matters relating to our management, policies and decisions regarding acquisitions, mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of Directors and other significant corporate actions. Immediately after completion of the Global Offering, assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of the share options under the Pre-IPO Share Option Plans, our Controlling Shareholders will hold (including direct and indirect shareholdings) approximately 36.62% of the issued share capital in our Company. This concentration of

ownership may discourage, delay or prevent a change in control of our Company, which could deprive other Shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company and might reduce the price of our Shares. These events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders. We cannot assure you that our Controlling Shareholders will not exercise their substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of our other Shareholders.

Substantial future sales or the expectation of substantial sales of our Shares in the public market could cause the price of our Shares to decline.

Sales of substantial amounts of Shares in the public market after the completion of the Global Offering, or the perception that these sales could occur, could adversely affect the market price of our Shares. Although our Controlling Shareholders are subject to restrictions on its sales of Shares within 12 months from the Listing Date as described in "Underwriting" of this Prospectus, future sales of a significant number of our Shares by our Controlling Shareholders in the public market after the Global Offering, or the perception that these sales could occur, could cause the market price of our Shares to decline and could materially impair our future ability to raise capital through offerings of our Shares. We cannot assure you that our Controlling Shareholders will not dispose of Shares held by it or that we will not issue Shares pursuant to the general mandate to issue Shares granted to our Directors as described in "Appendix V—Statutory and General Information" to this Prospectus or otherwise, upon the expiration of restrictions set out above. We cannot predict the effect, if any, that any future sales of Shares by our Controlling Shareholders, or the availability of Shares for sale by our Controlling Shareholders, or the issuance of Shares by the Company may have on the market price of the Shares. Sale or issuance of a substantial amount of Shares by our Controlling Shareholders or us, or the market perception that such sale or issuance may occur, could materially and adversely affect the prevailing market price of the Shares.

Investors may experience difficulties in enforcing their shareholders' rights because our Company was incorporated in the Cayman Islands, and the protection to minority shareholders under Cayman Islands law may be different from that under the laws of Hong Kong or other jurisdictions.

Our Company was incorporated in the Cayman Islands and its affairs are governed by the Memorandum, the Articles, the Companies Law and common law applicable in the Cayman Islands. The laws of the Cayman Islands may differ from those of Hong Kong or other jurisdictions where investors may be located. As a result, minority Shareholders may not enjoy the same rights as pursuant to the laws of Hong Kong or such other jurisdictions.

There may be dilution because of issuance of new Shares or equity securities.

In spite of our current bank balance and the net proceeds from the Global Offering, we may require additional funds due to changes in business conditions or other future developments relating to, inter alia, our existing operations or any future expansions. The

amount and timing of such additional financing needs will vary depending on the timing investments in and/or acquisitions of new businesses from third-parties, and the amount of cash flow from our operations. If our resources are insufficient to satisfy our cash requirements, we may seek additional financing through selling additional equity or debt securities or obtaining a credit facility. As of the date of this Prospectus, the aggregate number of underlying Shares pursuant to the outstanding share options we granted under our Pre-IPO Share Option Plans was 57,460,365 Shares, representing approximately 6.41% of the issued Shares immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and the share options granted under the Pre-IPO Share Option Plans are not exercised). The sale of additional equity securities and the exercise of share options could result in additional dilution to our Shareholders. If we raise additional funds by issuing new Shares or equity linked securities other than on a pro rata basis to existing shareholders or if share option holders exercise their share options, the percentage of ownership of our existing Shareholders in our Company, the earnings per Share and the net asset value per Share may decrease.

Because the initial public Offer Price per Share is higher than the net tangible book value per Share, purchasers of our Shares in the Global Offering will experience immediate dilution.

The Offer Price of our Offer Shares is higher than the net tangible book value per Share immediately prior to the Global Offering. Therefore, purchasers of our Shares in the Global Offering will experience an immediate dilution. Existing Shareholders will receive an increase in the pro forma adjusted consolidated net tangible asset value per share of their Shares. If we issue additional Shares in the future, purchasers of our Offer Shares may experience further dilution.

There is no assurance whether and when we will pay dividends.

Our ability to declare future dividends will depend on the availability of our profits, if any. Under applicable laws and the constitutional documents of our operating subsidiaries, the payment of dividends may be subject to certain limitations. The calculation of certain of our operating subsidiaries' profit under applicable accounting standards differs in certain respects from the calculation under IFRSs. As a result, our operating subsidiaries may not be able to pay a dividend in a given year even if they have profit as determined under IFRSs. Accordingly, we may not have sufficient distributable profit to pay dividends to our Shareholders. In addition, any future dividend declaration and distribution will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors deem relevant. Any declaration and payment as well as the amount of dividends will also be subject to our Articles of Association and PRC laws, including (where required) the approvals from our Shareholders and our Directors. Our Shareholders at a general meeting may declare dividends, which must not exceed the amount recommended by our Board. Moreover, our Directors may from time to time pay such interim dividends as our Board considers to be justified by our profits and overall financial requirements, or special dividends of such amounts

and on such dates as they think appropriate. As a result, we cannot assure you that we will make any dividend payments on our Shares in the future. For further details of the dividends of the Company, see "Financial Information—Dividends" of this Prospectus.

Certain statistics, information and data contained in this Prospectus are derived from a third-party report and publicly available official sources and they may not be reliable.

Certain statistics, information and data contained in this Prospectus relating to China and elsewhere in the world, and the industry in which we operate have been derived from various official government publications or other third-party reports. In particular, we have extracted and disclosed in this Prospectus certain statistics, information and data from publications and other publicly available sources relating to the drugs and drug candidates of third parties and scientific research, theories and mechanisms. We have taken reasonable care in the reproduction or extraction of the official government publications and other third-party reports for the purpose of disclosure in this Prospectus. However, we cannot guarantee the quality or reliability of such source materials. They have not been prepared or independently verified by us, the Underwriters or any of their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such statistics, information and data, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods and analysis or discrepancies between published information and market practice, such statistics, information and data in this Prospectus may be inaccurate or may not be comparable to statistics, information and data produced with respect to other economies. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts.

Investors should read the entire Prospectus carefully and should not consider any particular statements in this Prospectus or in published media reports without carefully considering the risks and other information contained in this Prospectus.

Prior to the publication of this Prospectus, there has been coverage in the media regarding us and the Global Offering, which contained among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for the accuracy or completeness of such media coverage or forward-looking statements. We make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. We disclaim any information in the media to the extent that such information is inconsistent or conflicts with the information contained in this Prospectus. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this Prospectus only and should not rely on any other information.

In preparation for the Global Offering, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, our Company must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Since our headquarters and all of our business operations are not principally located, managed or conducted in Hong Kong, our Company does not, and for the foreseeable future, will not, have executive Directors who are ordinarily resident in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

Accordingly, our Company has applied to the Stock Exchange for, and the Stock Exchange has granted our Company a waiver from strict compliance with Rule 8.12 of the Listing Rules. Our Company has made the following arrangements to maintain effective communication between the Stock Exchange and us:

(i) both of our Company's authorized representatives, Ms. LIU Yang, an executive Director, and Mr. SHUAI Qi Terry, the Chief Financial Officer and joint company secretary of our Company, will act as our Company's principal channel of communication with the Stock Exchange. Accordingly, the authorized representatives of our Company will be able to meet with the relevant members of the Stock Exchange on reasonable notice and will be readily contactable by telephone, facsimile and email;

(ii) each of the authorized representatives of our Company has means of contacting all Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange proposes to contact a Director with respect to any matter;

(iii) each Director has provided his/her mobile phone number, office phone number, fax number and e-mail address to the authorized representatives of our Company and the Stock Exchange, and in the event that any Director expects to travel or otherwise be out of the office, he/she will provide the phone number of the place of his/her accommodation to the authorized representatives;

(iv) each of the Directors of our Company not ordinarily residing in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and will be able to meet with the relevant members of the Stock Exchange within a reasonable period of time;

(v) our Company has, in compliance with Rule 3A.19 of the Listing Rules, appointed Somerley Capital Limited as our compliance adviser (the "**Compliance Adviser**"), who will also act as an additional channel of communication with the Stock Exchange for the period commencing from the Listing Date to the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date. The Compliance Adviser will maintain constant contact with the authorized

representatives, Directors and senior management through various means, including regular meetings and telephone discussions whenever necessary. Our authorized representatives, Directors and other officers of our Company will provide promptly such information and assistance as the Compliance Adviser may reasonably require in connection with the performance of the Compliance Adviser's duties as set forth in Chapter 3A of the Listing Rules;

(vi) any meeting between the Stock Exchange and the Directors will be arranged through the authorized representatives or the Compliance Adviser or directly with the Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any changes in our authorized representatives and our Compliance Adviser; and

(vii) we will also retain legal advisers to advise on on-going compliance requirements as well as other issues arising under the Listing Rules and other applicable laws and regulations of Hong Kong after Listing.

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the Company must appoint a company secretary who possesses the necessary academic or professional qualifications or relevant experience is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

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

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

Note 2 to Rule 3.28 of the Listing Rules further sets out the factors that the Stock Exchange will consider in assessing an individual's "relevant experience":

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

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

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

(d) professional qualifications in other jurisdictions.

We have appointed Mr. SHUAI Qi Terry and Ms. WONG Yee Man as our joint company secretaries. Mr. SHUAI Qi Terry has extensive experience in matters concerning the Board and our corporate governance. However, given Mr. Shuai does not possess a qualification stipulated in Rule 3.28 of the Listing Rules, he is not able to solely fulfill the requirements as a company secretary of a listed issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Mr. Shuai as our joint company secretary. In order to provide support to Mr. Shuai, we have appointed Ms. Wong, an associate member of The Hong Kong Institute of Chartered Secretaries and an associate member of The Institute of Chartered Secretaries and Administrators, who meets the requirements under Rules 3.28 and 8.17 of the Listing Rules, as a joint company secretary to provide assistance to Mr. Shuai, for a three-year period from the Listing Date so as to enable him to acquire the relevant experience (as required under Rule 3.28(2) of the Listing Rules) to duly discharge his duties.

Such waiver will be revoked immediately if and when Ms. Wong ceases to provide such assistance. We will liaise with the Stock Exchange before the end of the three-year period to enable it to assess whether Mr. Shuai, having had the benefit of Ms. Wong's assistance for three years and will have acquired relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

See "Directors and Senior Management" of this Prospectus for further information regarding the qualifications and experience of Mr. Shuai and Ms. Wong.

CONTINUING CONNECTED TRANSACTIONS

We have entered into, and are expected to continue to engage in certain transactions which will constitute non-exempt continuing connected transactions of our Company under the Listing Rules upon the Listing. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver in relation to such continuing connected transactions between us and certain connected persons under Chapter 14A of the Listing Rules. Please see "Connected Transactions" of this Prospectus for further details of these transactions.

WAIVER AND EXEMPTION IN RELATION TO THE PRE-IPO SHARE OPTION PLANS

Under Rule 17.02(1)(b) of, and paragraph 27 of the Part A of Appendix I to this Prospectus, the Listing Rules, and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, this Prospectus 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, the names and addresses of the persons to whom it was given, and their potential dilution effect on the shareholding upon listing as well as the impact on the earnings per share arising from the exercise of such outstanding options (the "**Share Option Disclosure Requirements**").

As of the Latest Practicable Date, our Company has granted options under the Pre-IPO Share Option Plans to 82 grantees, including Directors, senior management and other employees of our Group, to subscribe for an aggregate of 57,460,365 Shares, representing 6.41% of the total issued share capital immediately after completion of the Global Offering (assuming the Over-allotment Option and the options under the Pre-IPO Share Option Plans are not exercised), on the terms set out in "Appendix V—Statutory and General Information—D. Pre-IPO Share Option Plans" to this Prospectus.

Our Company has applied to the Stock Exchange and the SFC for: (i) a waiver from strict compliance with the applicable Share Option Disclosure Requirements; and (ii) a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, respectively, on the ground that strict compliance with the above requirements would be unduly burdensome for our Company for the following reasons, and the exemption would not prejudice the interests of the investing public:

(a) given that 82 grantees are involved, strict compliance with such disclosure requirements in setting out full details of all the grantees under the Pre-IPO Share Option Plans in this Prospectus would be costly and unduly burdensome for our Company in light of a significant increase in cost and time for information compilation, Prospectus preparation, and printing;

(b) as of the Latest Practicable Date, among all the grantees, two are Directors and eight are other members of senior management of our Company and the remaining 72 grantees are only employees of the Group. Strict compliance with the applicable Share Option Disclosure Requirements to disclose names, addresses, and entitlements on an individual basis in this Prospectus will require number of additional pages of disclosure that does not provide any material information to the investing public;

(c) the grant and exercise in full of the options under the Pre-IPO Share Option Plans will not cause any material adverse impact in the financial position of the Company;

(d) lack of full compliance with the above disclosure requirements would not prevent the Company from providing its potential investors with an informed assessment of the activities, assets, liabilities, financial position, management and prospects of the Company; and

(e) material information relating to the options under the Pre-IPO Share Option Plans will be disclosed in this Prospectus, including the total number of Shares subject to the Pre-IPO Share Option Plans, the exercise price per Share, the potential dilution effect on shareholding, and impact on earnings per Share upon full exercise of the options granted under the Pre-IPO Share Option Plans. The Directors consider that the information that is reasonably necessary for the potential investors to make an informed assessment of the Company in their investment decision making process has been included in the Prospectus.

The Stock Exchange has granted to us a waiver under the Listing Rules on the conditions that:

(a) full details of the options under the Pre-IPO Share Option Plans granted to each of (i) the Directors, (ii) members of the senior management, (iii) other connected persons of the Company (if any) and (iv) other grantees who have been granted options to subscribe for 500,000 Shares or more will be disclosed in "Appendix V—Statutory and General Information—D. Pre-IPO Share Option Plans" to this Prospectus, on an individual basis, as required under the applicable Share Option Disclosure Requirements;

(b) for the remaining grantees (being the other grantees who are not (i) the Directors, (ii) members of the senior management, (iii) other connected persons of the Company (if any) or (iv) other grantees who have been granted options to subscribe for 500,000 Shares or more), disclosure will be made for, on an aggregate basis, of (1) the aggregate number of grantees and the number of Shares underlying the options granted to them under the Pre-IPO Share Option Plans, (2) the consideration (if any) paid for the grant of the options under the Pre-IPO Share Option Plans, and (3) the exercise period and (4) the exercise price for the options granted under the Pre-IPO Share Option Plans;

(c) there will be disclosure in this Prospectus for the aggregate number of Shares underlying the options under the Pre-IPO Share Option Plans and the percentage of our Company's total issued share capital represented by such number of Shares as of the Latest Practicable Date;

(d) the dilutive effect and impact on earnings per Share upon full exercise of the options under the Pre-IPO Share Option Plans will be disclosed in "Appendix V—Statutory and General Information—D. Pre-IPO Share Option Plans" to this Prospectus;

(e) a summary of the major terms of the Pre-IPO Share Option Plans will be disclosed in "Appendix V—Statutory and General Information—D. Pre-IPO Share Option Plans" to this Prospectus;

(f) the particulars of the waiver and the exemption will be disclosed in the Prospectus;

(g) a full list of all the grantees (including those persons whose details have already been disclosed in this Prospectus) under the Pre-IPO Share Option Plans, containing all the particulars as required under the applicable Share Option Disclosure Requirements be made available for public inspection in accordance with the section headed "Appendix VI—Documents Delivered to the Registrar of Companies and Available for Inspection" to this Prospectus;

(h) further information relating to the grantees who have been granted options is provided to the Stock Exchange; and

(i) the grant of a certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the SFC exempting our 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.

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 from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that:

(a) full details of the options under the Pre-IPO Share Option Plans granted to each of (i) the Directors, (ii) members of the senior management, (iii) other connected persons of the Company (if any) and (iv) other grantees who have been granted options to subscribe for 500,000 Shares or more will be disclosed in "Appendix V—Statutory and General Information—D. Pre-IPO Share Option Plans" to this Prospectus as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(b) for the remaining grantees (being the other grantees who are not (i) the Directors, (ii) members of the senior management, (iii) other connected persons of the Company (if any) or (iv) other grantees who have been granted options to subscribe for 500,000 Shares or more), disclosure will be made of, on an aggregate basis, (1) the aggregate number of grantees and the number of Shares underlying the options granted to them under the Pre-IPO Share Option Plans, (2) the consideration (if any) paid for the grant of the options under the Pre-IPO Share Option Plans, (3) the exercise period and (4) the exercise price for the options granted under the Pre-IPO Share Option Plans;

(c) a full list of all the grantees (including those persons whose details have already been disclosed in this Prospectus) under the Pre-IPO Share Option Plans, containing all the particulars as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, will be made available for public inspection in accordance with the section headed "Appendix VI—Documents Delivered to the Registrar of Companies and Available for Inspection" to this Prospectus; and

(d) the particulars of the exemption will be disclosed in this Prospectus and this Prospectus will be issued on or before December 2, 2019.

Further details of the Pre-IPO Share Option Plans are set forth in "Appendix V—Statutory and General Information—D. Pre-IPO Share Option Plans" to this Prospectus.

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

According to section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Prospectus shall include an accountants' report which contains the matters specified in the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

According to paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Company is required to include in the Prospectus 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 Prospectus as well as an explanation of the method used for the computation of such income or turnover and a reasonable breakdown of the more important trading activities.

According to paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Company is required to include in the Prospectus a report prepared by the Company's auditor with respect to profits and losses of the Company in respect of each of the three financial years immediately preceding the issue of the Prospectus and the assets and liabilities of the Company at the last date to which the financial statements were prepared.

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

According to Rule 4.04(1) of the Listing Rules, the Accountant's Report contained in the Prospectus must include, inter alia, the results of the Company in respect of each of the three financial years immediately preceding the issue of the Prospectus or such shorter period as may be acceptable to the Stock Exchange.

According to Rule 18A.06 of the Listing Rules, an eligible biotech company shall comply with Rule 4.04 modified so that references to "three financial years" or "three years" in that rule shall instead reference to "two financial years" or "two years", as the case may be.

Accordingly, we applied to the SFC for, and the SFC has granted, a certificate of exemption from strict compliance with the requirements under section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance and paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and

Miscellaneous Provisions) Ordinance, on the conditions that the particulars of the exemption are set forth in this Prospectus and this Prospectus will be issued on or before December 2, 2019, on the following grounds:

(a) our Company is primarily engaged in the research and development, application and commercialization of biotech products, and falls within the scope of biotech company as defined under Chapter 18A of the Listing Rules;

(b) the Accountant's Report for each of the two financial years ended December 31, 2017 and 2018 and the six months ended June 30, 2019 has been prepared and is set out in Appendix I to this Prospectus in accordance with Rule 18A.06 of the Listing Rules;

(c) as of the Latest Practicable Date, we had not commercialized any products and therefore did not generate any revenue from product sales. Details of major financing activities conducted by us since our incorporation have been fully disclosed in the section headed "History, Reorganization and Corporate Structure" of this Prospectus;

(d) notwithstanding that the financial results set out in this Prospectus are only for the two years ended December 31, 2017 and 2018 and the six months ended June 30, 2019 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 Prospectus pursuant to the relevant requirements; and

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

Our Company is of the view that the Accountant's Report covering the two years ended December 31, 2017 and 2018 and the six months ended June 30, 2019, together with other disclosure in this Prospectus, has already provided the potential investors with adequate and reasonably up-to-date information in the circumstances to form a view on the track record of our Company; and our Directors confirm that all information which is necessary for the investing public to make an informed assessment of the business, assets and liabilities, financial position, management and prospects has been included in this Prospectus. Therefore, the exemption would not prejudice the interests of the investing public.

WAIVER AND CONSENT IN RELATION TO CORNERSTONE INVESTMENT BY AN EXISTING SHAREHOLDER AND CERTAIN CLOSE ASSOCIATES OF AN EXISTING SHAREHOLDER

Worldwide Healthcare is an existing shareholder and a Pre-IPO Investor of the Company, which will hold approximately 0.94% of the total issued share capital of the Company immediately before the Global Offering. Worldwide Healthcare and certain of its close associates, namely OrbiMed Partners Master Fund Limited ("**OrbiMed Partners**") and The Biotech Growth Trust Plc ("**BGT**") and OrbiMed Genesis Master Fund, L.P. ("**OrbiMed Genesis**", together with Worldwide Healthcare, the "**OrbiMed Funds**"), have entered into a

cornerstone investment agreement with the Company, pursuant to which the OrbiMed Funds have agreed to, subject to certain conditions, acquire at the Offer Price a certain number of our Offer Shares in the Global Offering.

Waiver from strict compliance with 10.04 of the Listing Rules and consent pursuant to paragraph 5(2) of Appendix 6 to the Listing Rules

Rule 10.04 of the Listing Rules provides that an existing shareholder of an issuer may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of a new applicant either in his or her own name or through nominees if the conditions in Rule 10.03(1) and (2) are satisfied. The requirements of Rule 10.03 of the Listing Rules are that (1) no securities are offered to the existing shareholder on a preferential basis and no preferential treatment is given to the existing shareholder in the allocation of the securities; and (2) the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved.

Paragraph 5(2) of Appendix 6 to the Listing Rules provides, among others, that without the prior written consent of the Stock Exchange, no allocations will be permitted to directors or existing shareholders of the applicant or their close associates, whether in their own names or through nominees unless certain conditions are fulfilled.

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with 10.04 of the Listing Rules and a consent under paragraph 5(2) of Appendix 6 to, the Listing Rules, to permit Worldwide Healthcare, an existing Shareholder, and OrbiMed Partners, BGT and OrbiMed Genesis, close associates of Worldwide Healthcare, to participate as cornerstone investors in the Global Offering, subject to the following conditions:

(a) the Company will comply with the public float requirements of Rules 8.08(1) and 18A.07 of the Listing Rules;

(b) the Offer Shares to be subscribed by and allocated to the OrbiMed Funds in the Global Offering will be at the same Offer Price and on substantially the same terms as other cornerstone investors (including being subject to a six-month's lock up following the Listing);

(c) no preferential treatment has been, nor will be, given to OrbiMed Funds by virtue of their relationship with the Company in any allocation in the placing tranche other than the preferential treatment of assured entitlement under the cornerstone investment which follows the principles set out in the Guidance Letter HKEX-GL51-13, that the cornerstone investment agreement of the OrbiMed Funds does not contain any material terms which are more favorable to it than those in other cornerstone investment agreements; and

(d) details of the cornerstone investments by the OrbiMed Funds and the allocation will be disclosed in the Prospectus and/or the allotment results announcement of the Company.

For further information, including the identity and background of the OrbiMed Funds and the terms of their cornerstone investment, please see "Cornerstone Investors".

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This Prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

FULLY UNDERWRITTEN

This Prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. The Global Offering comprises the International Offering of initially 161,461,000 Offer Shares and the Hong Kong Public Offering of initially 17,942,000 Offer Shares, each subject to the reallocation on the basis as described in "Structure of the Global Offering" of this Prospectus and without taking into account the Over-allotment Option.

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Joint Global Coordinators. Subject to the terms of the Underwriting Agreements, the Hong Kong Offer Shares are fully underwritten by the Hong Kong Underwriters and the International Offer Shares are fully underwritten by the International Underwriters. Further information regarding the Underwriters and the underwriting arrangements are set out in "Underwriting."

INFORMATION ON THE GLOBAL OFFERING

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this Prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this Prospectus and the relevant Application Forms, and any information or representation not contained herein and therein must not be relied upon as having been authorized by our Company, the Joint Sponsors, Joint Global Coordinators, Joint Lead Managers, Joint Bookrunners and any of the Underwriters, any of their respective directors, senior management, authorized representatives, agents, employees or advisers or any other party involved in the Global Offering. Neither the delivery of this Prospectus nor any subscription or acquisition made under it shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this Prospectus or imply that the information contained in this Prospectus is correct as of any date subsequent to the date of this Prospectus.

Details of the structure of the Global Offering, including its conditions, are set out in "Structure of the Global Offering" of this Prospectus, and the procedures for applying for Hong Kong Offer Shares are set out in "How to Apply for Hong Kong Offer Shares" of this Prospectus and the relevant Application Forms.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which will be determined by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us on or around Thursday, December 5, 2019 and in any event no later than Monday, December 9, 2019. If the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and the Company are unable to reach an agreement on the Offer Price on or before Monday, December 9, 2019 or such later date or time as may be agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

RESTRICTIONS ON OFFERS AND SALE OF OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of Offer Shares to, confirm that he/she is aware of the restrictions on offers for the Offer Shares described in this Prospectus and on the relevant Application Forms.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this Prospectus and/or the Application Forms in any jurisdiction other than Hong Kong. Accordingly, without limitation to the following, this Prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this Prospectus and/or the Application Forms, and the offer and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Hong Kong Offer Shares have not been publicly offered or sold, and will not be offered or sold, directly or indirectly, in the PRC.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering and the exercise of options granted or to be granted under the Pre-IPO Share Option Plans. No part of our Shares or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought. All of the Offer Shares will be registered on the Hong Kong register of members of our Company in order to enable them to be traded on the Stock Exchange.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers as to the taxation implications of subscribing for, purchasing, holding or disposing of, and/or dealing in the Shares or exercising any rights attached to them. Our Company, the Joint Sponsors, Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers, the Underwriters, any of our/their respective affiliates, respective directors, officers, employees, agents or representatives or advisers or any other person or party involved in the Global Offering do not accept responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding, disposal of, or dealing in, the Shares or exercising any rights attached to them.

OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and Stabilization are set out in "Structure of the Global Offering" of this Prospectus.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The application procedures for the Hong Kong Offer Shares are set forth in "How to Apply for Hong Kong Offer Shares" of this Prospectus and on the related Application Forms.

SHARE REGISTER AND HONG KONG STAMP DUTY

Our principal register of members will be maintained in the Cayman Islands. All of the Shares allocated pursuant to the Global Offering will be registered on the Company's branch register of members to be maintained in Hong Kong by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited. Dealings in the Shares registered in our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

COMMENCEMENT OF DEALINGS IN SHARES

Dealings in the Shares on the Stock Exchange are expected to commence on Thursday, December 12, 2019. Shares will be traded in board lots of 1,000 Shares each.

EXCHANGE RATE CONVERSION

Solely for your convenience, this Prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. No representation is made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all. Unless otherwise indicated, (i) the translation between Renminbi and Hong Kong dollars was made at the rate of RMB0.89864 to HK$1.00, the exchange rate prevailing on November 22, 2019 published by the PBOC for foreign exchange transactions and (ii) the translations between U.S. dollars and Hong Kong dollars were made at the rate of US$1.00 to HK$7.8242, being the noon buying rate as set forth in the H.10 statistical release of the United States Federal Reserve Board on November 22, 2019.

TRANSLATION

If there is any inconsistency between the English version of this Prospectus and the Chinese translation of this Prospectus, the English version of this Prospectus shall prevail. However, the English names of the PRC nationals, entities, departments, facilities, certificates, titles, laws, regulations are translations of their Chinese names and are included for identification purposes only. If there is any inconsistency, the Chinese name prevails.

ROUNDING

Certain amounts and percentage figures included in this Prospectus have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

DIRECTORS

Name	Address	Nationality
Executive Directors		
XU Ting (徐霆)*Note*	Room 7-801 Moon Bay Meisong Garden No. 99, Bada Street Suzhou Industrial Park, Suzhou Jiangsu Province, PRC	Chinese
LIU Yang (劉陽)*Note*	Room 7-801 Moon Bay Meisong Garden No. 99, Bada Street Suzhou Industrial Park, Suzhou Jiangsu Province, PRC	Chinese
Non-executive Directors		
XU Zhan Kevin (許湛)	Apt 102, Tower 1 183 Huaihai Road (West) Shanghai, PRC	Chinese (Hong Kong)
QIU Yu Min (裘育敏)	Room 401, Unit 8 Building 2 Block 1 Donghuashi Fuguiyuan Dongcheng District Beijing, PRC	Canadian
Independent non-executive Directors		
JIANG Hualiang (蔣華良)	No. 35, Lane 333 Qingtong Road, Zhangjiang Pudong New Area Shanghai, PRC	Chinese
WEI Kevin Cheng (蔚成)	14B Tower 4 Redhill Peninsula 18 Pak Pat Shan Road Hong Kong	American
WU Dong (吳冬)	Room 801, No. 25 Lane 199 Biyun Road Pudong New Area Shanghai, PRC	Chinese

Note: Dr. Xu and Ms. LIU Yang are spouses.

Please see "Directors and Senior Management" of this Prospectus for further details of our Directors.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors	**Morgan Stanley Asia Limited** 46/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong **CLSA Capital Markets Limited** 18/F, One Pacific Place 88 Queensway Hong Kong **Jefferies Hong Kong Limited** Suite 2201, 22/F Cheung Kong Center 2 Queen's Road Central Hong Kong
Joint Global Coordinators	**Morgan Stanley Asia Limited** 46/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong **CLSA Limited** 18/F, One Pacific Place 88 Queensway Hong Kong **Jefferies Hong Kong Limited** Suite 2201, 22/F Cheung Kong Center 2 Queen's Road Central Hong Kong

Joint Bookrunners and Joint Lead Managers

Morgan Stanley Asia Limited
(in relation to the Hong Kong Public Offering)
46/F, International Commerce Centre
1 Austin Road West
Kowloon Hong Kong

Morgan Stanley & Co. International plc
(in relation to the International Offering)
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

CLSA Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

Jefferies Hong Kong Limited
Suite 2201, 22/F Cheung Kong Center
2 Queen's Road Central
Hong Kong

BOCOM International Securities Limited
9/F, Man Yee Building
68 Des Voeux Road Central
Hong Kong

Fosun Hani Securities Limited
Suite 2101-2105, 21/F
Champion Tower
3 Garden Road
Central, Hong Kong

Orient Securities (Hong Kong) Limited
Rooms 1, 1A, 6-8, 27/F
Rooms 2803-07, 28/F
Wing On House
71 Des Voeux Road Central
Hong Kong

BOCI Asia Limited
26th Floor, Bank of China Tower
1 Garden Road
Hong Kong

Legal advisers to our Company

As to Hong Kong and United States laws:

Sidley Austin
39/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

As to PRC laws:

Commerce & Finance Law Offices
6/F, NCI Tower
A12 Jianguomenwai Avenue
Chaoyang District
Beijing, PRC

As to Cayman Islands laws:

Conyers Dill & Pearman
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Legal advisers to the Joint Sponsors and the Underwriters

As to Hong Kong and United States laws:

Latham & Watkins LLP
18/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

As to PRC laws:

JunHe LLP
26/F, HKRI Centre One
HKRI Taikoo Hui
288 Shimen Road (No. 1)
Shanghai, China

Auditors and Reporting Accountants	**Deloitte Touche Tohmatsu** *Certified Public Accountants* 35/F, One Pacific Place 88 Queensway Hong Kong
Industry Consultant	**China Insights Consultancy Limited** 10/F, Tomorrow Square 399 West Nanjing Road Huangpu District Shanghai, China
Property Valuer	**Jones Lang LaSalle Corporate Appraisal and Advisory Limited** 7/F One Taikoo Place 979 King's Road Hong Kong
Compliance Adviser	**Somerley Capital Limited** 20/F, China Building 29 Queen's Road Central Hong Kong
Receiving Bank	**Standard Chartered Bank (Hong Kong) Limited** 15th Floor, Standard Chartered Tower 388 Kwun Tong Road Kwun Tong, Kowloon Hong Kong

Registered Office	Cricket Square, Hutchins Drive PO Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Head Office and Principal Place of Business in the PRC	Rooms 401 & 501, Building C23 No. 218 Xinghu Street Suzhou Industrial Park Suzhou Jiangsu Province, PRC
Principal Place of Business in Hong Kong	Room 1901, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company's Website	**http://www.alphamabonc.com/** *(information on this website does not form part of this Prospectus)*
Joint Company Secretaries	**Mr. SHUAI Qi Terry** 5A, Tower 1 Court D Dragons Range, Lai Ping Road 33 Shatin, Hong Kong **Ms. WONG Yee Man (黃綺汶) (ACS AICS)** Room 1901, 19th Floor, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Authorized Representatives	**Ms. LIU Yang** Room 7-801 Moon Bay Meisong Garden No. 99, Bada Street Suzhou Industrial Park, Suzhou Jiangsu Province, PRC **Mr. SHUAI Qi Terry** 5A, Tower 1 Court D Dragons Range, Lai Ping Road 33 Shatin, Hong Kong

Audit Committee	Mr. WEI Kevin Cheng *(Chairman)*
	Mr. WU Dong
	Mr. QIU Yu Min
Remuneration Committee	Mr. WU Dong *(Chairman)*
	Ms. LIU Yang
	Mr. WEI Kevin Cheng

Nomination Committee	Dr. Xu (Chairman)
	Dr. JIANG Hualiang
	Mr. WU Dong
Strategy Committee	Ms. LIU Yang (Chairman)
	Dr. Xu
	Dr. JIANG Hualiang
	Mr. XU Zhan Kevin
Principal Share Registrar and Transfer Office	**Conyers Trust Company (Cayman) Limited** Cricket Square, Hutchins Drive PO Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Hong Kong Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-1716 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal Banks	**Bank of China Co., Ltd., Suzhou Gusu Branch** No. 188 Ganjiang Road Suzhou, Jiangsu Province PRC
	China Construction Bank Corporation, Suzhou Industrial Park Branch CSSD Building, No. 158 Wangdun Road Suzhou Industrial Park Suzhou, Jiangsu Province PRC

Certain information and statistics set out in this section and elsewhere in this Prospectus relating to the industry in which we operate are derived from the CIC Report[(1)] prepared by CIC, an independent industry consultant which was commissioned by us. The information extracted from the CIC Report should not be considered as a basis for investments in the Offer Shares or as an opinion of CIC as to the value of any securities or the advisability of investing in our Company. We believe that the sources of such information and statistics are appropriate for such information and statistics and have taken reasonable care in extracting and reproducing such information and statistics. We have no reason to believe that such information and statistics are false or misleading or that any fact has been omitted that would render such information and statistics false or misleading in any material respect. Our Directors have further confirmed, after making reasonable enquiries and exercising reasonable care, that there is no adverse change in the market information since the date of publication of the CIC Report or any of the other reports which may qualify, contradict or have an impact on the information in this section. No independent verification has been carried out on such information and statistics by us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other parties (other than CIC) involved in the Global Offering or their respective directors, officers, employees, advisers, or agents, and no representation is given as to the accuracy or completeness of such information and statistics. Accordingly, you should not place undue reliance on such information and statistics. Unless and except for otherwise specified, the market and industry information and data presented in this Industry Overview section is derived from the CIC Report.

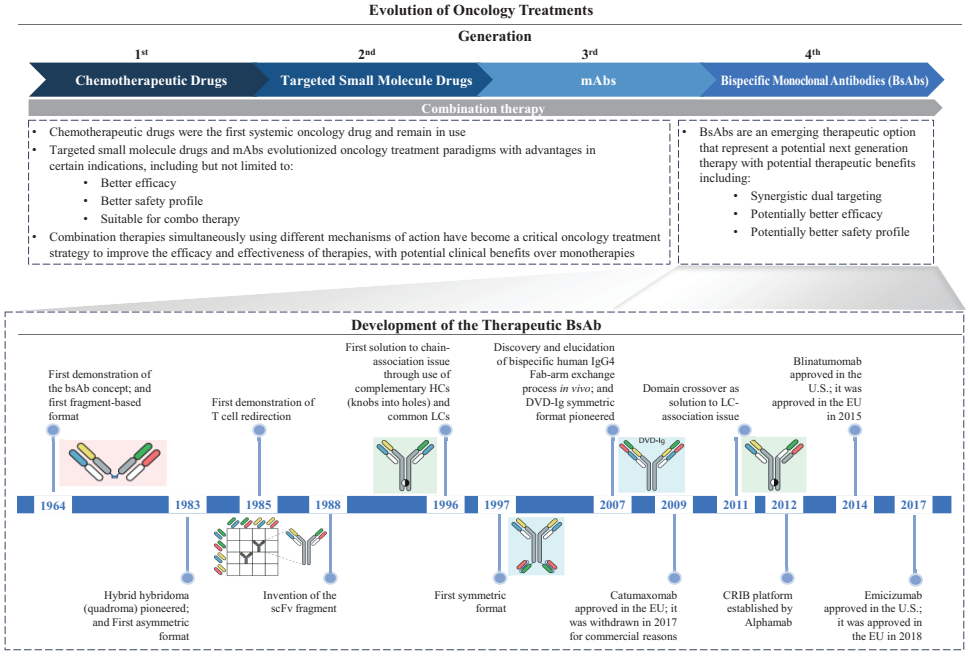
OVERVIEW OF ONCOLOGY DRUG MARKET IN THE PRC AND UNITED STATES

Oncology treatments have undergone significant development over the years, with chemotherapeutic drugs, targeted small molecule drugs and mAbs becoming the major oncology treatments available to date. The typical mechanism of action of chemotherapeutic drugs is to interrupt the cell cycle and slow down or completely stop tumor cells from reproducing. Chemotherapeutic drugs are the first systemic drugs to treat cancer. Although widely used in a broad range of indications, they frequently cause severe side effects. Since the early 2000s, there has been major progress in developing targeted small molecule drugs and mAbs, which have revolutionized oncology treatments, many of which have become global blockbuster drugs. Targeted small molecule drugs generally interfere with specific intracellular

(1) The contract sum to CIC is RMB790,000 for the preparation and use of the CIC Report, and we believe that such fees are consistent with the market rate. CIC is an independent consulting firm founded in Hong Kong. It offers industry research and market strategies and provides growth consulting and corporate training. In compiling and preparing the CIC Report, CIC has adopted the following assumption: (i) the overall social, economic and political environment in the PRC is expected to remain stable during the forecast period; (ii) PRC's economic and industrial development is likely to maintain a steady growth trend over the next decade; (iii) related key industry drivers are likely to continue driving the growth of the global and PRC's biologics and BsAbs market during the forecast period, such as the increasing number of new cancer incidences, increasing number of biologics and BsAbs drugs, supportive government programs and policies, increasing amount of R&D expenditures and improved affordability of drugs; and, (iv) there is no extreme force majeure or industry regulation in which the market may be affected dramatically or fundamentally. CIC conducted both primary and secondary research using a variety of resources. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources, such as the National Bureau of Statistics of the PRC, the International Monetary Fund, World Health Organization, U.S. Food and Drug Administration, Global Health Data Exchange, National Medical Products Administration of China and National Health Commission of the People's Republic of China.

signaling that drives tumor growth and metastasis. The mAbs are the largest category of therapeutic biologics and are used in targeted therapy and immuno-oncology therapy, which have generally shown higher efficacy and lower toxicity in treating cancers than chemotherapy. The mAbs target tumor-selective antigens with a high degree of target specificity, which reduces off-target toxicity and side effects, and have gained increasing acceptance among patients and doctors. Geographically, the United States and the PRC are the two most promising therapeutic biologics markets based on historical and forecast growth. In particular, the PRC, with enhanced patient awareness and broader reimbursement coverage is expected to experience the highest growth compared with other markets, with its therapeutic biologics market size expected to increase at a CAGR of 22.0% from 2018 to 2030.

Different types of oncology drugs can be used in combination treatments to achieve better therapeutic effects. In recent years, combination therapies of two or more mAbs, as well as mAb-based therapy in combination with chemotherapeutic drugs and targeted small molecule drugs, have been increasingly used. In addition, there is emerging research and development on bispecific monoclonal antibody (BsAb) drugs. BsAb is used to describe a large family of molecules designed to recognize two different epitopes or antigens. The original concept of an antibody-based molecule with two different antigen-binding sites was first introduced more than 50 years ago. The subsequent conceptual and technical innovations in generating BsAbs evolved alongside the landmark advances in the fields of antibody engineering and antibody biology. The following diagram illustrates the evolution path of oncology drugs.

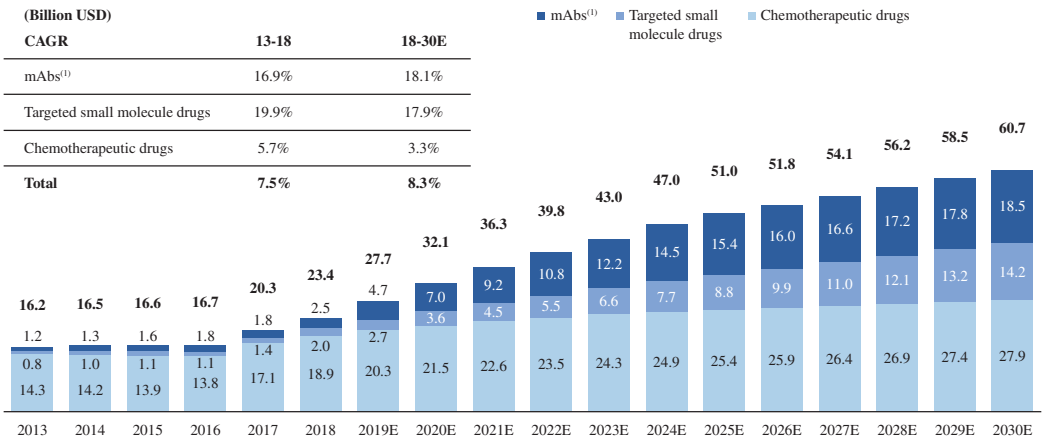


Abbreviations: HC = heavy chain, LC = light chain, DVD-Ig = Dual-variable domain immunoglobulin
Source: CIC Report

BsAbs, with the natural advantage of containing two different antigen-binding sites, are considered as next-generation antibody drugs, especially for oncology. BsAbs are expected to achieve potentially enhanced anti-tumor efficacy through synergistic signaling inhibition effects, acceleration of tumor cell degradation and enhancement of immune responses modulation. BsAbs can also provide improved tumor targeting specificity by recognizing two functionally-complementary tumor-associated antigens.

The following graph sets forth the historical and forecast market size of the oncology drug market in the PRC in terms of sales revenue by therapy for the periods indicated. The PRC oncology drug market grew from US$16.2 billion in 2013 to US$23.4 billion in 2018 in terms of sales revenue, and is expected to reach US$60.7 billion in 2030, representing a CAGR of 8.3% from 2018. mAbs represent the fastest growing therapy type, with a 18.1% CAGR from 2018 to 2030.

2013-2030E Oncology Drugs Market Size in the PRC

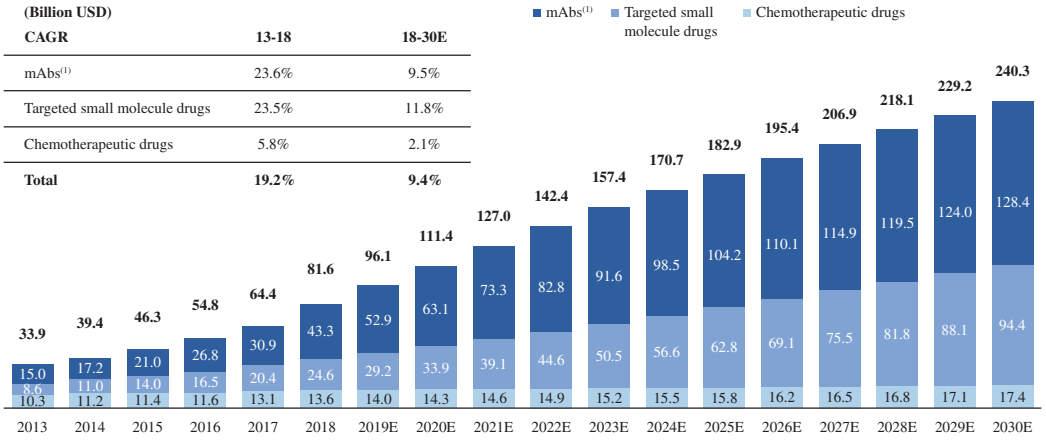


(1) The mAbs include monospecific antibodies and bispecific antibodies and exclude ADCs.

Source: CIC Report

The following graph sets forth the historical and forecast market size of the oncology drug market in the United States in terms of sales revenue by therapy for the periods indicated. In the United States, the oncology drug market grew from US$33.9 billion in 2013 to US$81.6 billion in 2018 in terms of sales revenue, and is expected to reach US$240.3 billion in 2030, representing a CAGR of 9.4% from 2018.

2013-2030E Oncology Drugs Market Size in the U.S.



(1) The mAbs include monospecific antibodies and bispecific antibodies and exclude ADCs.

Source: CIC Report

The mAb market has been a fast-growing segment of the oncology drug market in the PRC and the U.S. The mAb market grew at a CAGR of 16.9% and 23.6% in the PRC and the United States, respectively, from 2013 to 2018. The PRC mAb market is expected to continue its growth trend at a CAGR of 18.1% from 2018 and reach US$18.5 billion in 2030. In the United States, in terms of the sales revenue, the mAb market is expected to continue to be the largest segment of the oncology drug market, and is expected to reach US$128.4 billion in 2030.

The large oncology drug market is directly correlated to patient population. From 2013 to 2018, total cancer incidence in the PRC increased from 3.7 million to 4.4 million, whereas the total cancer incidence in the United States increased slightly from 1.6 million to 1.8 million. Cancer incidence in the PRC and United States is projected to reach 5.8 million and 2.4 million by 2030, respectively. The following tables set forth the cancer incidence by cancer types in the PRC and United States for the periods indicated.

Incidence by Cancer Types in the PRC, 2013-2030E

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Cancer Types	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Lung	732.8	781.0	787.0	823.6	856.6	886.3	916.4	946.8	977.7	1,008.8	1,040.2	1,071.8	1,103.8	1,136.0	1,168.5	1,201.2	1,234.1	1,267.1
Stomach	427.1	410.0	403.0	435.1	459.5	482.5	500.3	514.1	525.0	533.6	542.1	550.5	558.9	567.2	575.4	583.6	591.7	599.8
Colon and rectum	347.9	370.0	388.0	399.2	410.6	422.1	433.8	445.6	457.5	469.6	481.8	494.1	506.6	519.1	531.9	544.7	557.7	570.8
Liver	362.4	365.0	370.0	389.5	406.6	421.5	434.4	447.5	460.6	473.8	487.1	500.4	513.8	527.2	540.7	554.2	567.8	581.3
Breast	278.8	279.0	304.0	308.8	311.5	321.2	330.5	339.3	347.6	355.5	362.9	369.9	376.4	382.4	388.0	393.2	398.0	402.4
Esophagus	276.9	258.0	246.0	272.3	295.5	315.6	332.8	347.4	359.6	370.9	381.3	390.9	399.6	407.5	414.7	421.2	427.0	432.2
Thyroid	143.9	170.0	201.0	202.4	203.7	206.6	209.5	212.3	215.0	217.6	220.2	222.7	225.2	227.6	229.9	232.1	234.2	236.3
Brain, CNS	95.9	101.0	106.0	109.9	112.8	115.7	118.3	120.8	123.1	125.2	127.2	129.0	130.6	132.2	133.5	134.8	135.9	136.9
Cervix	100.7	102.0	111.0	112.3	113.4	114.6	115.7	116.7	117.8	118.8	119.7	120.6	121.5	122.3	123.1	123.9	124.7	125.4
Pancreas	88.4	92.0	95.0	98.5	101.7	105.0	108.4	111.8	115.3	118.8	122.4	126.1	129.8	133.6	137.4	141.4	145.3	149.4
Top 10	**2,854.8**	**2,928.0**	**3,011.0**	**3,151.6**	**3,271.9**	**3,391.1**	**3,500.1**	**3,602.3**	**3,699.2**	**3,792.6**	**3,884.9**	**3,976.0**	**4,066.2**	**4,155.1**	**4,243.1**	**4,330.3**	**4,416.4**	**4,501.6**
Bladder	74.4	78.0	81.4	84.6	87.9	89.7	94.4	97.7	101.1	104.4	107.7	111.1	114.4	117.8	121.1	124.4	127.7	131.0
Gallbladder	49.6	52.0	54.3	56.4	58.6	60.1	63.1	65.4	67.7	70.1	72.5	74.9	77.4	79.9	82.4	84.9	87.5	90.1
Ovary	50.0	51.0	53.1	55.0	55.5	56.7	57.9	59.0	60.0	61.0	61.9	62.8	63.6	64.3	65.0	65.7	66.2	66.8
Soft tissue sarcoma	45.9	46.9	47.9	48.9	49.9	50.9	51.9	52.9	53.9	54.9	55.9	56.9	57.9	58.9	59.9	60.9	61.9	62.9
Nasopharynx	42.1	45.0	46.6	47.4	47.6	48.0	50.3	51.2	52.0	52.9	53.7	54.5	55.3	56.0	56.7	57.4	58.1	58.8
Melanoma	6.7	7.0	7.3	7.6	7.9	7.9	8.3	8.5	8.7	8.9	9.1	9.3	9.4	9.6	9.8	10.0	10.1	10.3
Others	558.5	596.1	627.4	638.9	648.6	664.7	680.8	697.0	713.1	729.1	745.0	760.8	776.4	792.2	807.7	822.9	838.2	853.1
All cancer types	**3,682.0**	**3,804.0**	**3,929.0**	**4,090.4**	**4,227.9**	**4,369.1**	**4,506.8**	**4,634.0**	**4,755.7**	**4,873.9**	**4,990.7**	**5,106.3**	**5,220.6**	**5,333.8**	**5,445.7**	**5,556.5**	**5,666.1**	**5,774.6**

Incidence by Cancer Types in the U.S., 2013-2030E

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Cancer Types	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Breast	238.2	241.9	247.4	247.4	270.9	287.2	298.5	306.3	314.4	322.6	330.9	339.5	348.3	357.2	366.4	375.8	385.4	395.3
Lung	217.6	219.3	221.1	216.9	234.1	245.6	253.4	258.8	263.9	268.6	273.1	277.4	281.4	285.2	288.8	292.3	295.6	298.7
Prostate	186.6	180.3	191.5	193.8	207.2	217.6	225.7	232.0	238.4	245.0	251.6	258.3	265.1	272.1	279.1	286.3	293.6	301.0
Colon and rectum	140.2	142.8	143.4	141.7	153.7	162.1	168.0	172.2	176.4	180.7	185.1	189.5	193.9	198.5	203.1	207.7	212.4	217.2
Melanoma	74.0	78.3	81.9	82.0	83.6	85.3	87.0	88.7	90.5	92.2	93.9	95.7	97.5	99.2	101.0	102.9	104.7	106.6
Bladder	73.1	74.0	74.3	73.2	77.8	80.8	82.9	84.4	85.8	87.3	88.8	90.3	91.8	93.3	94.9	96.4	98.0	99.5
NHL	69.1	70.2	71.0	68.4	73.6	77.1	79.5	81.1	82.7	84.1	85.5	86.8	88.0	89.2	90.3	91.3	92.3	93.3
Kidney	58.6	60.7	62.7	63.5	65.0	66.6	68.2	69.8	71.4	73.1	74.7	76.4	78.1	79.9	81.6	83.4	85.2	87.0
Uterine	51.6	53.7	55.3	57.0	58.8	60.6	62.3	64.1	65.9	67.6	69.4	71.1	72.9	74.6	76.4	78.2	79.9	81.6
Leukemia	50.4	51.2	51.2	48.0	52.7	55.3	56.7	57.6	58.4	59.2	59.9	60.7	61.3	62.0	62.6	63.2	63.8	64.3
Top 10	**1,159.4**	**1,172.4**	**1,199.8**	**1,191.9**	**1,277.4**	**1,338.2**	**1,382.2**	**1,415.0**	**1,447.8**	**1,480.4**	**1,512.9**	**1,545.7**	**1,578.3**	**1,611.2**	**1,644.2**	**1,677.5**	**1,710.9**	**1,744.5**
Liver	30.8	32.7	34.0	33.5	34.5	35.5	36.5	37.4	38.4	39.4	40.3	41.3	42.3	43.2	44.2	45.1	46.1	47.0
Stomach	23.8	24.3	24.2	24.2	25.9	27.1	27.9	28.4	29.0	29.5	30.1	30.7	31.2	31.8	32.4	33.0	33.6	34.2
Ovary	21.6	21.6	21.8	20.4	22.7	23.9	24.5	24.9	25.3	25.6	26.0	26.4	26.8	27.1	27.5	27.9	28.3	28.7
Soft tissue sarcoma	11.8	12.0	12.2	12.4	12.6	12.8	13.0	13.2	13.3	13.5	13.6	13.8	13.9	14.0	14.1	14.2	14.3	14.4
Gallbladder	4.0	4.2	4.1	4.1	4.6	5.0	5.3	5.5	5.7	5.9	6.1	6.2	6.4	6.5	6.7	6.8	6.9	7.0
Nasopharynx	2.1	2.1	2.1	2.2	2.3	2.3	2.3	2.4	2.4	2.4	2.5	2.5	2.5	2.5	2.6	2.6	2.6	2.6
Others	368.1	379.1	386.0	383.6	395.6	405.1	412.8	419.5	426.1	433.0	440.0	446.8	454.2	461.9	469.4	477.5	485.8	494.7
All cancer types	**1,621.6**	**1,648.4**	**1,684.2**	**1,672.3**	**1,775.6**	**1,849.9**	**1,904.5**	**1,946.3**	**1,988.0**	**2,029.7**	**2,071.5**	**2,113.4**	**2,155.6**	**2,198.2**	**2,241.1**	**2,284.6**	**2,328.5**	**2,373.1**

Source: NCCR, NAACCR, CIC Report

According to CIC, the top 10 most prevalent cancer indications by incidence are considered major cancer indications. The aggregate incidence of the ten most prevalent cancer types in the PRC and the United States accounted for 77.6% and 72.3%, respectively, of total cancer incidence, reaching 3.4 million and 1.3 million in 2018, respectively. Lung, colorectal and breast cancers are among the most prevalent cancer types in both countries. Certain subtypes of gastrointestinal cancers, especially gastric cancer, and esophageal cancer, have higher incidence rates in the PRC than in the United States. The number of addressable patients in China in 2018 for late-line unresectable metastatic NPC, locally advanced unresectable or metastatic NSCLC excluding EGFR mutation and ALK translocation, locally advanced or metastatic TNBC, and second-line pancreatic cancer, each being a targeted subset of main indications of KN046, our Core Product, was estimated to be 6,700, 21,700, 22,900 and 52,500, respectively, and is expected to increase at a CAGR of 1.7%, 3.0%, 1.9% and 3.0% from 2018 to 2030, respectively. The oncology drug market size for each specific indication is expected to be correlated to the relevant patient population.

In addition to the large and growing patient pool, the future growth of the oncology drug markets in the PRC and the United States is expected to be primarily driven by (i) the launch of new therapies through continued R&D investment, such as combination therapies and innovative BsAbs for new indications with better efficacy and safety profiles; (ii) expanded usage at different stage of cancer treatments, including neoadjuvant and adjuvant treatments; (iii) extended therapeutic window leading to longer survival of patients; (iv) formulations with improved safety and convenience that enables long-term maintenance usage; (v) potential off-label uses that may accelerate accessibility of drugs to certain diseases not covered by current clinical trial scheme.

In the PRC, there is significant under-penetration in cancer treatment, particularly in immuno-oncology, with a large number of cancer patients needing better treatment. Improved affordability and supportive policies for new drug development and approval are expected to also contribute to faster growth of the oncology drug market in the PRC.

OVERVIEW OF THE IMMUNE CHECKPOINT INHIBITOR MARKET IN THE PRC AND UNITED STATES

Overview of Immune Checkpoint Inhibitor Against PD-(L)1[(2)] and CTLA-4

Immuno-oncology therapy represents a new paradigm of oncology treatment. Immuno-oncology therapy stimulates the patient's own immune system to generate or augment anti-tumor immune responses to fight cancer cells. Major types of immuno-oncology therapy include immune checkpoint inhibitors, cytokines, adoptive T-cell therapy and cancer vaccines. In recent years, immune checkpoint inhibitors have garnered attention as being one of the most promising types of immuno-oncology therapy.

Immune checkpoint inhibitors in the form of monoclonal antibodies (mAbs) against three validated targets, i.e., PD-1, PD-L1 and CTLA-4, are among the major immune-oncology therapies. Currently available clinical data suggests almost all the ten most prevalent cancer types in the PRC and the United States, including the most prevalent ones in both countries (i.e. lung, breast, colorectal, gastric, liver, esophageal cancers) proved to be the most responsive to immune checkpoint inhibitors. To date, the indication coverage of immune checkpoint inhibitors has been continuously expanded in line with increasing clinical trials worldwide.

To date, there are six PD-(L)1 inhibitors and one CTLA-4 inhibitor approved in the global market outside the PRC, and five PD-1 inhibitors approved in the PRC. All of these are monospecific mAbs. Dual targeting of immune checkpoints has become an important cancer treatment strategy, as combination therapies using checkpoint inhibitors as components have demonstrated enhanced efficacy in certain indications compared with single-agent immunotherapies.

In 2018, the global sales of immune checkpoint inhibitors reached US$20.7 billion, indicating a vast market. The immune checkpoint inhibitor market in the United States experienced rapid growth from US$650.2 million in 2013 to US$13.3 billion in 2018 in terms of sales revenue, representing a CAGR of 82.8% and is expected to continue to grow to US$41.4 billion in 2030, representing a CAGR of 10.0% from 2018. The market size of PD-(L)1 inhibitors in the United States was US$12.2 billion in 2018, and is expected to increase to US$36.3 billion in 2030, representing a CAGR of 9.5%. The market size of CTLA-4 inhibitors in the United States was US$1.1 billion in 2018, and is expected to increase to US$5.1 billion in 2030 at a CAGR of 14.0%.

The PRC immune checkpoint inhibitor market, with the first two PD-1 inhibitors approved in 2018, is expected to grow rapidly to US$11.3 billion in 2030 in terms of sales revenue, representing a CAGR of 45.2% from 2018. The market size of PD-(L)1 inhibitors in the PRC was US$0.1 billion in 2018, and is expected to grow to US$10.4 billion in 2030, with a CAGR of 44.2%. Currently, there are no approved CTLA-4 inhibitors in the PRC. The first CTLA-4 inhibitor is estimated to be approved in 2019, considering the average time for drug

(2) Consistent with industry usage of the term, unless otherwise indicated, PD-(L)1 in this section refers to either PD-1 or PD-L1.

candidates to receive BLA approval and that two CTLA-4 inhibitor candidates, namely, BMS's Yervoy and AstraZeneca's tremelimumab, are in phase III clinical trial stage. The market size of CTLA-4 inhibitors in the PRC is expected to be US$0.2 billion in 2019, and is expected to increase to US$0.9 billion in 2030, representing a CAGR of 17.2% from 2019 to 2030.

Overview of Anti-PD-(L)1/CTLA-4 BsAb Market in the PRC and United States

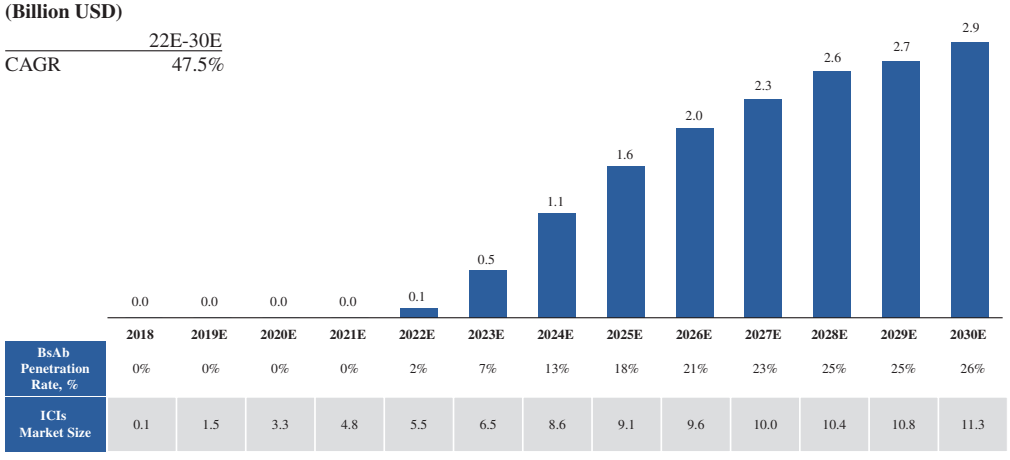
Dual blockade of immune checkpoints with BsAbs are expected to induce potentially superior biological effects previously unattainable with monospecific mAbs. As of April 24, 2019, there were 85 BsAbs in clinical trials, of which 58 candidates use the immune cells engagement mechanism, including immune checkpoints.

Addressable Market Size of Anti-PD-(L)1/CTLA-4 BsAbs in the PRC and United States

The total addressable market size of anti-PD-(L)1/CTLA-4 BsAbs is directly correlated to the addressable patient size with anti-PD-(L)1/CTLA-4 BsAbs. The total addressable patient size of anti-PD-(L)1/CTLA-4 BsAbs in the PRC and the United States refers to the patient population for immune checkpoint inhibitors against PD-(L)1 and/or CTLA-4 with cancer indications that have been approved, or were in clinical trials and could potentially be approved, in each country as of August 31, 2019, which is estimated to be approximately 3.6 million and 1.4 million in 2018, respectively.

The following graph sets forth the estimated market size of anti-PD-(L)1/CTLA-4 BsAbs in the PRC for the periods indicated and the underlying assumptions. The first anti-PD-(L)1/CTLA-4 BsAb is expected to be launched in China in 2022. The market size of anti-PD-(L)1/CTLA-4 BsAbs in the PRC is estimated to be US$0.1 billion in 2022, which is expected to increase to US$2.9 billion in 2030 at a CAGR of 47.5%.

Anti-PD-(L)1/CTLA-4 BsAb Market Size in the PRC

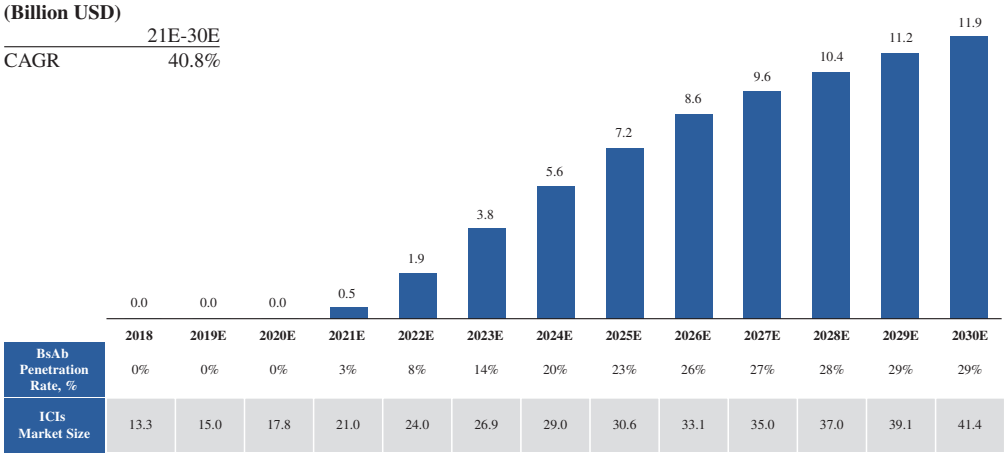


	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
BsAb Penetration Rate, %	0%	0%	0%	0%	2%	7%	13%	18%	21%	23%	25%	25%	26%
ICIs Market Size	0.1	1.5	3.3	4.8	5.5	6.5	8.6	9.1	9.6	10.0	10.4	10.8	11.3

Source: CIC Report

The following graph sets forth the estimated market size of anti-PD-(L)1/CTLA-4 BsAbs in the United States for the periods indicated and the underlying assumptions. The first anti-PD-(L)1/CTLA-4 BsAb is expected to be launched in the United States in 2021. The total market size of anti-PD-(L)1/CTLA-4 BsAbs in the United States is estimated to be US$0.5 billion in 2021, and increased to US$11.9 billion in 2030, representing a CAGR of 40.8%.

Anti-PD-(L)1/CTLA-4 BsAb Market Size in the U.S.



	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
BsAb Penetration Rate, %	0%	0%	0%	3%	8%	14%	20%	23%	26%	27%	28%	29%	29%
ICIs Market Size	13.3	15.0	17.8	21.0	24.0	26.9	29.0	30.6	33.1	35.0	37.0	39.1	41.4

Source: CIC Report

(1) ICIs market size refers to the total market size of immune checkpoint inhibitors, namely PD-1, PD-L1 and CTLA-4 inhibitors. The estimation of ICIs market size considers: (i) the total addressable patients that can be or potentially be treated by immune checkpoint inhibitors against PD-(L)1 and/or CTLA-4 considering currently approved indications in each respective country, as well as potential indications under clinical trials. Off-label prescriptions and any potential indication expansion achieved by anti-PD-(L)1/CTLA-4 BsAbs are not taken into consideration; (ii) the treatment rate that the percentage of total addressable patients is estimated to be treated by the immune checkpoint inhibitors, considering the proportion of respective gene mutation, the progression of the disease, the treatment line of indicated indications and the patient affordability; (iii) the average annual cost per patient, considering currently available pricing information of approved drugs, Patient Assistant Programs (PAPs) and the potential NRDL inclusion in the PRC.

(2) For the anti-PD-(L)1/CTLA-4 BsAbs market size, the forecasted anti-PD-(L)1/CTLA-4 BsAbs penetration rate in ICIs market took reference to (i) the percentage of treated patients of the anti-PD-(L)1/CTLA-4 combination therapy over total immune checkpoint inhibitors treated patients in indications of combo therapy; (ii) the anti-PD-(L)1/CTLA-4 BsAbs are assumed to cover all addressable indications mentioned in assumption 1 in 2030. The average annual cost per patient of anti-PD-(L)1/CTLA-4 BsAbs took reference to the average annual cost of comparable PD-(L)1s.

(3) The estimation of the anti-PD-(L)1/CTLA-4 BsAbs market size is the product of the ICIs market size and the anti-PD-(L)1/CTLA-4 BsAbs penetration rate. The total ICIs market size is assumed to be the largest possible market size that the anti-PD-(L)1/CTLA-4 BsAbs can potentially target, given no indication expansion is assumed.

(4) The launch year of the first anti-PD-(L)1/CTLA-4 BsAb is expected to be 2022 and 2021 in the PRC and the U.S., respectively, considering the current clinical trials information, the past duration of drug development and fast approvals achieved by currently marketed PD-(L)1 inhibitors.

Market Drivers and Trends

The primary market drivers and trends for the anti-PD-(L)1/CTLA-4 BsAb market include:

- *Indication expansion*. Previously untapped indications and new treatment lines for approved indications are being developed, which leads to growing addressable patient population. Anti-PD-(L)1/CTLA-4 BsAbs are expected to cover a broad spectrum of indications of PD-(L)1 or CTLA-4 inhibitors, either for approved indications or indications under development. From 2017 to 2019, 12 new indications obtained approvals for these immune checkpoint inhibitors, including

major treatment lines such as second line treatment for urothelial cancer and second line treatment for cervical cancer. There is also an increasing number of trials for anti-PD-(L)1/CTLA-4 BsAbs in the PRC and the United States covering more indications, with a total of six clinical trials for anti-PD-(L)1/CTLA-4 BsAb candidates targeting new indications in the PRC and United States as of August 31, 2019 including one in phase II stage. Anti-PD-(L)1/CTLA-4 BsAbs are expected to induce biological effects previously unattainable with current-generation immune checkpoint inhibitors, which is expected to lead to a higher likelihood of identifying and developing such antibody drugs for new indications in the foreseeable future.

- *Combination strategies.* Combination therapies of immune checkpoint inhibitors with other oncology drugs, including chemotherapy and targeted small molecule drugs, have become a popular strategy to improve response rates and overall survival benefit for patients. BsAb drugs are expected to also be used as a component in combination therapies. As of August 31, 2019, a majority of the clinical trials for anti-PD-(L)1/CTLA-4 BsAbs were in combination therapies in the PRC, and approximately 33% of clinical trials for anti-PD-(L)1/CTLA-4 BsAbs in the United States were exploring combination therapies, indicating an increasing commercial opportunity for anti-PD-(L)1/CTLA-4 BsAbs.

- *Advancement of precision medicine*. The emerging medical model of precision medicine, supported by the advent of new technologies, is expected to accelerate the development of anti-PD-(L)1/CTLA-4 BsAbs. For example, next-generation sequencing has facilitated identification of biomarkers which may broaden the coverage of cancer patients. Deepened understanding of the mechanism of immune suppression may also help boost the response rate of some patients. In addition, newly developed companion diagnostics have the potential to improve anti-PD-(L)1/CTLA-4 BsAb efficacy, ensure greater safety, shorten product lifecycles, and increase the response rate among patients.

Entry Barriers

There are a number of challenges in developing anti-PD-(L)1/CTLA-4 BsAbs, one of which is reducing the potential toxicity that is significantly intensified under a dual blockade mode, while still maintaining efficacy advantages over monotherapy. Researchers and developers have to select a proper molecule structure that links the proposed mechanisms of action with clinical applications, or develop a better CTLA-4 binding moiety, both of which require extensive engineering experience and a deep understanding of biotechnology. In addition, anti-PD-(L)1/CTLA-4 BsAbs are novel immune checkpoint inhibitors developed in a format that has not been fully validated, which increases the risks of unwanted immunogenicity, short half-life and side effects.

Competitive Landscape

As of the Latest Practicable Date, there has been no approved BsAb simultaneously targeting PD-(L)1 and CTLA-4; however, there are a number of anti-PD-(L)1/CTLA-4 BsAb candidates in clinical development in the PRC and the United States. Currently a majority of approved immune checkpoint inhibitors and candidates are PD-(L)1 inhibitors or CTLA-4 inhibitors. In addition, there is an approved PD-1/CTLA-4 dual blockade therapy that combines a PD-1 inhibitor (Opdivo) and a CTLA-4 inhibitor (Yervoy), and a number of late-stage combination therapies of PD-(L)1 inhibitors and CTLA-4 inhibitors with dual blockade effect in clinical development.

In addition to competing with each other, anti-PD-(L)1/CTLA-4 BsAb candidates are expected to compete with all of the monospecific immune checkpoint inhibitors targeting PD-1, PD-L1 or CTLA-4, including PD-(L)1 inhibitors, and combination therapies of PD-(L)1 and CTLA-4 inhibitors. Compared with monospecific checkpoint inhibitors, studies have

shown the dual blockade of both PD-(L)1 and CTLA-4 checkpoints can induce stronger anti-tumor responses in certain types of cancers than a single blockade of each agent, indicating potentially better efficacy of anti-PD-(L)1/CTLA-4 BsAbs than monospecific inhibitors in certain cancer indications.

PRC

As of August 31, 2019, there were only five approved PD-1 inhibitors in the immune checkpoint inhibitor market in the PRC against PD-(L)1 or CTLA-4. As of the same date, there were 21 PD-(L)1 inhibitor candidates registered with NMPA, 12 of which were at BLA stage or in phase III clinical trials. See "—Overview of PD-(L)1 Inhibitor Market in the PRC and United States—Competitive Landscape—PRC". In addition, there were four CTLA-4 candidates in the PRC as of August 31, 2019, two of which were in phase III clinical trials for NSCLC or SCLC.

As of August 31, 2019, there were three BsAb candidates targeting two different immune checkpoints in the PRC, including two anti-PD-(L)1/CTLA-4 BsAb candidates and one anti-PD-1/PD-L1 BsAb candidate. As of the same date, there were two combination therapy candidates of PD-(L)1 and CTLA-4 inhibitors in phase III clinical trials or later stage in the PRC. The following table sets forth the details of these drug candidates as of August 31, 2019.

Anti-PD-(L)1/CTLA-4 BsAb Candidates in the PRC

Drug candidate name(s)	Company	Immune checkpoint(s)	Indications	Clinical stage	First posted date	Route of entry
KN046	Alphamab	PD-L1/ CTLA-4	NSCLC	Phase II	Jan-2019	Intravenous
				Phase II (with chemo)	Jun-2019	
			ESCC	Phase II	May-2019	
			TNBC	Phase Ib/II (with chemo)	Apr-2019	
			Solid tumors	Phase I	Nov-2018	
AK104	Akeso Biopharma, Inc.	PD-1/CTLA-4	Solid tumors	Phase Ib/II	Dec-2018	Intravenous
			GC/GEJ	Phase Ib/II (with chemo)	Dec-2018	
IBI-318	Innovent	PD-1/PD-L1	Malignant neoplasm	Phase I	Mar-2019	Subcutaneous

Combination Therapy Candidates of PD-(L)1 and CTLA-4 Inhibitors (Phase III or Later Stage) in the PRC

Drug candidate name(s)	Company	Immune checkpoint(s)	Indications	Clinical stage	First posted date	Route of entry
Nivolumab/ Ipilimumab	BMS	PD-1/ CTLA-4	GC/GEJ	Phase III	May-2017	Intravenous
			SCLC	Phase III	Jul-2017	
			Pleural mesothelioma	Phase III	Sep-2017	
			ESCC	Phase III	Feb-2018	
			RCC	Phase III	Mar-2018	
			UC	Phase III	Jun-2018	
			NSCLC	Phase III	Apr-2017	
Durvalumab/ Tremelimumab	AstraZeneca/ MedImmune	PD-L1/ CTLA-4	NSCLC	Phase III	Jan-2017	Intravenous
			SCLC	Phase III	May-2018	
			HCC	Phase III	Jun-2018	

Source: NMPA, CIC Report (As of August 31, 2019)

United States

In the United States, as of August 31, 2019, there were six approved PD-(L)1 inhibitors. There were also a large number of monospecific inhibitor candidates against PD-(L)1 checkpoints for a number of indications in clinical trials. See "—Overview of PD-(L)1 Inhibitor Market in the PRC and United States—Competitive Landscape—United States". In addition, the FDA-approved Yervoy (ipilimumab) was the only approved CTLA-4 inhibitor on the market as first-line monotherapy for unresectable or metastatic melanoma and as a component of combination therapies for other indications. There were also a number of CTLA-4 inhibitor candidates under development in the United States, of which two candidates were in phase III clinical trials for a number of indications such as NSCLC and UC.

As of August 31, 2019, there was one FDA-approved combination therapy of PD-l inhibitor (Opdivo) and CTLA-4 inhibitor (Yervoy). As of the same date, there were three anti-PD-(L)1/CTLA-4 BsAb candidates in clinical trials or later stage, and four combination therapy candidates of PD-(L)1 and CTLA-4 inhibitors in phase III clinical trials or later stage in the United States, respectively. The following table sets forth the details of these drug candidates as of August 31, 2019.

Anti-PD-(L)1/CTLA-4 BsAb Candidates in the U.S.

Drug candidate name(s)	Company	Immune checkpoint(s)	Indications	Clinical stage	First posted date	Route of entry
MEDI5752	AstraZeneca	PD-1/CTLA-4	Solid tumors	Phase I (mono or with chemo)	May-2018	Intravenous
XmAb20717	Xencor, Inc.	PD-1/CTLA-4	Solid tumors	Phase I	May-2018	Intravenous
MGD019	MacroGenics, Inc.	PD-1/CTLA-4	Solid tumors	Phase I	Dec-2018	Intravenous

Approved Combination Therapy of PD-(L)1 and CTLA-4 Inhibitors in the U.S.

Trade name(s) (Generic name(s))	Company	Immune checkpoint(s)	Indications	Treatment line	Date of approval	Patent status	Price per unit	Route of entry
Opdivo (nivolumab)/ Yervoy (ipilimumab)	BMS	PD-1/CTLA-4	Unresectable or metastatic melanoma	2L	Jan-2016	Opdivo and Yervoy both covered by registered patents in the U.S.	US$2,830 for Opdivo (100mg/10ml), US$30,870 for Yervoy (200mg/40ml)	Intravenous
			Intermediate or poor risk advanced RCC	1L	Apr-2018			
			MSI-H or dMMR metastatic CRC	2L	Jul-2018			

Combination Therapy Candidates of PD-(L)1 and CTLA-4 Inhibitors (Phase III or Later Stage) in the U.S.

Drug candidate name(s)	Company	Immune checkpoint(s)	Indications	Clinical stage	First posted date	Route of entry
Nivolumab/ Ipilimumab	BMS	PD-1/CTLA-4	Glioblastoma	Phase III	Jan-2014	Intravenous
			RCC	Phase III	Oct-2014	
			Melanoma	Phase III	Mar-2015	
			NSCLC	Phase III	Aug-2015	
			HNSCC	Phase III	Aug-2016	
			GC/GEJ	Phase III	Oct-2016	
			Pleural mesothelioma	Phase III	Oct-2016	
			UC	Phase III	Mar-2017	
			Esophageal cancer	Phase III	Jun-2017	
			CRC	Phase III	Jul-2019	

Drug candidate name(s)	Company	Immune checkpoint(s)	Indications	Clinical stage	First posted date	Route of entry
Durvalumab/ Tremelimumab	AstraZeneca /MedImmune	PD-L1/ CTLA-4	NSCLC	Phase III	Jan-2015	Intravenous
			HNSCC	Phase III	Sep-2015	
			UC	Phase III	Nov-2015	
			SCLC	Phase III	Mar-2017	
			Solid tumors	Phase III	Apr-2017	
			HCC	Phase III	Oct-2017	
Pembrolizumab/ Ipilimumab	Merck	PD-1/CTLA-4	NSCLC	Phase III	Dec-2017	Intravenous
Cemiplimab/ Ipilimumab	Regeneron Pharmaceuticals, Inc./Sanofi S.A.	PD-1/CTLA-4	NSCLC	Phase III	Mar-2018	Intravenous

Source: FDA, CIC Report (As of August 31, 2019)

For the competitive landscape analysis, see "Business—Our Product Pipeline—Anti-PD-L1/CTLA-4 BsAb Candidate – KN046—Competition".

Overview of PD-(L)1 Inhibitor Market in the PRC and United States

PD-1 and PD-L1 inhibitors act through interfering with the PD-1/PD-L1 pathway, which prevents T-cells from attacking tumor cells within the tumor microenvironment. In the cancer disease state, the use of an inhibitor that blocks the interaction between PD-L1 and the PD-1 receptor can prevent certain tumor cells from evading the immune system. PD-1 and PD-L1 inhibitors are increasingly used for the treatment of many types of cancer, and have been proven to have a better efficacy profile and fewer side effects in a number of cancer indications than the current standard of care.

Market Size of PD-(L)1 Inhibitor Market in the PRC and United States

The first two blockbuster PD-1 inhibitors, Opdivo and Keytruda, were approved by NMPA in June and July 2018, respectively. Currently, there are five PD-1 inhibitors on the PRC market and 20 PD-(L)1 inhibitors at BLA stage or in phase III clinical trials. Considering the growing cancer patient population eligible for PD-(L)1 inhibitor treatment in line with expanding indications as well as the increasing accessibility, affordability and acceptance among patients and physicians of PD-(L)1 inhibitors, the total market size of PD-(L)1 inhibitors in the PRC is projected to grow from US$0.1 billion in 2018 to US$10.4 billion in 2030, representing a CAGR of 44.2%.

The market size of PD-(L)1 inhibitors in the United States has rapidly grown from US$71 million in 2014 to US$12.2 billion in 2018, representing a CAGR 261.5% due to their superior clinical efficacy and safety profiles. Since PD-(L)1 inhibitors are expected to cover more indications in the future, and as a growing number of combination therapies are being approved, the market for PD-(L)1 inhibitors is projected to grow to US$36.3 billion by 2030, with a CAGR of 9.5%.

Market Drivers and Future Trends

The primary market drivers and trends for the PD-(L)1 inhibitor market include:

- *Indication expansion.* The development of PD-(L)1 inhibitors increasingly focuses on indications with no coverage, especially those with sizeable patients or growing incidence rates, such as HCC and BTC in the PRC and esophageal cancer and ovarian cancer in the United States. In addition, there is a trend to use PD-(L)1 as maintenance therapy to avoid recurrent/refractory cancer, which in turn contributes to greater usage for PD-(L)1 inhibitors.

- *Increasing usage for approved indications.* Due to a better efficacy and safety profile, PD-(L)1 inhibitors are increasingly gaining acceptance among patients and physicians, and are emerging as the standard of care for a number of advanced-stage cancers, such as first-line treatment for melanoma and NSCLC, leading to a wider patient coverage for approved indications. In addition, the improved PFS and overall survival benefit for a number of major cancer types, such as urothelial cancer, melanoma and NSCLC, enables a longer treatment period and further increases demand for such drugs.

- *Combination strategy.* Combination therapies with immune checkpoint inhibitors as components are expected to improve the response rate and durability of monotherapies of the inhibitors, leading to potentially better efficacy for approved indications and efficacy in cancer types currently without effective treatments. As of August 31, 2019, there were 88 and 468 clinical trials with a PD-(L)1 inhibitor as a component in a combination therapy in the PRC and United States, respectively. The development of combination therapy increases the market potential for PD-(L)1 inhibitors.

- *Alternative formulations.* Subcutaneous formulation of PD-(L)1 inhibitors is expected to significantly improve patient care by providing (i) access to patients not suitable for intravenous infusions; and (ii) ease of administration leading to less frequent and shorter hospital visits. Subcutaneous administration typically lowers overall medical costs as less frequent and shorter hospital visits associated with subcutaneous administration reduce administrative costs, such as costs for medical personnel. In the case of Herceptin, its subcutaneous formulation saves approximately 30% to 65% in administrative costs to patients compared to intravenous administration, according to CIC. In addition, subcutaneous administration is expected to increase patient acceptance. Currently a number of drug makers are developing the subcutaneous formulation for PD-(L)1 inhibitors, which is expected to take approximately 15% market share of all sales of such inhibitors if the subcutaneous formulation is approved.

- *Improved affordability.* In the PRC, the PD-(L)1 inhibitor market is also driven by improved affordability. Increasing per capita disposable income and per capita healthcare expenditure (including the increasing purchase of private insurance), and the development of the PRC's national reimbursement system are factors that contribute to greater affordability of these relatively costly drugs for patients, thereby fueling market growth.

Entry Barriers

The increasing number of PD-(L)1 inhibitors approved or in the pipeline makes cost control of manufacturing a major focus for researchers and developers, imposing stricter requirements on the yield and efficiency of manufacturing processes. In addition, although subcutaneous administration is highly attractive for PD-(L)1 inhibitors, there are significant challenges in subcutaneous formulation development. This formulation requires a relatively large amount of drug in a very limited injection volume, resulting in a high drug concentration (over 200 mg/ml). However, a high drug concentration faces challenges of increased drug aggregation and viscosity as well as decreased stability.

Competitive Landscape

PRC

As of August 31, 2019, five PD-1 inhibitors were approved in the PRC, namely, BMS's Opdivo, Merck's Keytruda, Junshi's Tuoyi, Innovent's Tyvyt and Hengrui's Ailituo, and there were no approved PD-L1 inhibitors. As of August 31, 2019, there were 21 PD-(L)1 inhibitor candidates registered with the NMPA, of which two were BLA-stage PD-(L)1 inhibitors, and ten were PD-(L)1 inhibitor candidates in phase III clinical trials with a coverage of 17 indications, primarily including NSCLC, UC, ESCC, NPC and HCC. KN035 is the first drug candidate in a phase III clinical trial for BTC in the PRC. The following table sets forth the details of the five approved PD-(L)1 inhibitors in the PRC as of August 31, 2019.

Trade name (Generic name)	Company	Immune checkpoint	Indications	Treatment line	Date of approval	Patent status	Price per unit	Listed on NRDL/PRDL	Route of entry
Opdivo (nivolumab)	BMS	PD-1	EGFR/ALK negative locally advanced or metastatic NSCLC	2L	Jun-2018	Covered by registered patents in the PRC	RMB9,260 (100mg/10ml)	No	Intravenous
Keytruda (pembrolizumab)	Merck	PD-1	Unresectable or metastatic melanoma	2L	Jun-2018	Covered by registered patents in the PRC	RMB17,920 (100mg/4ml)	No	Intravenous
			EGFR/ALK negative metastatic non-squamous NSCLC	1L (with chemo)	Mar-2019				
Tuoyi (toripalimab)	Junshi	PD-1	Unresectable, metastatic malignant melanoma	⩾2L	Dec-2018	Covered by registered patents in the PRC	RMB7,200 (240mg/6ml)	No	Intravenous
Tyvyt (sintilimab)	Innovent	PD-1	Refractory Hodgkin's lymphoma	3L	Dec-2018	Covered by registered patents in the PRC	RMB7,840 (100mg/10ml)	No	Intravenous
Ailituo (camrelizumab)	Hengrui	PD-1	Refractory Hodgkin's lymphoma	3L	May-2019	Covered by registered patents in the PRC	RMB19,800 (200mg)	No	Intravenous

Source: NMPA, CIC Report (As of August 31, 2019)

United States

As of August 31, 2019, there were three approved PD-1 inhibitors, being BMS's Opdivo, Merck's Keytruda and Sanofi S.A. and Regeneron Pharmaceuticals, Inc.'s Libtayo, and three approved PD-L1 inhibitors, namely, Roche's Tecentriq, Merck KGaA and Pfizer's Bavencio and AstraZeneca and MedImmune's Imfinzi. As of the same date, there were eight PD-(L)1 inhibitor candidates in phase III clinical trials with a coverage of 19 indications, primarily including esophageal cancer, ovarian cancer, prostate cancer and multiple myeloma. The following table sets forth the details of the six approved PD-(L)1 inhibitors in the United States as of August 31, 2019.

Trade name (Generic name)	Company	Immune checkpoint	Indications	Treatment line	Date of approval	Patent status	Price per unit	Route of entry
Opdivo (nivolumab)	BMS	PD-1	Unresectable or metastatic melanoma	2L	Dec-2014	Covered by registered patents in the U.S.	US$2,830 (100mg/10ml)	Intravenous (subcutaneous administration under clinical trial)
			Metastatic NSCLC	2L	Oct-2015			
			Advanced renal cell carcinoma	2L	Nov-2015			
			Classical Hodgkin lymphoma	⩾3L	May-2016			
			Recurrent or metastatic squamous cell carcinoma of the head and neck	2L	Nov-2016			
			Locally advanced or metastatic urothelial carcinoma	2L	Feb-2017			
			MSI-H or dMMR metastatic CRC	2L	Aug-2017			
			HCC	2L	Sep-2017			
			Metastatic SCLC	3L	Aug-2018			

Trade name (Generic name)	Company	Immune checkpoint	Indications	Treatment line	Date of approval	Patent status	Price per unit	Route of entry
Keytruda (pembrolizumab)	MSD	PD-1	Unresectable or metastatic melanoma	1L	Sep-2014	Covered by registered patents in the U.S.	US$5,010 (100mg/4ml)	Intravenous
			Metastatic NSCLC	1L (mono or with chemo)	Oct-2015			
			Recurrent or metastatic HNSCC	1L	Aug-2016			
			Refractory cHL	⩾3L	Mar-2017			
			Locally advanced or metastatic urothelial carcinoma	2L	May-2017			
			Unresectable or metastatic, MSI-H or dMMR solid tumors or CRC	⩾3L	May-2017			
			Recurrent locally advanced or metastatic gastric or gastroesophageal junction adenocarcinoma	⩾3L	Sep-2017			
			Refractory PMBCL	3L	Jun-2018			
			Recurrent or metastatic cervical cancer	1L	Jun-2018			
			HCC	2L	Nov-2018			
			Locally advanced or metastatic Merkel cell carcinoma	1L	Dec-2018			
			Adjuvant treatment melanoma with involvement of lymph node(s)	adjuvant	Feb-2019			
			Advanced RCC	1L (with Axitinib)	Apr-2019			
			Metastatic SCLC	>2L	Jun-2019			
			Recurrent locally advanced or metastatic squamous cell carcinoma (esophageal cancer)	>2L	Jul-2019			
Libtayo (cemiplimab)	Regeneron Pharmaceuticals, Inc./Sanofi S.A.	PD-1	Locally advanced or metastatic CSCC	2L	Sep-2018	Covered by registered patents in the U.S.	US$9,510 (350mg/7ml)	Intravenous
Tecentriq (atezolizumab)	Roche/ Genentech	PD-L1	Locally advanced or metastatic urothelial carcinoma	2L	May-2016	Covered by registered patents in the U.S.	US$9,420 (1,200mg/20ml)	Intravenous
			Metastatic NSCLC	2L	Oct-2016			
			EGFR/ALK negative metastatic non-squamous NSCLC	1L (with Bevacizumab)	Dec-2018			
			Locally advanced or metastatic TNBC	1L (with chemo)	Mar-2019			
			Extensive-stage SCLC	1L (with chemo)	Mar-2019			
Bavencio (avelumab)	Merck KGaA/Pfizer	PD-L1	Metastatic Merkel cell carcinoma	2L	Mar-2017	Covered by registered patents in the U.S.	US$1,680 (200mg/10ml)	Intravenous
			Locally advanced or metastatic urothelial carcinoma	2L	May-2017			
			Advanced RCC	1L (with chemo)	May-2019			
Imfinzi (durvalumab)	AstraZeneca/ MedImmune	PD-L1	Locally advanced or metastatic urothelial carcinoma	2L	May-2017	Covered by registered patents in the U.S.	US$3,780 (500mg/10ml)	Intravenous
			Unresectable, Stage III NSCLC	2L	Feb-2018			

Source: FDA, CIC Report (As of August 31, 2019)

As of the Latest Practicable Date, KN035 had registered clinical trials with the NMPA for BTC (phase III), solid cancers with MSI-H or dMMR (pivotal phase II) and gastric cancer (phase II), and HCC (phase I). For the competitive landscape analysis, see "Business—Our Product Pipeline—Anti-PD-L1 sdAb Candidate – KN035—Competition".

OVERVIEW OF ANTI-HER2 MAB MARKET IN THE PRC AND UNITED STATES

HER2-overexpressing Cancers and Anti-HER2 mAbs

Human epidermal growth factor receptor 2 (HER2) is a validated molecular target for cancer therapy. Over-expression of HER2 proteins has been shown to play a critical role in the progression of malignancies, especially breast cancer, and is also associated with a number of other cancer types, including GC/GEJ, breast cancer, gallbladder cancer, ovarian cancer and colorectal cancer.

The level of overexpression of HER2 in tumors can be classified into HER2 High, HER2 Intermediate and HER2 Low by reference to immunohistochemistry (IHC) or fluorescence *in situ* hybridization (FISH) standards. Cancers with HER2 High expression are expected to be most sensitive to anti-HER2 mAbs. The table below sets forth the incidence of HER2 High expression in various cancer types.

Incidence rate of HER2 High expression of major cancer types

Cancer type	Incidence rate of HER2 High expression
Esophagus	15-39%
Endometrium	11-35%
Stomach	7-34%
Breast	15-30%
Ovary	5-30%
Pancreas	2-29%
Cervix	1-21%
Gallbladder	9-20%
Bladder[(1)]	5-15%
Colon	2-6%
Lung	1-5%
EGFR/ALK negative[(2)]	2-10%
Melanoma	0-5%

Reference: OMar-N. et al. (2015); Rüschoff, J. et al. (2012); Slamon, D.J. et al. (2001); Yan, M. et al. (2014); Yan, M. et al. (2015); Iqbal, N. et al. (2014); Li, K. et al. (2017)

(1) Including urothelial carcinoma.

(2) EGFR/ALK negative lung cancer patients represent 50-70% of the total lung cancer patients.

Source: CIC Report

There are only two approved anti-HER2 monospecific antibodies on the global market, namely trastuzumab and pertuzumab. Both of them are approved in the PRC and the United States. In 2018, the sales revenue of these drugs reached US$5.3 billion in the United States, and the sales revenue of trastuzumab and pertuzumab reached US$0.9 billion in the PRC.

Anti-HER2 BsAb Market in the PRC and United States

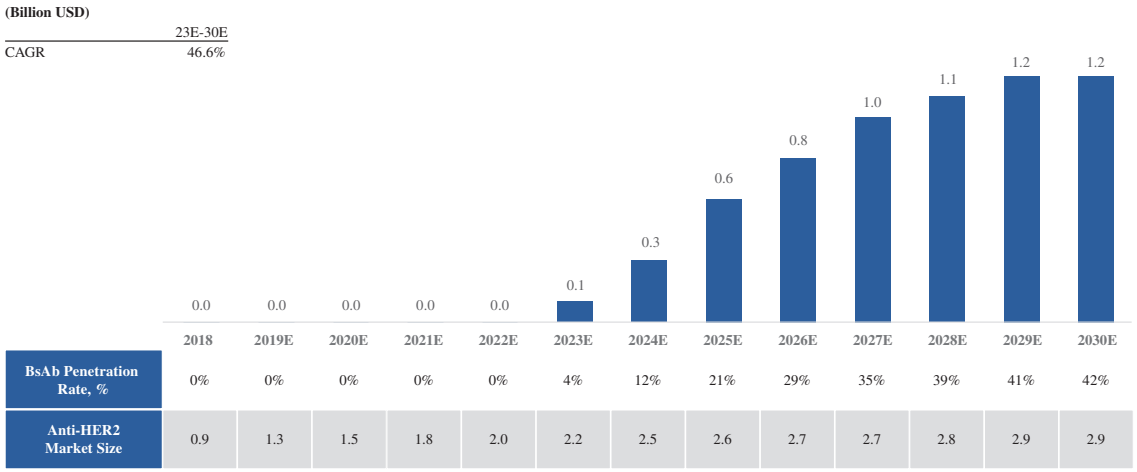
Compared with monospecific antibodies, the ability to bind two different antigens or epitopes simultaneously gives BsAbs potential advantages by blocking different signaling pathways. Major types of anti-HER2 BsAbs in clinical trials include those targeting HER2 and CD3, HER2 and HER3, HER2 and CD137, and two different epitopes of HER2. The bispecific binding mode results in a dual oncogenic signal blockade and overcomes drug resistance through synergistic mechanisms of action, and increases degradation of HER2 proteins on the tumor cell surface, leading to potentially superior anti-tumor efficacy. To date, there are no approved HER2 BsAbs on the market.

Addressable Market Size of Anti-HER2 BsAbs in the PRC and United States

The anti-HER2 BsAbs market is primarily driven by the number of addressable patients with HER2 High cancers. In the PRC, the estimated total addressable patient size of anti-HER2 BsAbs is approximately 0.4 million in 2018. This estimate represents the incidence of HER2 High breast and GC/GEJ, two approved indications for anti-HER2 mAbs in 2018, and the incidence of other potential HER2 High indications that are currently in clinical trials, such as urothelial and bladder cancer and NSCLC. In the United States, the total addressable patient size of anti-HER2 BsAbs is estimated to be approximately 0.2 million in 2018, covering patients with HER2 High breast and GC/GEJ, and other potential indications in clinical trials, such as ovarian cancer, bladder cancer, esophageal cancer, colorectal cancer and NSCLC. Breast cancer and gastric cancer are major indications of HER2-targeted therapies and the incidence rate of HER2 High expression level of breast cancer ranges from 15% to 30%, and such incidence rate of gastric cancer ranges from 7% to 34%, respectively. In general, approximately 81% of HER2-overexpressing breast cancer patients and 57% of HER2-overexpressing gastric cancer patients have low to intermediate HER2 expression level, which presents a large market potential for novel anti-HER2 drug candidates.

The following graph sets forth the estimated market size of anti-HER2 BsAbs in the PRC for the periods indicated and the underlying assumptions. The total market size of the anti-HER2 BsAbs market in the PRC is expected to reach US$0.1 billion in 2023, and is expected to further increase to US$1.2 billion in 2030, representing a CAGR of 46.6% from 2023 to 2030.

Anti-HER2 BsAb Market Size in the PRC

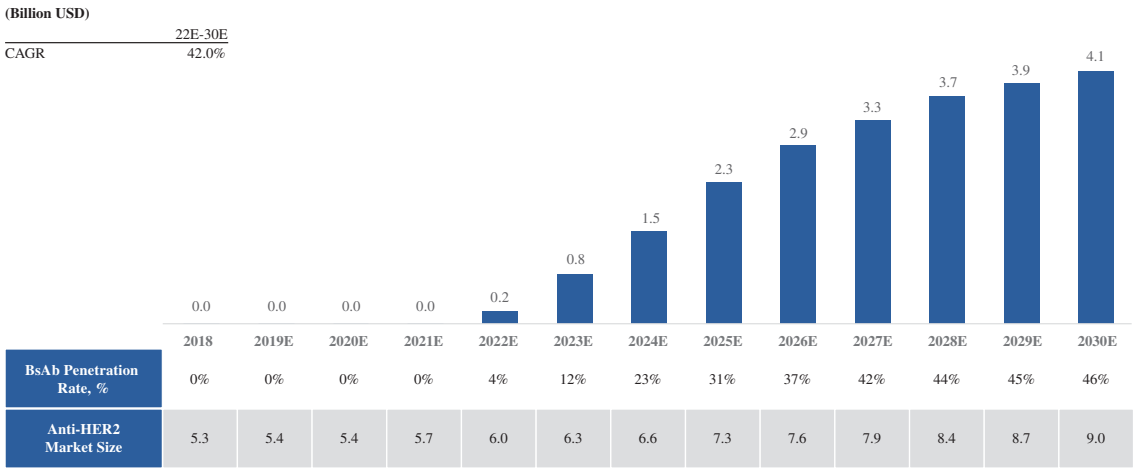


	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
BsAb Penetration Rate, %	0%	0%	0%	0%	0%	4%	12%	21%	29%	35%	39%	41%	42%
Anti-HER2 Market Size	0.9	1.3	1.5	1.8	2.0	2.2	2.5	2.6	2.7	2.7	2.8	2.9	2.9

Source: CIC Report

The following graph sets forth the estimated market size of anti-HER2 BsAbs in the United States for the periods indicated and the underlying assumptions. The total market size of the anti-HER2 BsAbs market in the United States is expected to reach US$0.2 billion in 2022, and is expected to further increase to US$4.1 billion in 2030, representing a CAGR of 42.0% from 2022 to 2030.

Anti-HER2 BsAb Market Size in the U.S.



	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
BsAb Penetration Rate, %	0%	0%	0%	0%	4%	12%	23%	31%	37%	42%	44%	45%	46%
Anti-HER2 Market Size	5.3	5.4	5.4	5.7	6.0	6.3	6.6	7.3	7.6	7.9	8.4	8.7	9.0

Source: CIC Report

(1) Anti-HER2 market size refers to the total market size of anti-HER2 mAbs treatment. The estimation of anti-HER2 market size considers: (i) the total addressable patients that can be or potentially be treated by mAbs against HER2 considering currently approved indications in each respective country, as well as potential indications under clinical trials. Off-label prescriptions and any potential indication expansion achieves by HER2 BsAbs are not taken into consideration; (ii) the treatment rate that the percentage of total addressable patients is estimated to be treated by the anti-HER2 mAbs, considering the proportion of respective gene mutation, the progression of the disease, the treatment line of indicated indications and the patient affordability; (iii) the average annual cost per patient, considering currently available pricing information of approved drugs, Patient Assistant Programs (PAPs) and the potential NRDL inclusion in the PRC.

(2) For HER2 BsAbs market size, the forecasted HER2 BsAbs penetration in anti-HER2 market took reference to (i) the percentage of treated patients of HER2 combo therapy over total HER2 treatment treated patients in indications of combo therapy; (ii) the HER2 BsAbs are assumed to cover all addressable indications mentioned in assumption 1 in 2030. The average annual cost per patient of HER2 BsAbs took reference to the average annual cost of comparable HER2 treatments.

(3) The estimation of HER2 BsAbs market size is the product of the anti-HER2 market size and the HER2 BsAbs penetration rate. The total anti-HER2 market size is assumed to be the largest possible market size that the HER2 BsAbs can potentially target, given no indication expansion is assumed.

(4) The launch year of HER2 BsAbs is expected to be 2023 and 2022 in the PRC and the U.S., respectively, considering the current clinical trials information, the past duration of drug development and clinical results achieved by currently marketed anti-HER2 mAbs.

Market Drivers and Trends

The primary market drivers and trends for the anti-HER2 BsAb market include:

- *Indication expansion outside of breast and gastric cancers.* Current anti-HER2 mAbs are only approved for HER2 High breast and GC/GEJ. However, there are various cancer types with high incidence rates of HER2 High expression, such as endometrial, cervical, urothelial and bladder, ovarian, colorectal and lung cancer, for which there are no approved HER2-targeted therapies, indicating significant unmet needs.

- *Combination therapies.* The observed difficulties in inactivating the significant amount of HER2 proteins on tumor cells with single drugs have driven the development of combinations with HER2-targeted drugs as a component. The combination therapy of trastuzumab, pertuzumab and chemotherapy has shown an improved overall survival benefit in women diagnosed with HER2 High metastatic breast cancer and has become the standard of care in the United States. As HER2-overexpressing cancer biology and resistance mechanisms become increasingly studied, combination therapies of HER2-targeted drugs including BsAbs with other oncology drugs like chemotherapeutic agents, PD-(L)1 inhibitors, endocrine therapy, and new anti-HER2 agents such as pan-HER and HER2 tyrosine kinase inhibitors are being extensively investigated in clinical trials. As of August 31, 2019, approximately 57% of anti-HER2 BsAb clinical trials in the United States deployed combination strategies.

- *Untapped patient population with cancers expressing HER2 at Low and Intermediate levels.* Approximately 66% of breast cancer patients and 24% of gastric cancer patients have HER2 Low to Intermediate expression and are ineligible for currently approved HER2-targeted therapies. Anti-HER2 BsAbs, in particular those targeting two different epitopes of HER2, have the potential to have a comparable or potentially better safety profile and better and longer endurable responses than existing anti-HER2 oncology mAbs. This gives anti-HER2 mAbs the potential to address patients with HER2-overexpressing indications at HER2 Low to Intermediate expression levels.

Entry Barriers

For anti-HER2 BsAbs, one of the major challenges is to select the proper HER2 expression-related signaling pathways that not only lead to a synergistic effect, but can also induce potential additional benefits from enhanced drug distribution or differentiated functionality. Furthermore, since an asymmetrical format has been commonly chosen for current anti-HER2 BsAbs candidates, development of a favorable CMC profile based on a mature asymmetric Fc platform validated for commercial-scale manufacturing, coupled with a robust CMC process suitable for such a platform, could also be a significant challenge. In addition, the development of anti-HER2 BsAbs faces the same science and engineering challenges as other BsAbs, including difficulties in matching the proposed mechanism of action and the intended clinical application, and potential higher risks caused by novel drug properties. See "—Overview of the Immune Checkpoint Inhibitor Market in the PRC and United States—Overview of Anti-PD-(L)1/CTLA-4 BsAb Market in the PRC and United States—Entry Barriers."

Competitive Landscape

PRC

In the PRC, as of August 31, 2019, there were a number of anti-HER2 BsAb candidates in clinical trials. In addition, trastuzumab is approved as a monotherapy or a part of combination therapy for HER2 High breast cancer and GC/GEJ. Trastuzumab with or without chemotherapy is the first-line standard of care for HER2 High metastatic breast cancer in the PRC. Pertuzumab cannot be used alone as it is only approved as a part of a combination therapy with trastuzumab and chemotherapy as an adjuvant or neoadjuvant treatment for HER2 High early breast cancer. As of August 31, 2019, there were 16 anti-HER2 monospecific antibody candidates in clinical trials in China, of which ten were in phase III clinical trials or later stage. Of these late-stage candidates, seven were trastuzumab or pertuzumab's biosimilars. A summary of the competitive landscape of anti-HER2 BsAbs in the PRC is set forth below.

Approved Anti-HER2 Monospecific Antibodies in the PRC

Trade name(s) (Generic name(s))	Company	Target(s)	Indications	Treatment line	Date of approval	Patent status	Price per unit	Listed on NRDL/PRDL	Route of entry
Perjeta (pertuzumab)/ Trastuzumab[(1)]	Roche	HER2/HER2	HER2 High early stage breast cancer	Adjuvant (with chemo)	Dec-2018	Covered by registered patents in the PRC	RMB18,800 (420mg/ 14ml)	No	Intravenous (subcutaneous administration under clinical trial)
			HER2 High early stage breast cancer	Neoadjuvant (with chemo)	Aug-2019				
Herceptin (trastuzumab)	Roche	HER2	HER2 High metastatic breast cancer	2L	Sep-2002	Covered by registered patents in the PRC	RMB7,600 (440mg)	NRDL	Intravenous (subcutaneous administration under clinical trial)
				1L (with chemo)					
			HER2 High breast cancer	2L	Dec-2008				
			HER2 High metastatic GC/GEJ	1L (with chemo)	Oct-2012				

(1) This refers to Perjeta in combination with any drugs with the generic name of trastuzumab.

Anti-HER2 BsAb Candidates in the PRC

Drug candidate name	Company	Targets	Indications	Clinical stage	First posted date	Route of entry
KN026	Alphamab	HER2/HER2	HER2-overexpressing GC/GEJ	Phase II	May-2019	Intravenous
			HER2 High breast cancer, GC/GEJ	Phase I	Aug-2018	
MBS301	Beijing Mabworks Biotech Co., Ltd.	HER2/HER2	HER2 High breast cancer, GC	Phase I	Mar-2019	Intravenous
M802	Wuhan YZY Biopharma Co., Ltd.	HER2/CD3	HER2 High solid tumors	Phase I	Jul-2018	Intravenous

Anti-HER2 Monospecific Antibody Candidates (Phase III or Later Stage) in the PRC[3]

Drug candidate name(s)	Company	Target(s)	Indications	Clinical stage	First posted date	Route of entry
Perjeta (pertuzumab)/ Trastuzumab[1]	Roche	HER2/HER2	HER2 High GC	Phase III	Apr-2014	Intravenous
			HER2 High GC/GEJ	Phase III	Apr-2014	
			HER2 High breast cancer	Phase III	Mar-2015	
Herceptin (trastuzumab)/ Pertuzumab[2]		HER2/HER2	HER2 High breast cancer	Phase III	Feb-2016	Intravenous
Perjeta (pertuzumab)		HER2	HER2 High breast cancer	Phase III	Jan-2015	Intravenous

(1) This refers to Perjeta in combination with any drugs with the generic name of trastuzumab.

(2) The trials refers to Herceptin in combination with any drugs with the generic name of pertuzumab.

(3) This table does not include biosimilar candidates of trastuzumab or pertuzumab.

Source: NMPA, CIC Report (As of August 31, 2019)

United States

In the United States, as of August 31, 2019, there were a number of anti-HER2 BsAb candidates in clinical trials. As of the same date, trastuzumab and pertuzumab were the two most widely prescribed anti-HER2 monospecific antibodies. In addition to the indications approved in the PRC, the combination therapy of trastuzumab, pertuzumab and chemotherapy is also approved as first-line treatment for HER2 High metastatic breast cancer and as a neoadjuvant treatment for HER2 High early breast cancer in the United States. The combination therapy has become the first-line standard of care for HER2 High metastatic breast cancer in the United States. As of August 31, 2019, there were 24 anti-HER2 monospecific antibodies in clinical trials in the United States, of which four were in phase III clinical trials or at BLA stage. Of these late-stage candidates, two were trastuzumab or pertuzumab's biosimilars. A summary of the competitive landscape of anti-HER2 BsAbs in the United States is set forth below.

Approved Anti-HER2 Monospecific Antibodies in the U.S.[2]

Trade name(s) (Generic name(s))	Company	Target(s)	Indications	Treatment line	Date of approval	Patent status	Price per unit	Route of entry
Perjeta (pertuzumab)/ Trastuzumab[1]	Roche	HER2/HER2	HER2 High breast cancer	1L (with chemo)	Jun-2012	Covered by registered patents in the U.S.	US$5,370 (420mg/14ml)	Intravenous (subcutaneous administration under clinical trial)
			HER2 High breast cancer	Neoadjuvant (with chemo)	Sep-2013			
			HER2 High early breast cancer	Adjuvant (with chemo)	Dec-2017			
Herceptin (trastuzumab)	Roche	HER2	HER2 High metastatic breast cancer	1L (with chemo)	Sep-1998	Covered by registered patents in the U.S.	US$4,780 (440mg)	Intravenous and subcutaneous
				≥2L				
			HER2 High breast cancer	Adjuvant (single agent or with chemo)	Nov-2006			
			HER2 High GC/GEJ	1L (with chemo)	Oct-2010			

(1) This refers to Perjeta in combination with any drugs with the generic name of trastuzumab.

(2) This table does not include biosimilar candidates of trastuzumab or pertuzumab.

Anti-HER2 BsAb Candidates in the U.S.

Drug candidate name	Company	Targets	Indications	Clinical stage	First posted date	Route of entry
ZW25	Zymeworks	HER2/HER2	HER2 High GEJ	Phase II	Apr-2019	Intravenous
			HER2 High cancer	Phase I	Sep-2016	
KN026	Alphamab	HER2/HER2	HER2 High breast cancer, GC/GEJ	Phase I	Feb-2019	Intravenous
MCLA-128	Merus	HER2/HR3	Breast cancer	Phase II (with trastuzumab)	Oct-2017	Intravenous
HER2 BATs	Merck	HER2/CD3	Breast cancer	Phase I/II (with pembrolizumab)	Sep-2016	Intravenous
PRS-343	Pieris Pharmaceuticals	HER2/CD137	HER2 High breast cancer, GC, bladder cancer, solid tumors	Phase I (with atezolizumab)	Aug-2018	Intravenous
			HER2 High breast cancer, GC, bladder cancer, solid tumors	Phase I	Nov-2017	
GBR 1302	Glenmark Pharmaceuticals, Ltd	HER2/CD3	Breast cancer	Phase I/II	Jun-2019	Intravenous
			HER2 High solid tumors	Phase I	Jul-2016	
BTRC4017A	Roche	HER2/CD3	Solid tumors	Phase I	Feb-2018	Intravenous

Anti-HER2 Monospecific Antibody Candidates (Phase III or Later Stage) in the U.S.[2]

Drug candidate name(s)	Company	Target(s)	Indications	Clinical stage	First posted date	Route of entry
Perjeta (pertuzumab)/ Trastuzumab[1]	Roche	HER2/HER2	HER2 High breast cancer	Phase III	Dec-2007	Intravenous
			HER2 High GC/GEJ	Phase III	Jan-2013	
MGAH22 (Margetuximab)	MacroGenics, Inc.	HER2	HER2 High breast cancer	Phase III	Jul-2015	Intravenous

(1) This refers to Perjeta in combination with any drugs with the generic name of trastuzumab.

(2) This table does not include biosimilar candidates of trastuzumab or pertuzumab.

Source: FDA, CIC Report (As of August 31, 2019)

For a competitive landscape analysis of the anti-HER2 BsAb candidates and the combination therapies, see "Business—Our Product Pipeline—Anti-HER2 BsAb Candidate – KN026—Competition".

CTLA-4-FC FUSION PROTEIN MARKET IN THE PRC

The treatment of cancer is a complex process that may cause various TEAEs, including unwanted immune responses. Although such adverse immune responses may occur infrequently, they are generally associated with high mortality rates due to the poor physical conditions of many cancer patients treated, and therefore require effective therapies with fast onset. Corticosteroids with progressive tapering are the standard therapies for low-severity adverse immune responses. For severe unwanted immune responses that are not adequately addressed by corticosteroids, other immunosuppressant drugs are recommended. Currently in the PRC, there are a number of different immunosuppressant drug candidates under clinical development. These drug candidates may affect different types of immune cells, and theoretically have the potential of controlling adverse immune responses occurring in oncology treatments. CTLA-4-Fc fusion proteins are a type of immunosuppressant drugs that function in the early stage of T-cell activation and therefore may achieve efficient global downregulation of immune responses. As a result, CTLA-4-Fc fusion proteins have the potential to become a supportive therapy for oncology treatment to mitigate treatment-induced immune disorders, such as (i) irAEs in patients treated with immune checkpoint inhibitor therapy, (ii) severe cytokine release syndrome (CRS) due to massive cytokine release by certain cell therapies (CAR-T and TCR-T) as well as CD3 agonists, and (iii) graft-versus-host diseases during leukemia treatment. CIC estimates that approximately 100,000 patients are suffering from the aforementioned immune disorders in China without effective treatment.

In addition, the CTLA-4-Fc fusion proteins have been clinically-validated for treatment of RA, idiopathic arthritis, psoriatic arthritis and prophylaxis of organ rejection after kidney transplant outside the PRC. In the PRC, RA and prophylaxis of organ rejection after kidney transplant are indications currently being investigated in clinical trials and may present an attractive market of CTLA-4-Fc fusion proteins in the near future.

Overview of RA Drug Market in the PRC

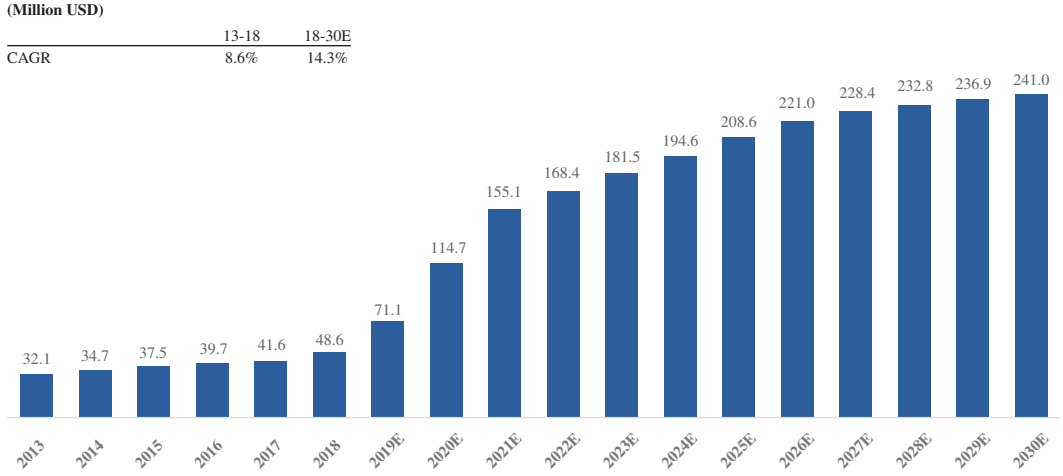
RA is a type of chronic systemic inflammatory auto-immune disease characterized by joint pain, swelling, stiffness, and deformation. The incidence rate of RA is approximately 0.4% of the total PRC population. The RA patient size in the PRC reached 5.3 million in 2018 and is expected to further increase to 5.6 million in 2030. RA substantially influences patients' quality of life and imposes a great treatment burden.

TNF-α Inhibitor Refractory RA Addressable Market in the PRC

Inhibitors of tumor necrosis factor alpha, or TNF-α, are among the most commonly prescribed biologics for RA treatment. TNF-α is considered a major pro-inflammatory cytokine, affecting various aspects of the immune reaction and triggering autoimmune and immune-mediated disorders such as RA. As such, TNF-α inhibitors are developed to suppress the body's natural response to TNF-α. There are a number of TNF-α inhibitors approved in the PRC, which are similar in terms of efficacy but distinct in clinical pharmacokinetic and dynamic properties. They offer a targeted strategy in contrast to the nonspecific immunosuppressive agents traditionally used to treat most inflammatory diseases. The market of TNF-α inhibitors for RA treatment experienced robust growth from US$63 million in 2013 to US$0.1 billion in 2018, representing a CAGR of 8.6% from 2013 to 2018, and is expected to further increase to US$0.5 billion in 2030, representing a CAGR of 14.3% from 2018.

Despite the foregoing, however, certain patients may exhibit inadequate responses, or develop resistance, to TNF-α inhibitors. Approximately 10% to 30% of patients do not respond to TNF-α inhibitors at all and approximately 23% to 46% of patients lose response over time. As a result, approximately 50% of patients receiving TNF-α inhibitors develop TNF-α refractory RA and need alternative treatments. Such patient population was estimated at 3.2 million in the PRC in 2018. The following graph sets forth the addressable market size of the TNF-α inhibitor refractory RA market in the PRC for the periods indicated.

TNF-α Inhibitor Refractory RA Addressable Market in the PRC



(1) The TNF-α inhibitor refractory RA addressable market size is assumed to be a percentage of TNF-α inhibitor market size. The total addressable patient population, the treatment rate and the average annual cost per patient are assumed to be the same as that of the TNF-α inhibitor market. The expected percentage of TNF-α inhibitor market size takes account of the percentage of TNF-α non-response and loss of response.

(2) For the TNF-α inhibitor market, the market estimation considers all RA patients that are eligible for TNF-α inhibition treatment. All currently approved TNF-α inhibitors in the PRC are taken into consideration.

(3) The treatment rate in RA patients is expected to increase due to NRDL inclusions and biosimilar entry, while the average annual cost of TNF-α inhibitors is expected to decrease.

Source: CIC Report

Competitive Landscape

In the PRC, currently, Actemra (IL-6 inhibitor) is the only biologic drug approved for the treatment of patients that have moderate or severe active RA and have exhibited poor responses to the TNF-α inhibitors. There are two CTLA-4-Fc fusion protein candidates under development, i.e., Alphamab's KN019 and BMS's abatacept. In addition, there are a number of other drug candidates currently in clinical development in the PRC that can potentially meet the needs of TNF-α inhibitor refractory RA patients. A summary of the competitive landscape of drugs and drug candidates for TNF-α inhibitor refractory RA patients in the PRC is set out below.

Approved Biologics for TNF-α Inhibitor Refractory RA in the PRC

Trade name (Generic name)	Company	Target	Date of approval	Patent status	Price per unit	Listed on NRDL/PRDL	Route of entry
Actemra (tocilizumab)	Roche	IL-6	Mar-2013	No registered patents in the PRC	RMB830 (80mg/4ml)	PRDL	Intravenous

Biologics Candidates for TNF-α Inhibitor Refractory RA (Phase III or Later Stage) in the PRC

Drug candidate name	Company	Target(s)	Clinical stage	First posted date	Route of entry
Abatacept	Jiangsu Simcere Pharmaceutical Co., Ltd./BMS	B7	BLA	Jul-2018	Subcutaneous
RC18	RemeGen, Ltd.	BLyS/APRIL	Phase III	Nov-2016	Subcutaneous
Tocilizumab	Roche	IL-6	Phase III	Mar-2017	Subcutaneous
SM03	LonnRyonn Pharma Ltd.	CD22	Phase III	Dec-2017	Intravenous
HLX01	Shanghai Henlius Biotech, Inc.	CD20	Phase III	Aug-2018	Intravenous
BAT1806	Bio-Thera Solutions, Ltd	IL-6	Phase III	Feb-2019	Intravenous

Drug candidate name	Company	Target(s)	Clinical stage	First posted date	Route of entry
CMAB806	Jinyu Bio-technology Co., Ltd.	IL-6	Phase III	Apr-2019	Intravenous
rhIL-1Ra	Changchun Institute of Biological Products Co., Ltd.	IL-1	Phase III	Apr-2019	Subcutaneous
LZM008	Livzon Biologics, Ltd.	IL-6	Phase III	May-2019	Intravenous

Source: NMPA, CIC Report (August 31, 2019)

These drugs/drug candidates are differentiated by their targets, with each target representing a specific mechanism of action and having potential advantages in addressing a specific cohort of RA patients. Although there are no head-to-head comparisons for these targets, CTLA-4-Fc fusion proteins are expected to have potentially better efficacy compared with downstream signaling inhibition of IL6, CD20 and CD22. CTLA-4-Fc fusion proteins inhibit T-cell activation at early stages in the pathogenic cascade of RA. See "Business—Our Product Pipeline—CTLA-4 Fusion Protein Candidate – KN019—Competition".

There is no approved CTLA-4-Fc fusion protein in the PRC. Globally, there are two approved CTLA-4-Fc fusion proteins, i.e. BMS's Nulojix (belatacept) and Orencia (abatacept). Orencia is currently approved for RA, idiopathic arthritis and psoriatic arthritis. Nulojix is an improved version of Orencia and currently approved for prophylaxis of organ rejection after kidney transplant. Due to complex glycosylation of the fusion protein structure, it is very difficult to ensure batch-to-batch protein quality consistency in CTLA-4-Fc fusion proteins, which in turn affects their efficacy and safety. KN019 is the only CTLA-4-Fc fusion protein candidate in the PRC with the same amino acid sequence as belatacept and therefore is expected to have better efficacy and safety profile on RA treatment than abatacept. See "Business—Our Product Pipeline—CTLA-4 Fusion Protein Candidate – KN019—Competition".

PRC LAWS AND REGULATIONS

Regulations on Company Establishment and Foreign Investment

The PRC Company Law (中華人民共和國公司法), as amended in 2018, applies to the establishment, operation and management of both PRC domestic companies and foreign-invested enterprises. Investment in the PRC by foreign investors are also regulated by the Foreign-Owned Enterprise Law of the PRC (中華人民共和國外資企業法) promulgated on April 12, 1986 and amended on October 31, 2000 and September 3, 2016, the Implementing Rules for the Foreign-Owned Enterprise Law of the PRC (中華人民共和國外資企業法實施細則) promulgated on December 12, 1990 and amended on April 12, 2001 and February 19, 2014, and the Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign-invested Enterprises (外商投資企業設立及變更備案管理暫行辦法) promulgated on October 8, 2016 and amended on July 30, 2017 and June 29, 2018. Under these laws and regulations, the establishment of a wholly foreign-owned enterprise is subject to the approval of, or the filing with the MOFCOM or its local counterpart, and such wholly foreign-owned enterprises must register and file with the appropriate administrative bureau of industry and commerce.

The Foreign Investment Law of the People's Republic of China (中華人民共和國外商投資法) (the "**FIL**"), which was promulgated by the National People's Congress On March 15, 2019, and will come into effect on January 1, 2020, provides that the "foreign investment" refers to the investment activities in China carried out directly or indirectly by foreign natural persons, enterprises or other organizations ("**Foreign Investors**"), including the following: (1) Foreign Investors establishing foreign-invested enterprises in China alone or collectively with other investors; (2) Foreign Investors acquiring shares, equities, properties or other similar rights of Chinese domestic enterprises; (3) Foreign Investors investing in new projects in China alone or collectively with other investors; and (4) Foreign Investors investing through other ways prescribed by laws and regulations or the State Council. The State adopts the management system of pre-establishment national treatment and negative list for foreign investment. The "pre-establishment national treatment" refers to granting to Foreign Investors and their investments, in the stage of investment access, the treatment no less favorable than that granted to domestic investors and their investments; the "negative list" refers to special administrative measures for access of foreign investment in specific fields as stipulated by the State. The State will grant national treatment to foreign investments outside the negative list. The negative list will be released by or upon approval of the State Council. After the FIL comes into effect, the FIL will replace the Foreign-Owned Enterprise Law of the PRC.

Foreign investment in China is subject to the Catalogue for the Guidance of Foreign Investment Industries (2017 Revision) (外商投資產業指導目錄(2017年修訂)) issued on June 28, 2017 and effective from July 28, 2017, and the Special Administrative Measures for the Access of Foreign Investment (Negative List) (外商投資准入特別管理措施(負面清單)) issued on June 28, 2018 and effective from July 28, 2018, which together comprise the encouraged foreign-invested industries catalogue and the special administrative measures for the access of foreign investments to the restricted or the prohibited foreign-invested industries. The latter

sets out restrictions such as percentage of shareholding and qualifications of senior management. According to the Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign-invested Enterprises, foreign investments that are not subject to special access administrative measures are only required to complete an online filing with the MOFCOM or its local counterpart. The Catalogue of Industries in which Foreign Investment is Encouraged (2019 Revision), or the 2019 Catalogue, and the Special Administrative Measures for the Access of Foreign Investment (Negative List) (2019 Revision), or the 2019 Negative List, which were issued on June 30, 2019 and will come into effect on July 30, 2019, further reduced restrictions on the foreign investment. After the 2019 Catalogue and the 2019 Negative List come into effect, they will replace the Catalogue for the Guidance of Foreign Investment Industries (2017 Revision) and the Special Administrative Measures for the Access of Foreign Investment (Negative List).

According to the Regulations on 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), or the M&A Rules, jointly promulgated by MOFCOM, the State-Owned Assets Supervision and Administration Commission of the State Council, the SAT, the State Administration for Industry and Commerce, the China Securities Regulatory Commission, and the SAFE on August 8, 2006, which became effective on September 8, 2006 and was amended by MOFCOM on June 22, 2009, a foreign investor (1) acquiring an equity interest in a non-foreign-invested PRC enterprise or subscribing to additional shares in a non-foreign-invested PRC enterprise, (2) purchasing and operating the assets of non-foreign-invested PRC enterprises through establishment of a foreign-invested enterprise, or (3) purchasing the assets of a non-foreign-invested PRC enterprise and operating such assets through establishment of a foreign-invested enterprise with such assets must comply with the PRC laws and regulations and complete registration/filing with relevant departments. Particularly, any PRC company, enterprise or individual who try to acquire any domestic enterprise related to such company, enterprise or individual through an offshore company established or controlled by such company, enterprise or individual shall comply with relevant foreign investment industry policies and be subject to approval of the MOFCOM.

Drug Regulatory Regime

We operate our business in China through Jiangsu Alphamab under a legal regime consisting of the NPCSC, the State Council and several ministries and agencies under its authority including, among others, the NMPA, and the National Health Commission. The predecessors of NMPA and NHC are the CFDA and the NHFPC, respectively, both of which were established in accordance with the Institutional Reform Program of the State Council (國務院機構改革方案) promulgated by the NPC on March 17, 2018. The NMPA is a newly established regulatory authority responsible for registration and supervision of pharmaceutical products, cosmetics and medical equipment under the supervision of State Administration for Market Regulation, or the SAMR, a newly established institution for supervising and administrating the market in China.

The NMPA has set up the CDE and other institutions. According to the Decision of the NMPA on Adjusting the Approval Procedures under the Administrative Approval Items for Certain Drugs issued by the NMPA on March 17, 2017 and effective as from May 1, 2017, the approval for an IND should be issued by the CDE of the NMPA in the name of the NMPA.

In addition, according to the Administration of Quality of Drug Clinical Practice (GCP Administration) issued by the NMPA on August 6, 2003 and effective as from September 1, 2003 and the Opinions on Deepening the Reform of the Evaluation and Approval System and Inspiring Innovation of Drugs and Medical Devices issued by the General Office of the CPC Central Committee and the General Office of the State Council on and effective as from October 8, 2017, the institutions for drug clinical trials should establish an independent ethics committee and the clinical trial schemes are subject to examination, approval and signing with approval opinions by the ethics committee before implementation, in order to protect the rights and interests of human subjects in clinical trials. For a multi-center clinical trial conducted in the PRC, after ethical review by the leader unit of clinical trial, other member units should recognize the review results of the leader unit and should not conduct repeated review.

Pharmaceutical Product Development

In the PRC, the NMPA monitors and supervises the administration of pharmaceutical products, as well as medical devices and equipment. The local provincial medical products administrative authorities are responsible for supervision and administration of drugs within their respective administrative regions. The PRC Drug Administration Law (中華人民共和國藥品管理法) promulgated by the SCNPC in 1984, as amended in 2001, 2013 and 2015, and the Implement Measures of the PRC Drug Administration Law (中華人民共和國藥品管理法實施條例) promulgated by the State Council effective in September 2002 and amended on February 6, 2016 and March 2, 2019, have laid down the legal framework for the administration of pharmaceutical products, including the research, development and manufacturing of new drugs. The PRC Drug Administration Law applies to entities and individuals engaged in the research, production, trade, application, supervision and administration of pharmaceutical products. It regulates and prescribes a framework for the administration of pharmaceutical manufactures, pharmaceutical trading companies, and medicinal preparations of medical institutions and the development, research, manufacturing, distribution, packaging, pricing and advertisements of pharmaceutical products. The Implementing Measures of the PRC Drug Administration Law serve to provide detailed implementation regulation for the PRC Drug Administration Law.

Non-Clinical Research and Animal Testing

The NMPA promulgated the Administrative Measures for Good Laboratories Practice of Non-clinical Laboratory (藥物非臨床研究質量管理規範) in 2003, which were revised on July 27, 2017, and has conducted the Administrative Measures for Good Laboratories Practice of Non-clinical Laboratory, or GLP Certification since 2003. On April 16, 2007, the NMPA issued the Circular on Measures for Certification of Good Laboratory Practice and for Non-clinical Laboratory (藥物非臨床研究質量管理規範認證管理辦法), or NMPA Circular 214, which provides that the NMPA decides whether an institution is qualified for undertaking pharmaceutical non-clinical research upon the evaluation of the institution's organizational administration, its research personnel, its equipment and facilities and its operation and management of non-clinical pharmaceutical projects. If all the requirements are met, a GLP Certification will be issued by the NMPA and the result will be published on the NMPA's website.

The State Science and Technology Commission promulgated the Regulations for the Administration of Affairs Concerning Experimental Animals (實驗動物管理條例) in November, 1988, which were amended by the State Council in January 2011, July 2013 and March 2017. The State Science and Technology Commission and the State Bureau of Quality and Technical Supervision jointly promulgated the Administration Measures on Good Practice of Experimental Animals (實驗動物質量管理辦法) in December, 1997. The State Science and Technology Commission and other regulatory authorities promulgated the Administrative Measures on the Certificate for Experimental Animals (Trial) (實驗動物許可證管理辦法(試行)) in December 2011. All of these laws and regulations require a Certificate for Use of Laboratory Animals for performing experimentation on animals.

Approval and Reform for Clinical Trials of New Drugs

According to the Administrative Measures for Drug Registration (藥品註冊管理辦法) promulgated by the NMPA in July 2007 and effective from October 1, 2007, the PRC Drug Administration Law and Implementing Measures of the PRC Drug Administration Law, new drug application is subject to clinical trials. Upon completion of non-clinical research, clinical trials must be conducted for the application of a new drug registration, and applicants must apply for approval of IND from the NMPA, or the CDE before conducting clinical trials.

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), or the Reform Opinions, promulgated by the State Council on August 9, 2015 established a framework for reforming the evaluation and approval system for drugs, medical devices and equipment. The Reform Opinions indicated enhancing the standard of approval for drug registration and accelerating the evaluation and approval process for innovative drugs as well as improving the approval of drug clinical trials.

The Circular Concerning Several Policies on Drug Registration Evaluation and Approval (關於藥品註冊審評審批若干政策的公告), or the Several Policies Circular, promulgated by the NMPA on November 11, 2015 further clarified the measures and policies regarding simplifying and accelerating the approval process of drugs on the basis of the Reform Opinions. The circular further provides that the IND of new drugs is subject to one-time umbrella approval, and the procedures of declaration, review and approval by stages will no longer be adopted.

The Opinions on Encouraging the Prioritized Evaluation and Approval for Drug Innovations (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 further clarified that a fast track IND or drug registration pathway will be available to the innovative drugs.

According to the Circular on Adjusting Evaluation and Approval procedures for Clinical Trials for Drugs (關於調整藥物臨床試驗審評審批程序的公告) promulgated by the NMPA on July 24, 2018, within 60 days after the acceptance of and the fees paid for the IND, the applicant may conduct the clinical trials for the drug in accordance with the clinical trial protocol submitted, if the applicant has not received any negative or questioning opinion from the CDE.

Therapeutic Biological Products

According to the Administrative Measures for Drug Registration, biological products shall be registered in accordance with the new drug application procedure, and according to Appendix III to the Administrative Measures for Drug Registration, the registration categories of therapeutic biological products shall be divided into 15 types:

(i) biological products not marketed in the domestic and overseas;

(ii) monoclonal antibodies;

(iii) gene therapy, somatic therapy and its products;

(iv) allergenic original products;

(v) multicomponent product with biological activity that extracted from human, animal tissues or bodily fluids, or prepared by fermentation;

(vi) new compound products consist of marketed biological products;

(vii) biological products that have been marketed abroad but have not been marketed in the domestic;

(viii) micro-ecological products containing unapproved strains;

(ix) products whose structure is not exactly the same as the marketed products and have not been marketed in the domestic and overseas (including amino acid site mutation and deletion, the generation, elimination, or alteration of post-translational modifications, chemically modify the products resulting from differences in expression systems, etc.);

(x) products which preparation method is different from that of marketed products (for example, using different expression systems, host cells, etc.);

(xi) products prepared by DNA recombination technology for the first time (for example, recombinant technology replaces synthetic technology, biological tissue extraction or fermentation technology, etc.);

(xii) the products that have not been marketed in the domestic and overseas are changed from non-injection route administration to injection route administration, or from local administration to systemic administration;

(xiii) biological products that change the dosage of marketed products but do not change the route of administration;

(xiv) biological product that changes the route of administration (not including the above 12 terms); and

(xv) biological products with national drug standards.

Drug Clinical Trial Registration

According to the Administrative Measures for Drug Registration, upon obtaining the approval of its IND and before conducting a clinical trial, an applicant shall file a registration form with the NMPA containing various details, 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. The Announcement on Drug Clinical Trial Information Platform (關於藥物臨床試驗信息平台的公告) announced by the NMPA on September 6, 2013, provides that, instead of the aforementioned registration field with the NMPA, all clinical trials approved by the NMPA and conducted in China shall complete a clinical trial registration and publish trial information through the Drug Clinical Trial Information Platform. The applicant shall complete the trial pre-registration within one month after obtaining the approval of the IND in order to obtain the trial's unique registration number and complete registration of certain follow-up information before the first subject's enrollment in the trial. If the registration is not completed within one year after the approval of the IND, the applicant shall submit an explanation, and if the first submission is not completed within three years, the approval of the IND shall automatically expire.

Phases of Clinical Trials and the Communication with the CDE

According to the Administrative Measures for Drug Registration, a clinical trial consists of Phases I, II, III and IV. Phase I refers to the initial clinical pharmacology and safety evaluation studies in humans. Phase II refers to the preliminary evaluation of a drug candidate's therapeutic effectiveness and safety for particular indications in patients, to provide evidence and support for the design of Phase III clinical trials and to settle the administrative dose regimen. Phase III refers clinical trials undertaken to confirm the therapeutic effectiveness and safety on patients with target indications, to evaluate the overall benefit-risk relationships of the drug, and ultimately to provide sufficient evidence for the review of drug registration application. Phase IV refers to a new drug's post-marketing study to assess therapeutic effectiveness and adverse reactions when the drug is widely used, to evaluate the overall benefit-risk relationships of the drug when used among the general population or specific groups and to adjust the administration dose.

However, according to the Technical Guiding Principles for Clinical Trials of Anti-tumor Drugs issued by the NMPA on May 15, 2012, the clinical study staging of anti-tumor drugs is not a fixed developmental sequence. The rapid development of anti-tumor drug research theories and technologies is likely to have an impact on future anti-cancer drug development models. Therefore, applicants can actively explore more scientific and rational research methods and promptly seek advice from the drug registration department under the NMPA.

According to the Circular on Adjusting Evaluation and Approval Procedures for Clinical Trials for Drugs, where the application for clinical trial of new investigational drug has been approved, upon the completion of Phases I and II clinical trials and prior to Phase III clinical trial, the applicant shall submit the application for Communication Session to CDE to discuss with CDE the key technical questions including the design of Phase III clinical trial protocol. According to the Administrative Measures for Communication on the Research, Development and Technical Evaluation of Drugs (藥物研發與技術審評溝通交流管理辦法), or the Communication Measures, promulgated by the NMPA on September 30, 2018, during the research and development periods and in the registration applications of, among others, the innovative new drugs, the applicants may propose to conduct communication meetings with the CDE. The communication meetings can be classified into three types. Type I meetings are convened to address key safety issues in clinical trials of drugs and key technical issues in the research and development of breakthrough therapeutic drugs. Type II meetings are held during the key research and development periods of drugs, mainly including meetings before the IND, meetings upon the completion of Phase II trials and before the commencement of Phase III trials, meetings before submitting a marketing application for a new drug, and meetings for risk evaluation and control. Type III meetings refer to meetings not classified as Type I or Type II.

Sampling and Collecting Human Genetic Resources Filing

The Interim Administrative Measures on 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 MOH on June 10, 1998, aimed at protecting and fair utilizing human genetic resources in the PRC. 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 or 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), or the Service Guide, which became effective on October 1, 2015. According to the Service Guide, the sampling, collection or research activities of human genetic resources by a foreign-invested sponsor fall within the scope of international cooperation, and the cooperating organization of China shall apply for approval of the China Human Genetic Resources Management Office through the online system. On October 26, 2017, the Ministry of Science and Technology promulgated 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), simplifying the approval of sampling and collecting human genetic resources for the purpose of listing a drug in the PRC.

The Regulations of the People's Republic of China on the Administration of Human Genetic Resources promulgated by the State Council on June 10, 2019 and implemented on July 1, 2019, further 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 at clinical institutions without export of human genetic resource materials. However, the two parties shall file the type, quantity and usage of the human genetic resource to be used with the administrative department of science and technology under the State Council before clinical trials.

Sample Manufacturing Practice

According to the Administrative Measures for Drug Registration, all facilities and techniques used in the manufacture of drug samples for clinical trial use in the PRC must conform to GMP guidelines as established by the NMPA.

International Multi-Center Clinical Trials Regulations and Acceptance of Overseas Clinical Trial Data

According to the International Multi-Center Clinical Trial Guidelines (Trial) (國際多中心藥物臨床試驗指南(試行)), or the Multi-Center Clinical Trial Guidelines, promulgated by the NMPA on January 30, 2015 and effective from March 1, 2015, international multi-center clinical trial applicants may simultaneously perform clinical trials in different centers using the same clinical trial protocol. Where the applicants plan to implement the International Multi-center clinical trials in the PRC, the applicants shall comply with relevant laws and regulations, such as the PRC Drug Administration Law, the Implementing Regulations of the PRC Drug Administration Law and the Administrative Measures for Drug Registration, execute the GCP, make reference to universal international principles such as the ICH-GCP, and comply with the laws and regulations of the countries involved in the International Multi-Center clinical trials. Where the applicants plan to use the data derived from the International Multi-Center clinical trials for approval of a BLA in the PRC, it shall involve at least two countries, including China, and shall satisfy the requirements for clinical trials set forth in the International Multi-Center Clinical Trial Guidelines (Trial) and Administrative Measures for Drug Registration.

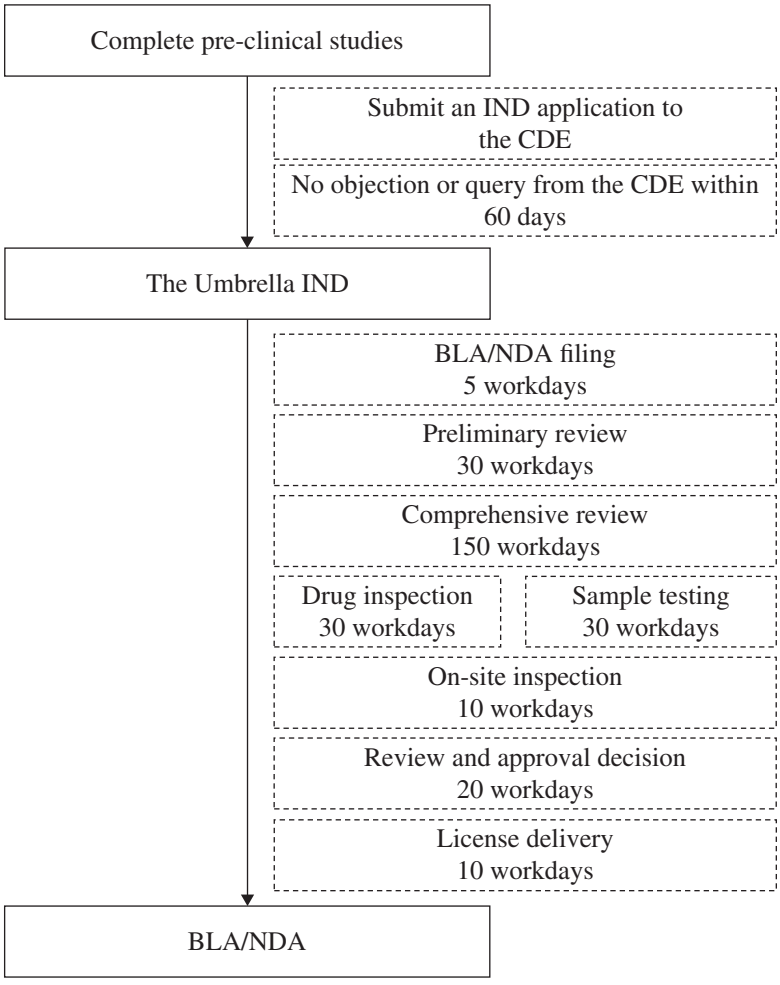
According to the Multi-Center Clinical Trial Guidelines, pivotal study refers to the clinical trial of the drug used for supporting the evaluation of the safety and effectiveness of the drug for marketing, which is usually the randomized blind controlled Phase III clinical trial. For details of the requirements of Phase III clinical trials, see "—Phases of Clinical Trials and the Communication with the CDE".

According to the Technical Guiding Principles for the Acceptance of Overseas Clinical Trial Data of Drugs (接受藥品境外臨床試驗數據的技術指導原則) promulgated by the NMPA on July 6, 2018, the basic principles for accepting overseas clinical trial data include: (1) applicants shall ensure the authenticity, integrity, accuracy and traceability of overseas clinical trial data; (2) the process of generating overseas clinical trial data shall comply with the relevant requirements of the Good Clinical Practice (GCP) of International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH); (3) applicants shall ensure the scientific design of overseas clinical trials, the compliance of clinical trial quality management system with the requirements, and the accuracy and integrity of statistical analysis of data; and (4) to ensure that the clinical trial design and statistical analysis of the data are scientific and reasonable, for the drugs with simultaneous R&D at home and abroad and forthcoming clinical trials in China, the applicants may, prior to implementing key clinical trials, contact the CDE to ensure the compliance of their design with the essential technical requirements for drug registration in China.

New Drug Application

According to the Administrative Measures for Drug Registration, drug registration applications include domestic new drug application, domestic generic drug application and imported drug application. Drugs are classified as chemical drugs, biological products and traditional Chinese medicine or natural drugs. When Phases I, II and III of clinical trials have been completed, the applicant may apply to the NMPA for approval of a new drug application. The NMPA then determines whether to approve the application according to the comprehensive evaluation opinion provided by the CDE of the NMPA.

According to the Opinions on Encouraging the Prioritized Evaluation and Approval for Drug Innovations, for new drugs which are developed for severe, life-threatening diseases currently lacking effective treatment and have great significance for meeting clinical needs, if, based on early-stage clinical trial data, the clinical benefits of such drugs can be reasonably predicted or decided and such drugs have distinctive advantages comparing with existing treatments, such new drugs may obtain a conditional approval for marketing before the completion of Phase III clinical trials undertaken to confirm its therapeutic effectiveness.



Registration of Biosimilar Drugs

Before 2015, there were lack of specific pathway and guidance for the registration, R&D and evaluation techniques of biosimilar drugs. Administrative Measures for Drug Registration only defines therapeutic biological products and prescribes that such drugs shall be registered in accordance with the new drug application procedures. Pursuant to these application procedures for new drugs, applicants are not required to conduct head-to-head clinical trials to test the bio-similarity of their drug candidates.

On February 28, 2015, NMPA promulgated the Announcement on Promulgating the Guiding Principles for the Research and Development and Evaluation Techniques concerning Biosimilar Drugs (關於發佈《生物類似藥研發與評價技術指導原則》的通告), or the 2015 Guiding Principles Announcement. The 2015 Guiding Principles Announcement clarifies that the registration procedures and R&D requirements of biosimilar.

The 2015 Guiding Principles Announcement does not set up new procedural requirements, nor provide a specific regulatory pathway for the registration of biosimilar drugs. Pursuant to the 2015 Guiding Principles Announcement, biosimilar drugs shall be registered according to the application procedures for new drugs. See "—New Drug Application" for details.

In addition, the 2015 Guiding Principles Announcement defines biosimilar drugs as therapeutic biological products similar to registered reference drugs in terms of quality, safety and efficacy. Depending on their nature and preparation method, biosimilar drugs shall be applied for registration under the corresponding categories (namely, Categories 2, 10 and 15) of therapeutic biological products listed in Appendix III to the Administrative Measures for Drug Registration. Applicants shall submit relevant application materials in accordance with the registration requirements for different categories of therapeutic biological products, respectively, as well as the 2015 Guiding Principles Announcement.

Furthermore, the 2015 Guiding Principles Announcement provides specific requirements for the R&D of biosimilar drugs. Under the 2015 Guiding Principles Announcement, applicants for registration of biosimilar drugs are required to prove the similarities between their drug candidates and the reference drugs through contrast experimental studies, so as to support the safety, efficacy and quality of such drugs. If the product is researched and developed pursuant to such requirements for biosimilar drugs, applicant shall make relevant statement in the Application Form for Drug Registration (《藥品註冊申請表》).

Special Examination and Fast Track Approval for Antineoplastic Drugs under Current Reform Frame

According to the Provisions on the Administration of Special Examination and Approval of Registration of New Drugs (新藥註冊特殊審批管理規定) promulgated by the NMPA on January 7, 2009, special examination and approval for new drugs registration applications applies when (1) the effective constituent of a drug extracted from plants, animals, minerals,

etc., as well as the preparations thereof, have never been marketed in China, and the material medicines and the preparations thereof are newly discovered, (2) the chemical raw materials for medicines as well as the preparations thereof and the biological product have not been approved for marketing, either in China or abroad, (3) new drugs with distinctive clinical treatment advantages for diseases such as AIDS, malignant tumor or other rare diseases or (4) new drugs for diseases that currently lacking effective treatment. Under the circumstances set out in (1) and (2), drug registration applicants may make special approval applications in submitting applications for clinical trials of new drugs; under the circumstances set out in (3) and (4), drug registration applicants may make special approval applications only in applying for production.

According to the Opinions on Reform of the Review & Approval System of Drugs and Medical Devices (關於改革藥品醫療器械審評審批制度的意見), a special review & approval system shall be adopted for innovative drugs to accelerate the review & approval of innovative drugs for prevention and treatment of AIDS, cancer, major infectious diseases, rare diseases and other diseases.

Announcement on Several Policies Pertaining to the Review & Approval of Drug Registration (關於藥品註冊審評審批若干政策的公告) further specifies that efforts shall be made to accelerate the review & approval of registration application for several categories of innovative drugs including those for prevention and treatment of cancer and other diseases. From December 1, 2015 onwards, applicants may apply to the CDE for accelerated review.

According to the Opinions on Encouraging the Priority Review & Approval for Drug Innovations (關於鼓勵藥品創新實行優先審評審批的意見), registration applications for cancer-combating drugs with noticeable clinical strength will be included in the scope of priority review & approval.

According to the Announcement on Matters Concerning the Optimization of Drug Registration Review & Approval (關於優化藥品註冊審評審批有關事宜的公告) jointly issued by the NMPA and the National Health Commission on May 23, 2018 and effective from the same date, the CDE will prioritize the allocation of resources for review, inspection, examination and approval of registration applications that have been included in the scope of priority review & approval so as to speed up review & approval.

Pilot Plan for the Marketing Authorization Holder System

According to the Reform Opinions, the pilot plan for the marketing authorization holder system, or the MAH system, shall be carried out.

Under the authorization of the NPCSC, the General Office of the State Council issued the Pilot Plan for the Drug Marketing Authorization Holder Mechanism (藥品上市許可持有人制度試點方案) on May 26, 2016, which provides a detailed pilot plan for the MAH system, for drugs in 10 provinces in China. Under the MAH system, domestic drug research and development institutions and individuals in the pilot regions are eligible to be holders of drug

registrations without having to become drug manufacturers. The marketing authorization holders may engage contract manufacturers for manufacturing, provided that the contract manufacturers are licensed and GMP-certified, and are also located within the pilot regions. Drugs that qualify for the MAH System are: (1) new drugs (including biological products approved as category I and VII drugs and biosimilars under the Administrative Measures for Drug Registration) approved after the implementation of the MAH System; (2) generic drugs approved as category III or IV drugs under 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 the NMPA on March 4, 2016; (3) previously approved generics that have passed equivalence assessments against original drugs; and (4) previously approved drugs whose licenses were held by drug manufacturers originally located within the pilot regions, but which have moved out of the pilot regions due to corporate mergers or other reasons.

The Circular on the Matters Relating to Promotion of the Pilot Program for the Drug Marketing Authorization Holder System (關於推進藥品上市許可持有人制度試點工作有關事項的通知), or the MAH Circular, promulgated by the NMPA on August 15, 2017, clarified the legal liability of the marketing authorization holder, who is responsible for managing the whole manufacturing and marketing chain and the whole life cycle of drugs and assumes the full legal liability for non-clinical drug study, clinical trials, manufacturing, marketing and distribution and adverse drug reaction monitoring. According to the MAH Circular, the marketing authorization holder shall submit a report of drug manufacturing, marketing, prescription, techniques, pharmacovigilance, quality control measures and other situations to the NMPA within 20 working days after the end of each year. The Decision of Extending the Period of Authorizing the State Council to Carry out the Pilot Plan for the Drug Marketing Authorization Holder Mechanism in Certain Places (關於延長授權國務院在部分地方開展藥品上市許可持有人制度試點期限的決定), promulgated by SCNPC on October 26, 2018, extended the term of MAH system to November 4, 2019.

The PRC Drug Administration Law was revised by the NPCSC on August 26, 2019 and will come into effect on December 1, 2019, provides that (1) the MAH system will be applicable throughout the country; (2) The legal representative and the key person-in-charge of a drug marketing authorization holder shall be fully responsible for the quality of drugs.

Monitoring Periods for New Drugs

According to the Implementing Regulations of the Drug Administration Law and the Administrative Measures for Drug Registration, the NMPA may, for the purpose of protecting public health, provide for an administrative monitoring period of not more than five years for new drugs approved to be manufactured, commencing from the date of approval, to continually monitor the safety of such new drugs. During the monitoring period of a new drug, no approval shall be granted to any other manufacturer to produce or import the said drug. The only exception is that if, prior to the commencement of the monitoring period, the NMPA has already approved any other IND of the same drug may proceed along drug registration application, review and approval procedures. Where regulations are conformed to, the NMPA shall approve the production or import of the same drug, and the monitoring of such drug produced by the domestic manufacturers should be conducted together with the drug already in the monitoring period.

Packaging of Pharmaceutical Products

According to the Measures for The Administration of Pharmaceutical Packaging (藥品包裝管理辦法) promulgated on February 12, 1988 and effective from September 1, 1988, pharmaceutical packaging must comply with national and professional standards. If there is no national or professional standard available, an applicant can formulate and implement its own standards after obtaining the approval of the provincial administration or bureau of standards. The applicant must reapply if it needs to change its own packaging standards. Drugs that have not been developed and approved for packaging standards must not be sold or marketed in the PRC (except for drugs for the military). According to the GCP Administration, the applicant shall be responsible for the proper packaging and labeling of drugs for clinical trials and in double-blind clinical trials, the test drug shall be consistent with the control drug or placebo in appearance, odor, packaging, labeling, and other features.

Healthcare System Reform

The PRC government recently promulgated several healthcare reform policies and regulations. On March 17, 2009, the Central Committee of the PRC Communist Party and the State Council jointly issued the Guidelines on Strengthening the Reform of Healthcare System (關於深化醫藥衛生體制改革的意見), On December 27, 2016, the State Council issued the Notice on the Issuance of the 13th Five-year Plan on Strengthening the Reform of Healthcare System (關於印發"十三五"深化醫藥衛生體制改革規劃的通知), On April 25, 2017, the General Office of the State Council issued the Main Tasks of Healthcare System Reform in 2017 (深化醫藥衛生體制改革2017年重點工作任務). Highlights of these healthcare reform policies and regulations include (1) establishing a basic healthcare system to cover both urban and rural residents and providing the Chinese people with safe, effective, convenient and affordable healthcare services, (2) improving the healthcare system through the reform and development of a graded hierarchical healthcare system, modern hospital management, basic medical insurance, drug supply support and comprehensive supervision, and (3) improving the efficiency and quality of the healthcare system to meet the various medical needs of the Chinese population.

Chronic Diseases Prevention and Treatment

According to the Guiding Opinion of the General Office of the State Council on Promoting the Construction of the Hierarchical Healthcare System (國務院辦公廳關於推進分級診療制度建設的指導意見), or the Hierarchical Healthcare System Opinion, issued by the General Office of the State Council on September 8, 2015, and the Notice on Promoting Pilot Work for Hierarchical Healthcare System (關於推進分級診療試點工作的通知) jointly promulgated by the NHFPC and the State Administration of Traditional Chinese Medicine on August 19, 2016, the hierarchical healthcare system is expected to be gradually improved. The Hierarchical Healthcare System Opinion further clarified that several chronic diseases, including hypertension, diabetes, cancer and cardiovascular and cerebrovascular diseases, are pilot diseases under the hierarchical healthcare system. Primary health institutions, rehabilitation hospitals, and nursing institutions can provide treatments, rehabilitation and nursing services to patients with chronic diseases, patients in rehabilitation, elderly patients and advanced tumor patients who have clear diagnosis and stable disease conditions.

On January 22, 2017, the General Office of the State Council promulgated the Mid and Long-Term Plan for Chronic Disease Prevention and Treatment in China (2017-2025) (中國防治慢性病中長期規劃(2017-2025年)), or the Chronic Disease Plan. One of its objectives is to raise up the overall 5-year survival rate in cancer patients by 5% by 2020 and 10% by 2025. It also points out that the hierarchical healthcare system of chronic diseases, such as tumor, shall be promoted. The social participation in regional medical services, as well as social investments in the field of chronic disease prevention and treatment is also encouraged.

PRC Coverage and Reimbursement

Coverage of the National Medical Insurance Program

The national medical insurance program was first adopted according to the Decision of the State Council on the Establishment of the Urban Employee Basic Medical Insurance Program (國務院關於建立城鎮職工基本醫療保險制度的決定) issued by the State Council on December 14, 1998, under which all employers in urban cities are required to enroll their employees in the basic medical insurance program and the insurance premium is jointly contributed by the employers and employees. On July 10, 2007, the State Council issued the Guiding Opinions of the State Council about the Pilot Urban Resident Basic Medical Insurance (國務院關於開展城鎮居民基本醫療保險試點的指導意見), further enlarged the coverage of the basic medical insurance program, under which urban residents of the pilot district, rather than urban employees, may voluntarily join Urban Resident Basic Medical Insurance. In addition, on January 3, 2016, the Opinions on Integrating the Basic Medical Insurance Systems for Urban and Rural Residents (國務院關於整合城鄉居民基本醫療保險制度的意見) issued by the State Council required the integration of the urban resident basic medical insurance and the new rural cooperative medical care system and the establishment of a unified basic medical insurance system, which will cover all urban and rural residents other than rural migrant workers and persons in flexible employment arrangements who participate in the basic medical insurance for urban employees.

Medical Insurance Catalogue

Program participants are eligible for full or partial reimbursement of the cost of medicines included in the medical insurance catalogue. The Notice Regarding the Tentative Measures for the Administration of the Scope of Basic Medical Insurance Coverage for Pharmaceutical Products for Urban Employee (關於印發城鎮職工基本醫療保險用藥範圍管理暫行辦法的通知), or the Medical Insurance Coverage Notice, jointly issued on May 12, 1999 by several authorities including, among others, the Ministry of Labor and Social Security and the Ministry of Finance, provides that a pharmaceutical product listed in the medical insurance catalogue must be clinically necessary, safe, effective, reasonably priced, easy to use, available in sufficient quantity, and must meet the following requirements: (1) be set forth in the pharmacopoeia of the PRC, (2) satisfy the standards promulgated by the NMPA, and (3) be approved by the NMPA for imported pharmaceutical products.

The National Drug Catalog for Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance (國家基本醫療保險、工傷保險和生育保險藥品目錄), or the NRDL, sets forth the payment standard for pharmaceutical products under the basic medical insurance, work-related injury insurance and maternity insurance funds. The MOHRSS (According to the above institutional reform, the functions with respect to change the NRDL have been transferred to the PRC National Health Insurance Bureau), together with other government authorities, has the power to determine which medicines are listed in the NRDL. Medicines listed in the NRDL are divided into two parts, List A and List B. List A drugs are widely used clinical treatments with good efficacy and lower prices compared to similar drugs, while List B drugs are clinical treatments with good efficacy and slightly higher prices compared to List A drugs.

On July 13, 2017, the MOHRSS announced that the 2017 NRDL would be expanded to include an additional 36 drugs classified as List B medicines, 18 of which are anti-cancer drugs. On September 30, 2018, the PRC National Health Insurance Bureau announced that another 17 anti-cancer drugs were included into the 2017 NRDL classified as List B Medicines. Since 2017, the NRDL has reflected an emphasis on drugs that treat cancer.

According to the Medical Insurance Coverage Notice, a PRDL must be made by the labor administration departments of the provincial governments in the PRC. Provincial evaluation institutions and expert groups select the drugs to be listed in the PRDL. Provincial governments are required to include all List A drugs listed in the NRDL in their PRDL, but have discretion to adjust upwards or downwards by no more than 15% the number of List B drugs listed in the NRDL to be listed in the PRDL based on local economic levels, medical demands, and medication practices.

According to the Medical Insurance Coverage Notice, patients purchasing List A drugs listed in the NRDL are entitled to reimbursement of the entire amount of the purchase price through the basic medical insurance program. Patients purchasing List B drugs listed in the NRDL are required to pay a certain percentage of the purchase price and obtain reimbursement for the remainder of the purchase price through the basic medical insurance program.

The NRDL must be adjusted every two years in principle, and the PRDL must be adjusted based on the adjustment of the NRDL. The PRDL can only be adjusted according to the respective adjustment of the NRDL, and all adjustments to the List A drugs in the NRDL are required to be made in the PRDL. The NRDL is permitted to be expanded for new drugs once every year, while provincial governments are not permitted to expand the PRDL for new drugs.

The Opinions on Promoting Drug Pricing Reform (推進藥品價格改革的意見), which was promulgated by the NDRC, the NHFPC, NMPA, Ministry of Commerce and certain other departments on May 4, 2015, and came into effect on June 1, 2015, set forth that from June 1, 2015, except for narcotic drugs and Class I psychotropic drugs, the restrictions on the prices of the drugs that were subject to government pricing will be cancelled. The medical insurance regulatory authority shall, along with other competent departments, draw up provisions in relation to the standards, procedures, basis and methods of the payment of drugs paid by

medical insurance funds. The prices of patent drugs and exclusively produced drugs are set through transparent and public negotiation among multiple parties. The prices for blood products not listed in the Medical Insurance Drugs List, immunity and prevention drugs that are purchased by the government in a centralized manner, and AIDS antiviral drugs and contraceptives provided by the government for free, shall be set through tendering purchase or negotiation. Except as otherwise mentioned above, the prices for other drugs may be determined by manufacturers and operators on their own on the basis of production or operation costs and market supply and demand. In addition, the 2017 NRDL proposed to explore the development of a negotiation mechanism for drugs to be listed in the NDRL. The MOHRSS will, in accordance with relevant criteria, negotiate for the drugs proposed to be negotiated as determined by experts upon review. Those eligible drugs will be included in the payment scope of the medical insurance fund.

According to the Opinions on Deepening the Reform of the Evaluation and Approval System and Inspiring Innovation of Drugs and Medical Devices, to support the clinical application of new drugs, (1) the dynamic adjustment mechanism applicable to the catalogue of drugs by medical insurance will be improved, (2) the establishment of a negotiation mechanism regarding payment standards for drugs covered by medical insurance will be explored, (3) new drugs will be promptly incorporated according to applicable provisions into the payment scope covered by basic medical insurance, and (4) research and development of new drugs will be supported.

Intellectual Property Rights

In terms of international conventions, China has entered into (including but not limited to) the Agreement on Trade-Related Aspects of Intellectual Property Rights (與貿易有關的知識產權協定), the Paris Convention for the Protection of Industrial Property (保護工業產權巴黎公約), the Madrid Agreement Concerning the International Registration of Marks (商標國際註冊馬德里協定) and the Patent Cooperation Treaty (專利合作協定).

Patents

According to the Patent Law of the PRC (中華人民共和國專利法) promulgated by the SCNPC on March 12, 1984, as amended on September 4, 1992, August 25, 2000 and December 27, 2008, and effective from October 1, 2009 and the Implementation Rules of the Patent Law of the PRC (中華人民共和國專利法實施細則), promulgated by the State Council on June 15, 2001 and as amended on December 28, 2002 and January 9, 2010, there are three types of patents in the PRC: invention patents, utility model patents and design patents. The protection period is 20 years for an invention patent and 10 years for a utility model patent and a design patent, commencing from their respective application dates. Any individual or entity that utilizes a patent or conducts any other activity in infringement of a patent without prior authorization of the patent holder shall pay compensation to the patent holder and is subject to a fine imposed by relevant administrative authorities and, if constituting a crime, shall be held criminally liable in accordance with the law. According to the PRC Patent Law, for public health purposes, the State Intellectual Property Office of the PRC may grant a compulsory

license for manufacturing patented drugs and exporting them to countries or regions covered under relevant international treaties to which PRC has acceded. In addition, according to the Patent Law, any organization or individual that applies for a patent in a foreign country for an invention or utility model patent established in China is required to report to the State Intellectual Property Office for confidentiality examination.

Trade Secrets

According to the PRC Anti-Unfair Competition Law (中華人民共和國反不正當競爭法), promulgated by the SCNPC in September 1993, as amended in November 4, 2017 and April 23, 2019 respectively, the term "trade secrets" refers to technical and business information that is unknown to the public, has utility, 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, business persons are prohibited from infringing others' trade secrets by: (1) obtaining the trade secrets from the legal owners or holders by any unfair methods such as theft, bribery, fraud, coercion, electronic intrusion, or any other illicit means; (2) disclosing, using or permitting others to use the trade secrets obtained illegally under item (1) above; or (3) disclosing, using or permitting others to use the trade secrets, in violation of any contractual agreements or any requirements of the legal owners or holders to keep such trade secrets in confidence. If a third party knows or should have known of the above-mentioned illegal conduct but nevertheless obtains, uses or discloses trade secrets of others, the third party may be deemed to have committed a misappropriation of the others' trade secrets. The parties whose trade secrets are being misappropriated may petition for administrative corrections, and regulatory authorities may stop any illegal activities and fine infringing parties.

Trademarks

According to the Trademark Law of the PRC (中華人民共和國商標法), promulgated by the SCNPC on August 23, 1982, amended on February 22, 1993, October 27, 2001 and August 30, 2013 and April 23, 2019, and the latest amendment became effective from November 1, 2019, the period of validity for a registered trademark is 10 years, commencing from the date of registration. Upon expiry of the period of validity, the registrant shall go through the formalities for renewal within twelve months prior to the date of expiry, if intending to continue to use the trademark. Where the registrant fails to do so, a grace period of six months may be granted. The period of validity for each renewal of registration is 10 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 law.

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, and the Implementing Rules on Registration of Domain Names (中國互聯網絡信息中心域名註冊實施細則) issued by China Internet Network Information Center on May 28, 2012, which became effective on May 29, 2012. The MIIT is the main regulatory body 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.

Product Liability

The Product Quality Law of the PRC (中華人民共和國產品質量法) promulgated by the SCNPC on February 22, 1993 and amended on July 8, 2000, August 27, 2009 and December 29, 2018, is the principal governing law relating to the supervision and administration of product quality, which clarified liabilities of the manufactures and sellers. Manufactures shall not be liable when they are able to prove that: (1) the product has never been circulated; (2) the defects causing injuries or damage did not exist at the time when the product was circulated; or (3) the science and technology at the time when the product was circulated were at a level incapable of detecting the defects. A seller shall pay compensation if it fails to indicate neither the manufacturer nor 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.

According to the Tort Liability Law of the PRC (中華人民共和國侵權責任法), promulgated by the SCNPC on December 26, 2009 and effective from July 1, 2010, manufacturers shall assume tort liability where the defects in relevant products cause damage to others. Sellers shall assume tort liability where the defects in relevant products causing damage to others are attributable to the sellers. The aggrieved party may claim for compensation from the manufacturer or the seller of the relevant product in which the defects have caused damage.

Environmental Protection

According 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 and amended on April 24, 2014, the Environmental Impact Assessment Law of the PRC (中華人民共和國環境影響評價法), promulgated by the SCNPC on October 28, 2002 and amended on July 2, 2016 and December 29, 2018 respectively, the Administrative Regulations on the Environmental Protection of Construction Project (建設項目環境保護管理條例), promulgated by the State Council on November 29, 1998 and amended on July 16, 2017, and other relevant environmental laws and regulations, enterprises which plan to construct projects shall provide the assessment reports, assessment form, or registration form on the environmental impact of such projects with

relevant environmental protection administrative authority for approval or filing. The composition of assessment reports and assessment forms shall be undertaken by institutions qualified for assessment of environmental impact engaged by enterprises planning to construct projects.

According to the Law of the PRC on the Prevention and Control of Water Pollution (中華人民共和國水污染防治法) promulgated by the SCNPC on May 11, 1984 and amended on May 15, 1996, February 28, 2008 and June 27, 2017, and effective from January 1, 2018, the Law of the PRC on the Prevention and Control of Atmospheric Pollution (中華人民共和國大氣污染防治法) promulgated by the SCNPC on September 5, 1987 and amended on August 29, 1995, April 29, 2000, August 29, 2015 and October 26, 2018 respectively, the Law of the PRC on the Prevention and Control of Pollution from Environmental Noise (中華人民共和國環境噪聲污染防治法) promulgated by the SCNPC on October 29, 1996 and amended on December 29, 2018, and the Law of the PRC on the Prevention and Control of Environmental Pollution of Solid Waste (中華人民共和國固體廢物污染環境防治法), promulgated by the SCNPC on October 30, 1995 and amended on December 29, 2004, June 29, 2013, April 24, 2015 and November 7, 2016, all the enterprises that may cause environmental pollution in the course of their production and business operation shall introduce environmental protection measures in their plants and establish a reliable system for environmental protection.

Foreign Exchange Control

According to the PRC Regulation for the Foreign Exchange (中華人民共和國外匯管理條例), or the Foreign Exchange Regulations promulgated by the PRC State Council on January 29, 1996, which was amended on January 14, 1997 and August 5, 2008, and the Regulation on the Administration of the Foreign Exchange Settlement, Sales and Payment (結匯、售匯及付匯管理規定), or the Settlement Regulations promulgated by the People's Bank of China on June 20, 1996 and effective from July 1, 1996, foreign exchanges required for distribution of profits and payment of dividends may be purchased from designated foreign exchange banks in the PRC upon presentation of a board resolution authorizing distribution of profits or payment of dividends.

According to the Circular of SAFE on Further Improving and Adjusting the Foreign Exchange Policies on Direct Investment (國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知) and its appendix, the Operating Rules for Foreign Exchange Issues with Regard to Direct Investment under Capital Account (資本項目直接投資外匯業務操作規程), promulgated on November 19, 2012 and amended on May 4, 2015 by the State Administration of Exchange Control, or the SAFE, (1) the opening of and payment into foreign exchange accounts under direct investment accounts are no longer subject to approval by the SAFE; (2) reinvestment with legal income of foreign investors in China is no longer subject to approval by SAFE; (3) the procedures for capital verification and confirmation that foreign-funded enterprises need to go through are simplified; (4) purchase and external payment of foreign exchange under direct investment accounts are no longer subject to approval by SAFE; (5) domestic transfer of foreign exchange under direct investment account is no longer subject to approval by SAFE; and (6) the administration over the conversion of foreign exchange capital

of foreign-invested enterprises is improved. Later, on February 13, 2015, the SAFE issued the Circular on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect of Direct Investment (關於進一步簡化和改進直接投資外匯管理政策的通知), effective from June 1, 2015, which prescribed that the bank instead of SAFE can directly handle the foreign exchange registration and approval under foreign direct investment while SAFE and its branches indirectly supervise the foreign exchange registration and approval under foreign direct investment through the bank.

The Provisions on the Administration of Foreign Exchange in Foreign Direct Investments by Foreign Investors (外國投資者境內直接投資外匯管理規定), or the FDI Provisions, which were promulgated by the SAFE on May 11, 2013 and became effective on May 13, 2013, and as amended on October 10, 2018, regulate and clarify the administration over foreign exchange administration in foreign direct investments.

According to the Circular 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) promulgated by the SAFE on March 30, 2015 and effective from June 1, 2015, and the Circular on the Reform and Standardization of the Management Policy of the Settlement of Capital Projects (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) promulgated by the SAFE on June 9, 2016, the settlement of foreign exchange by foreign invested enterprises shall be governed by the policy of foreign exchange settlement on a discretionary basis. However, 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.

The SAFE promulgated the Circular 37 on July 4, 2014. The Circular 37 requires PRC residents to register with the local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, 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. Failure to comply with the SAFE registration requirements could result in liability under PRC law for evasion of foreign exchange controls. The Circular on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect of Direct Investment provides that the bank instead of SAFE can directly handle the initial foreign exchange registration and amendment registration under Circular 37.

Labor and Social Insurance

According to the PRC Labor Law (中華人民共和國勞動法), which was promulgated by the SCNPC on July 5, 1994 and effective from January 1, 1995, and amended on August 27, 2009 and December 29, 2018 respectively, the PRC Labor Contract Law (中華人民共和國勞動合同法), which was promulgated by the SCNPC on June 29, 2007 and effective from January 1, 2008, and amended on December 28, 2012 and effective from July 1, 2013, and the Implementing Regulations of the Employment Contracts Law of the PRC (中華人民共和國勞動合同法實施條例), which was promulgated by the State Council on September 18, 2008, labor contracts in written form shall be executed to establish labor relationships between employers

and employees. In addition, wages cannot be lower than local minimum wage. The employers must establish a system for labor safety and sanitation, strictly abide by State rules and standards, provide education regarding labor safety and sanitation to its employees, provide employees with labor safety and sanitation conditions and necessary protection materials in compliance with State rules, and carry out regular health examinations for employees engaged in work involving occupational hazards.

According to the Social Insurance Law of PRC (中華人民共和國社會保險法), which was promulgated by the SCNPC on October 28, 2010 and effective from July 1, 2011, and 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), which was promulgated by the State Council on January 22, 1999 and amended on March 24, 2019, and the Regulations on the Administration of Housing Provident Funds (住房公積金管理條例), which was promulgated by the State Council on April 3, 1999 and amended on March 24, 2002 and March 24, 2019, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity insurance and to housing provident funds. Any employer who fails to contribute may be fined and ordered to make good the deficit within a stipulated time limit.

Dividend Distribution

According to the PRC Company Law, the PRC Foreign-Owned Enterprise Law and the Implementing Rules for the PRC Foreign-Owned Enterprise Law, foreign-invested enterprises in the PRC may pay dividends only out of their accumulated profits as determined in accordance with PRC accounting standards and regulations. A foreign-invested enterprise is required to set aside at least 10% of its respective accumulated profits each year to fund certain reserve funds, until the accumulative amount of such fund reaches 50% of its registered capital. These wholly foreign-owned companies may also allocate a portion of their after-tax profits based on PRC accounting standards to staff welfare and bonus funds. Amounts allocated to these reserve funds and staff welfare and bonus funds reduce the amount distributable as cash dividends. Upon approval of the competent governmental authorities, foreign investors may utilize RMB dividends to invest or re-invest in enterprises established in China.

According to the Notice on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Control (國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知) promulgated by the SAFE on January 26, 2017, (1) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements; and (2) domestic entities shall hold income to account for previous years' losses before remitting the profits. Moreover, domestic entities shall make detailed explanations of sources of capital and utilization arrangements, and provide board resolutions, contracts and other proof when completing the registration procedures in connection with an outbound investment.

Employee Stock Incentive Plan

On February 15, 2012, the SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly 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劃外匯管理有關問題的通知), or the Stock Option Rules, which prescribed that PRC citizens or non-PRC citizens residing in China for a continuous period of no less than one year (except for foreign diplomatic personnel in China and representatives of international organizations in China) who participate in any stock incentive plan of an overseas publicly listed company shall, through the domestic company to which the said company is affiliated, collectively entrust a domestic agency (may be the Chinese affiliate of the overseas publicly listed company which participates in stock incentive plan, or other domestic institutions qualified for asset trust business lawfully designated by such company) to handle foreign exchange registration, and entrust an overseas institution to handle issues like exercise of options, purchase and sale of corresponding stocks or equity, and transfer of corresponding funds. In addition, the domestic agency is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan. Moreover, the Circular 37 provides that PRC residents who participate in a share incentive plan of an overseas unlisted special purpose company may register with local branches of SAFE before exercising rights.

Enterprise Income Tax

According to the EIT Law promulgated by the National People's Congress on March 16, 2007, which became effective on January 1, 2008 and was amended on February 24, 2017 and December 29, 2018, and the Implementation Rules of the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法實施條例) promulgated by the State Council on December 6, 2007, which became effective on January 1, 2008, other than a few exceptions, the income tax rate for both domestic enterprises and foreign-invested enterprises is 25%. Enterprises are classified as either "resident enterprises" or "non-resident enterprises". Besides enterprises established within the PRC, enterprises established outside China whose "de facto management bodies" are located in China are considered "resident enterprises" and subject to the uniform 25% enterprise income tax rate for their global income. A non-resident enterprise refers to an entity established under foreign law whose "de facto management bodies" are not within the PRC but which have an establishment or place of business in the PRC, or which do not have an establishment or place of business in the PRC but have income sourced within the PRC. An income tax rate of 10% will 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 that 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.

According to an Arrangement Between the Mainland of 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 the Double Tax Avoidance Arrangement, and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. 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 (國家税務總局關於税收協定中"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.

LAWS AND REGULATIONS IN THE UNITED STATES

U.S. Government Regulation of Drug and Biological Products

In the United States, the FDA regulates drugs under the FDCA, and its implementing regulations and biologics under the FDCA and the Public Health Service Act, or PHSA, and their implementing regulations. Both drugs and biologics also are subject to other federal, state and local statutes and regulations, such as those related to competition. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, and local statutes and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process or following approval may subject an applicant to administrative actions or judicial sanctions. These actions and sanctions could include, among other actions, the FDA's refusal to approve pending applications, withdrawal of an approval, license revocation, a clinical hold, untitled or warning letters, voluntary or mandatory product recalls or market withdrawals, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement and civil or criminal fines or penalties. Any agency or judicial enforcement action could have a material adverse effect on our business, the market acceptance of our products and our reputation.

Once a product candidate is identified for development, it enters pre-clinical testing, which includes laboratory evaluations of product chemistry, toxicity, formulation and stability, as well as animal studies. Pre-clinical testing is conducted in accordance with FDA's Good Laboratory Practice, or GLP, regulations. A sponsor of an IND must submit the results of the pre-clinical tests, manufacturing information, analytical data, the clinical trial protocol, and any available clinical data or literature to the FDA. The IND automatically becomes effective

30 days after receipt by the FDA, unless the FDA raises concerns or questions and places the trial on a clinical hold within that 30-day time period. FDA may also impose clinical holds or partial clinical holds at any time during clinical trials due to safety concerns or noncompliance.

All clinical trials, which involve the administration of the investigational product to humans, must be conducted under the supervision of one or more qualified investigators in accordance with Good Clinical Practice, or GCP, regulations, including the requirement that all research subjects provide informed consent in writing before their participation in any clinical trial. Further, an Institutional Review Board, or IRB, must review and approve the plan for any clinical trial before it commences at any institution, and the IRB must conduct continuing review and reapprove the study at least annually. Each new clinical protocol and any amendments to the protocol must be submitted for FDA review, and to the IRBs for approval. An IRB can suspend or terminate approval of a clinical trial at its institution if the trial is not being conducted in accordance with the IRB's requirements or if the product has been associated with unexpected serious harm to subjects.

Clinical trials generally are conducted in three sequential phases, known as Phase I, Phase II and Phase III, and may overlap.

- Phase I clinical trials generally involve a small number of healthy volunteers or disease-affected patients who are initially exposed to a single dose and then multiple doses of the product candidate. The primary purpose of these clinical trials is to assess the metabolism, pharmacologic action, side effect tolerability and safety of the product candidate.

- Phase II clinical trials involve studies in disease-affected patients to evaluate proof of concept and/or determine the dose required to produce the desired benefits. At the same time, safety and further PK and PD information is collected, possible adverse effects and safety risks are identified and a preliminary evaluation of efficacy is conducted.

- Phase III clinical trials generally involve a large number of patients at multiple sites and are designed to provide the data necessary to demonstrate the effectiveness of the product for its intended use, its safety in use and to establish the overall benefit/risk relationship of the product and provide an adequate basis for product labeling.

Progress reports detailing the results of the clinical trials must be submitted at least annually to the FDA. Safety reports must be submitted to the FDA and the investigators 15 calendar days after the trial sponsor determines that the information qualifies for reporting. The sponsor also must notify FDA of any unexpected fatal or life-threatening suspected adverse reaction as soon as possible but in no case later than 7 calendar days after the sponsor's initial receipt of the information. Sponsors of clinical trials of FDA-regulated products, including drugs, are required to register and disclose certain clinical trial information, which is publicly available at www.clinicaltrials.gov.

Concurrent with clinical trials, companies usually complete additional animal studies and must also finalize a process for manufacturing the product in commercial quantities in accordance with cGMP, requirements. The process of obtaining regulatory approvals and compliance with appropriate federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements may subject an applicant to administrative or judicial sanctions.

U.S. Review and Approval Processes

The results of product development, pre-clinical studies and clinical trials, along with descriptions of the manufacturing process, analytical tests conducted on the product, proposed labeling and other relevant information, are submitted to the FDA as part of a BLA. Unless deferred or waived, BLAs, or supplements must contain data adequate to assess the safety and effectiveness of the product for the claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The submission of a BLA is subject to the payment of a substantial user fee and an annual prescription drug product program fee.

Within 60 days of its receipt, the FDA reviews the BLA to ensure that it is sufficiently complete for substantive review before it accepts the BLA for filing. After accepting the BLA filing, the FDA begins an in-depth substantive review to determine, among other things, whether a product is safe and effective for its intended use. The FDA also evaluates whether the product's manufacturing is cGMP-compliant to assure the product's identity, strength, quality and purity. Before approving the BLA, the FDA typically will inspect whether the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. The FDA may refer the BLA to an advisory committee, a panel of experts, for review whether the application should be approved and under what conditions and considers such recommendations when making decisions.

The FDA may refuse to approve the BLA if the applicable regulatory criteria are not satisfied or may require additional clinical data or other data and information. The FDA will issue a complete response letter describing all of the specific deficiencies that the FDA identified in the BLA that must be satisfactorily addressed before it can be approved. The deficiencies identified may be minor, for example, requiring labeling changes, or major, for example, requiring additional clinical trials. Additionally, the complete response letter may include recommended actions that the applicant might take to place the application in a condition for approval. The applicant may either resubmit the BLA, addressing all of the deficiencies identified in the letter, or withdraw the application or request an opportunity for a hearing.

The regulatory approval may be limited to specific diseases and dosages or the indications for use may otherwise be limited, which could restrict the commercial value of the product. Further, the FDA may require that certain contraindications, warnings or precautions be included in the product labeling. In addition, the FDA may require post-approval studies, including phase IV clinical trials, to further assess a product's safety and effectiveness after BLA approval and may require testing and surveillance programs to monitor the safety of approved products that have been commercialized.

Expedited Development and Review Programs

Accelerated Approval

Under FDA's accelerated approval regulations, the FDA may approve a drug or biologic candidate for a serious or life-threatening illness that provides meaningful therapeutic benefit to patients over existing treatments and demonstrates an effect on either a surrogate endpoint that is reasonably likely to predict clinical benefit or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality, or IMM, that is reasonably likely to predict an effect on IMM or other clinical benefit, taking into account the severity, rarity, or prevalence of the disease or condition and the availability or lack of alternative treatments. A product candidate approved on this basis is subject to rigorous post-marketing compliance requirements, including the completion of post-approval clinical trial to confirm the effect on the clinical endpoint. Failure to conduct required post-approval studies, or to confirm a clinical benefit during post-marketing studies, will allow the FDA to withdraw the product from the market on an expedited basis. All promotional materials for product candidates approved under accelerated regulations are subject to prior review by the FDA.

Breakthrough Designation

Another program available for sponsors is the breakthrough therapy designation. A drug or biologic may be eligible for designation as a breakthrough therapy if the product is intended, alone or in combination with one or more other drugs or biologics, to treat a serious or life-threatening condition and preliminary clinical evidence indicates that the product may demonstrate substantial improvement over currently approved therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. A sponsor may request that a product be designated as a breakthrough therapy concurrently with, or at any time after, the submission of an IND, and the FDA must determine if the candidate qualifies for such designation within 60 days of receipt of the request. If so designated, the FDA shall act to expedite the development and review of the product's marketing application, including by meeting with the sponsor throughout the product's development, providing timely advice to the sponsor to ensure that the development program to gather pre-clinical and clinical data is as efficient as practicable.

Orphan Drugs

Under the Orphan Drug Act, the FDA may grant orphan drug designation to drugs or biologic candidates intended to treat a rare disease or condition generally affecting fewer than 200,000 individuals in the U.S. The first applicant to receive FDA approval for the disease or indication for which it has orphan drug designation is entitled to a seven-year exclusive marketing period. During the exclusivity period, the FDA may not approve any other applications to market the same product for the same disease or condition except in limited circumstance.

Post-Marketing Requirements

Following approval of a new product, the manufacturer and the approved product are subject to continuing regulation by the FDA, including, among other things, monitoring and record-keeping activities, reporting of adverse experiences, complying with promotion and advertising requirements, which include restrictions on promoting products for unapproved uses or patient populations (known as "off-label use") and limitations on industry-sponsored scientific and educational activities. Although physicians may prescribe legally available products for off-label uses, manufacturers may not market or promote such uses. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability, including investigation by federal and state authorities. Prescription drug promotional materials must be submitted to the FDA in conjunction with their first use or first publication. Further, if there are any modifications to the drug or biologic, including changes in indications, labeling or manufacturing processes or facilities, the applicant may be required to submit and obtain FDA approval of a new BLA or BLA supplement, which may require the development of additional data or pre-clinical studies and clinical trials.

The FDA may also place other conditions on approvals including the requirement for a REMS, to assure the safe use of the product. If the FDA concludes a REMS is needed, the sponsor of the BLA must submit a proposed REMS. The FDA will not approve the BLA without an approved REMS, if required. A REMS could include medication guides, physician communication plans or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. Any of these limitations on approval or marketing could restrict the commercial promotion, distribution, prescription or dispensing of products. Product approvals may be withdrawn for non-compliance with regulatory standards or if problems occur following initial marketing.

FDA regulations require that products be manufactured in specific approved facilities and in accordance with cGMP regulations. We rely, and expect to continue to rely, on third parties for the production of clinical and commercial quantities of our products in accordance with cGMP regulations. These manufacturers must comply with cGMP regulations that require, among other things, quality control and quality assurance, the maintenance of records and documentation and the obligation to investigate and correct any deviations from cGMP.

Manufacturers and other entities involved in the manufacture and distribution of approved drugs or biologics are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with cGMP requirements and other laws. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain cGMP compliance. The discovery of violative conditions, including failure to conform to cGMP regulations, could result in enforcement actions, and the discovery of problems with a product after approval may result in restrictions on a product, manufacturer or holder of an approved BLA, including recall.

Once an approval is granted, the FDA may issue enforcement letters or withdraw the approval of the product if compliance with regulatory requirements and standards is not maintained or if problems occur after the drug or biologic reaches the market. Corrective action could delay drug or biologic distribution and require significant time and financial expenditures. Later discovery of previously unknown problems with a drug or biologic, including AEs of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical trials to assess new safety risks; or imposition of distribution or other restrictions under a REMS program. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of the drug or biologic, suspension of the approval, complete withdrawal of the drug from the market or product recalls;
- fines, warning letters or holds on post-approval clinical trials;
- refusal of the FDA to approve applications or supplements to approved applications, or suspension or revocation of drug or biologic approvals;
- drug or biologic seizure or detention, or refusal to permit the import or export of drugs; or
- injunctions or the imposition of civil or criminal penalties.

Overview of the ICH E17 Guideline

The General Principles for Planning and Design of Multi-regional Clinical Trials, or the ICH E17 Guideline, provides some general recommendations in the planning and design of Multi-Center Clinical Trials ("**MRCTs**"). Some of those recommendations are as follows.

Subject Selection

In MRCTs, subject selection should be carefully considered to better understand and possibly mitigate potential sources of regional variability and their impact on trial results. Clear and specific inclusion and exclusion criteria, that are acceptable and can be applied across regions, should be included in the protocol.

To harmonize subject selection, uniform classification and criteria for diagnosis of the disease or definition of the at-risk population should be implemented, such as the use of relevant guidelines for disease definitions. When diagnostic tools are needed for the selection of subjects, these should be clearly specified including the degree to which local validated tools and qualified laboratories may be used. In particular, when subject selection is based on subjective criteria, the same methods should be used uniformly across regions. Even so, reporting of symptoms may vary by region and may lead to differences in the types of subjects included in the studies. This aspect should be considered in the planning stage, in order to implement training requirements and other strategies for potential mitigation of the impact.

Sample Size Planning

The key consideration for sample size planning, is ensuring sufficient sample size to be able to evaluate the overall treatment effect, under the assumption that the treatment effect applies to the entire target population, particularly to the regions included in the trial. MRCTs are usually stratified by region for both randomization and analysis. Consistency of treatment effects across regions is evaluated, and if clinically relevant differences are observed, there should be further exploration to determine if these differences can be attributed to differences in intrinsic or extrinsic factors. These considerations should be reflected in the overall design of the MRCT and will influence the sample size planning and allocation to regions.

- Overall Sample Size: The primary objective of an MRCT generally corresponds to an evaluation (estimation and testing) of the treatment effect averaged across all subjects in all regions of the MRCT. The overall sample-size is determined to ensure that this objective can be met. Examples of commonly defined treatment effects also used in MRCTs, are hazard ratios for morbidity or mortality, differences between treatment groups in average blood pressure levels (adjusted for baseline) and relative risks of either favorable or adverse events. The same general principles provided in ICH E9 for determining sample sizes of clinical trials apply to MRCTs. Two additional factors are particularly important in the MRCT setting; (i) the size of the treatment effect that is considered clinically relevant to all regions in the trial, and (ii) the expected variability of the primary outcome variables based on combining data across regions.

- Sample Size Allocation to Regions: The MRCT should be planned to include an evaluation of the consistency of treatment effects among regions, where consistency is defined as a lack of clinically relevant differences. Regional allocation should have a scientific basis (rather than arbitrary targets), should support the evaluation of consistency and should provide the information needed to support regulatory decisions. Sample size allocation to regions should take into consideration patterns of disease prevalence across regions, the size and expected accrual rate of each region, the intrinsic and extrinsic factors understood (or hypothesized) to influence treatment effects, the prevalence of those factors in each region and other logistical considerations thought to impact accrual. There is no uniformly acceptable or optimal approach to sample size allocation in an MRCT. Some approaches currently in use include:

  (i) Proportional Allocation: Allocation of subjects to regions in proportion to size of region and disease prevalence.

  (ii) Equal Allocation: Allocation of equal numbers of subjects to each region.

  (iii) Preservation of Effect: Allocation of subjects to one or more regions based on preserving some specified proportion of the overall treatment effect.

  (iv) Local Significance: Allocation of a sufficient number of subjects to be able to achieve significant results within each region.

(v) Fixed Minimum Number: Allocation of a fixed minimum number of subjects to a region.

- Pooled Regions and Pooled Subpopulations: Pre-specified pooling of regions or subpopulations may help provide flexibility in sample size allocation to regions, facilitate the assessment of consistency in treatment effects across regions, and support regulatory decision-making. The pooling strategy should be justified based on the distribution of the intrinsic and extrinsic factors known to affect the treatment response, and the disease under investigation and similarity of those factors across regions.

- Other Sample Size Consideration: The factors that influence sample size and sample size allocation should be agreed upon in advance with the different regulatory agencies governing the regions represented in the trial. There are some situations that do not fit into the framework for sample size allocation described above and where more flexibility will be required.

Choice of Endpoints

The Aspects of particular importance principles for endpoints selection to MRCTs are as follows.

- Primary Endpoint: The primary endpoint should be relevant to the target population. In MRCTs, this relevance needs to be considered for all regions in the trial and with respect to the various drug, disease and population characteristics represented in those regions. An ideal clinical trial endpoint is one that is clinically relevant, accepted in medical practice and sufficiently sensitive and specific to detect the anticipated effect of the treatment. For MRCTs, the primary endpoint, whether efficacy or safety, should satisfy these criteria as well as being acceptable to all concerned regulatory authorities, to ensure that interpretation of the success or failure of the MRCT is consistent across regions and among regulatory authorities. The primary endpoint of MRCTs should be one for which experience is already available in the participating regions. In cases where prior experience with an endpoint only exists in one or a subset of regions involved in the MRCT, its adoption as primary endpoint will require discussion and agreement with regulatory authorities regarding the basis for the evidence.

- Secondary Endpoints: Where possible, harmonization of secondary endpoints is encouraged to maintain the feasibility and improve the quality of trial conduct. However, in some cases, individual regulatory authorities may propose different secondary endpoints relevant to their interests and experience. Even in such cases, all secondary endpoints, including those selected only for a particular local stakeholder (e.g., regulatory authority), should be described in the protocol. It is in the interest of the sponsor to describe the specific advantages of the investigational drug, in terms of secondary endpoints as precisely as possible during the planning stage of MRCTs, to reduce the need for (and impact of) multiplicity adjustments for multiple endpoints, thereby improving the chance for successfully demonstrating the intended effect.

- Other Consideration: Although endpoints may not require formal validation, some endpoints may be subject to subtle differences in understanding, when used in different cultural settings. Approaches to minimize the impact of this variation in data collection and interpretation of the trial results should be described and justified in the study protocol. Endpoints that are only of interest to one or a few regions could be considered for a regional sub-trial of the MRCT. However, care should be taken to ensure that ascertainment of regional sub-trial endpoints do not hamper the conduct of the main trial. In particular, consideration should be given to the impact of additional burden to study subjects and study personnel, and the potential to induce reporting bias with respect to other endpoints, in determining whether regional sub-trials can be conducted or whether a separate trial is needed.

Privacy Rules and Safety Reporting

All sites participating in MRCTs should meet applicable quality, ethical and regulatory standards. Specifically, MRCTs should be conducted in compliance with ICH E6 GCP standards in all regions and sites, including making sites available for GCP inspections by regulatory authorities. The ICH E6 provides that the confidentiality of records that could identify subjects should be protected, respecting the privacy and confidentiality rules in accordance with the applicable regulatory requirement(s).

Safety reporting should be conducted in accordance with ICH E2. When local regulations specify different requirements, such as timelines and criteria for expedited reporting, these should also be adhered to locally. The specific timeframe for safety reporting should be described in the protocol, and the investigators should receive sufficient training in accordance with ICH E6 and other relevant guidelines. In the case of MRCTs, important safety information should be handled both with adherence to any local regulations and in adherence to ICH E2A. Important safety information should always be provided to the relevant stakeholders (e.g., investigators, ethics committees) in a timely manner.

OVERVIEW

We are a leading innovative biotechnology company with a focus on research and development, manufacturing and commercialization of biologics for oncology. Our Company was incorporated in the Cayman Islands on March 28, 2018 and is the holding company of our Group. Our Group carries out our operations mainly through our wholly-owned subsidiary, Jiangsu Alphamab. For further details of the incorporation and major shareholding changes of our Company, see "—Our Company" below.

MILESTONE

The following table sets forth the key milestones and achievements in our history and development:

Year	Event
September 2013	Our proprietary cGMP workshop was completed The initial verification for Fc-protein engineering platform (CRIB platform and CRAM platform) passed
January 2015	Completed the production of KN035 at 250L scale
February 2016	Entered into the Co-development Agreements on KN035 with 3DMed
August 2016	Completed the production of KN026 at 250L scale
November 2016	Received approval from FDA to conduct clinical trials for KN035 in the United States
December 2016	Received approval from NMPA to conduct clinical trials for KN035 in China
May 2017	Received approval from Pharmaceuticals and Medical Devices Agency to conduct clinical trials for KN035 in Japan
July 2017	Completed the production of KN026 at 1,000L scale
September 2017	Received approval from NMPA to conduct clinical trials for KN019 for rheumatoid arthritis in China
October 2017	Commenced the construction of our research and development and manufacturing facility
January 2018	Completed the production of KN035 at 1,000L scale

Year	Event
March 2018	Received approval from NMPA to conduct clinical trials for KN026 in the PRC
April 2018	Commenced phase III clinical trial of KN035 in China[(1)] Commenced phase I clinical trial of KN046 in Australia
July 2018	Received approval from NMPA to conduct clinical trials for KN046 in the PRC
October 2018	Received approval from FDA to conduct clinical trials for KN026 in the United States
January 2019	Completed phase I clinical trial of KN019 in China
April 2019	Commenced phase II clinical trial of KN046 in China
June 2019	Commenced phase I clinical trial of KN026 in the United States

(1) The clinical trials are carried out by 3DMed in accordance with Co-development Agreement. See "Business—Our Collaboration Arrangements—Co-development Agreements with 3DMed" of this Prospectus for details on our collaboration with 3DMed on KN035.

HISTORY OF OUR GROUP

The history of our Group can be traced back to November 2008 when Dr. Xu, our Founder and a Controlling Shareholder, established Suzhou Alphamab to focus on the research and development of biologics therapeutics. Pursuant to an agreement entered into between Dr. Xu and two former shareholders of Suzhou Alphamab, Dr. Xu is under an outstanding contractual obligation to pay an aggregate amount of RMB90 million to these two individuals. In April 2011, Mr. XUE Chuanxiao and Mr. ZHANG Xitian contributed RMB1.225 million and RMB1.225 million to the registered capital of Suzhou Alphamab, respectively. Following such capital contributions, Suzhou Alphamab was owned as to 24.5% by Mr. XUE Chuanxiao and 24.5% by Mr. ZHANG Xitian. In July 2015, Jiangsu Alphamab was established in the PRC as a wholly-owned subsidiary of Suzhou Alphamab and became the sole platform under Suzhou Alphamab to carry out the businesses of our Group. In order to streamline organizational structure and focus on our core business, we further underwent the Reorganization in preparation for the Listing. For further details of the Reorganization, see "—Reorganization" below.

OUR COMPANY

Our Company was incorporated in the Caymans Islands under the Companies Law as an exempted company with limited liability on March 28, 2018 with an authorized share capital of US$50,000 divided into 50,000,000 ordinary shares with a par value of US$0.001 each. Upon the completion of the Reorganization, our Company became the holding company of our Group, details of which are set forth in "—Reorganization" below.

OUR PRINCIPAL SUBSIDIARY

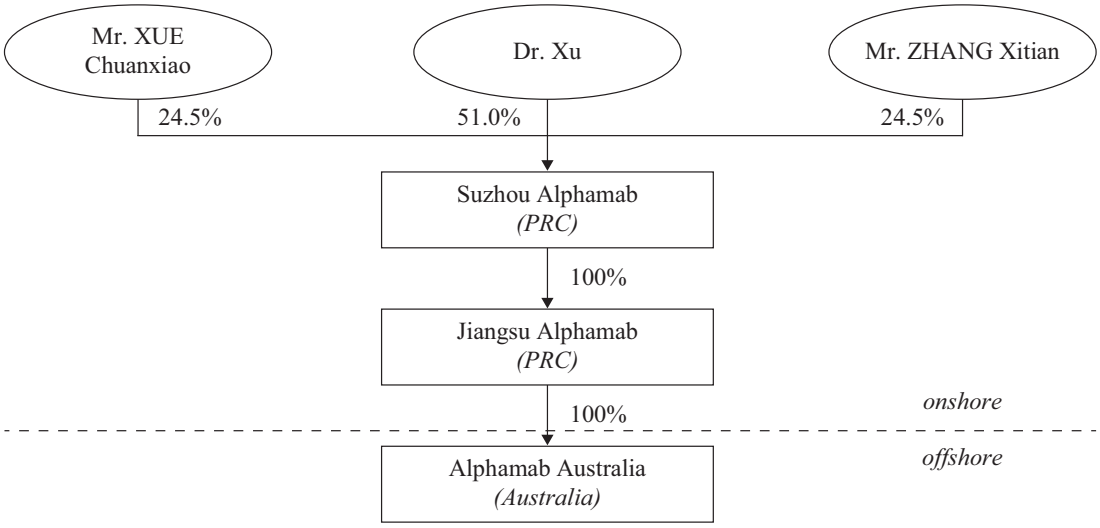
Jiangsu Alphamab

Jiangsu Alphamab is the principal operating subsidiary of our Company. Our business operations were primarily conducted through Jiangsu Alphamab. Jiangsu Alphamab primarily engaged in research and development, manufacturing and commercialization of biologics of oncology. Jiangsu Alphamab was a wholly-owned subsidiary of Suzhou Alphamab prior to the Reorganization. Jiangsu Alphamab was established in the PRC on July 14, 2015 with an initial registered capital of RMB125 million. On November 19, 2018, the registered capital of Jiangsu Alphamab was increased from RMB125 million to US$82.3 million, which has been fully paid up in cash. On June 3, 2019, the registered capital of Jiangsu Alphamab was increased from US$82.3 million to US$141.3 million, which has been fully paid up in cash. As part of the Reorganization, the entire equity interest in Jiangsu Alphamab held by Suzhou Alphamab was subsequently transferred to Alphamab Oncology (HK) through a series of equity transfers, and Jiangsu Alphamab became a wholly-owned subsidiary of our Company. For details, please see "—Reorganization" below.

For details of shareholding changes of other subsidiaries within the two years immediately preceding the date of this Prospectus, see "Appendix V—Statutory and General Information—A. Further Information about Our Group—3. Changes in the Share Capital of Our Subsidiaries" to this Prospectus.

REORGANIZATION

Our Group has undergone a corporate reorganization in preparation for the Listing. The following chart sets forth the shareholding structure of our Group immediately before the Reorganization:



Onshore Reorganization

Step 1. Business Restructuring of the Group

In April 2018, Suzhou Alphamab and Jiangsu Alphamab entered into the Asset Transfer and Patent Licensing Agreements, pursuant to which, among other things, the parties agreed to the following arrangements at a total consideration of RMB132,180,000, which was determined through arm's length negotiation with reference to the valuation of the transactions contemplated under the Asset Transfer and Patent Licensing Agreements:

(a) In order to ensure that Jiangsu Alphamab would hold all necessary assets to carry out its businesses independently from Suzhou Alphamab, Suzhou Alphamab agreed to (i) transfer and/or assign its oncology treatment related rights and interest in assets in relation to the research and development and commercialization of KN019, KN026, KN046 and KN035, including all registered patents and filed patent applications of KN026, KN046 and KN035 (the "**Transferred Patents**"), trade secrets and clinical trials application (CTA) to CFDA, (ii) assign the existing contracts in relation to KN019, KN026, KN046 and KN035 and (iii) transfer all approvals and certificates granted by relevant authorities and related record of communications in relation to the research and development and commercialization of KN019, KN026, KN046 and KN035 to Jiangsu Alphamab.

(b) In order for Suzhou Alphamab to maintain its rights and interests of the Transferred Patents in non-oncology treatment related areas, Jiangsu Alphamab agreed to grant Suzhou Alphamab exclusive and assignable licenses, on a royalty-free basis, to use the Transferred Patents in the research, development, manufacturing and commercialization of products in areas other than oncology treatment, including (i) non-therapeutic areas of oncology diseases including but not limited to diagnosis, prognosis and recurrence prediction and (ii) non-oncology diseases for a perpetual term at nil consideration ("**Jiangsu Alphamab Patent Licensing-back Arrangement**"). For further details of the Jiangsu Alphamab Patent Licensing-back Arrangement, see "Connected Transactions—Exempt Continuing Connected Transaction—Patent Licensing Arrangements" of this Prospectus.

(c) Suzhou Alphamab agreed to co-own two antibody platforms with Jiangsu Alphamab, namely the Charge Repulsion Improved Bispecific (CRIB) platform and the Charge Repulsion Induced Antibody Mixture (CRAM) platform ("**Shared Antibody Platforms**") for their respective use in non-oncology treatment related areas and oncology treatment area, respectively, and assign the existing contracts in relation to the Shared Antibody Platforms in oncology treatment area to Jiangsu Alphamab ("**Antibody Platform Joint Ownership Arrangement**"). Under the Antibody Platform Joint Ownership Arrangement, Jiangsu Alphamab and Suzhou Alphamab are entitled to use and/or grant licenses to third parties over the registered patents and patent applications of the Shared Antibody Platforms in oncology treatment area and non-oncology treatment related areas, respectively. In the event of transferring their respective interests in the patent rights or patent filing rights relating to the Shared Antibody Platforms to any third party, the party that proposes the transfer is required to obtain a prior consent from the other party which is entitled to right of first refusal for the proposed transfer.

(d) As certain registered patents and filed patent applications (including patent filing rights) covering the antibody sequence of PD-L1 and CTLA-4 ("**Licensed Patents**") have a broad range of applications in addition to oncology treatment and such patents and patent applications cannot be separated or partially transferred under the applicable laws, in order to ensure that Jiangsu Alphamab would hold all material patent licenses to carry out its businesses, Suzhou Alphamab agreed to grant Jiangsu Alphamab exclusive, irrevocable and assignable licenses, on a royalty-free basis, to use the Licensed Patents in the research, development, manufacturing and commercialization of oncology treatments for a perpetual term at nil consideration (the "**Suzhou Alphamab Patent Licensing Arrangement**"). For further details of the Suzhou Alphamab Patent Licensing Arrangement, see "Connected Transactions —Exempt Continuing Connected Transaction—Patent Licensing Arrangements" of this Prospectus.

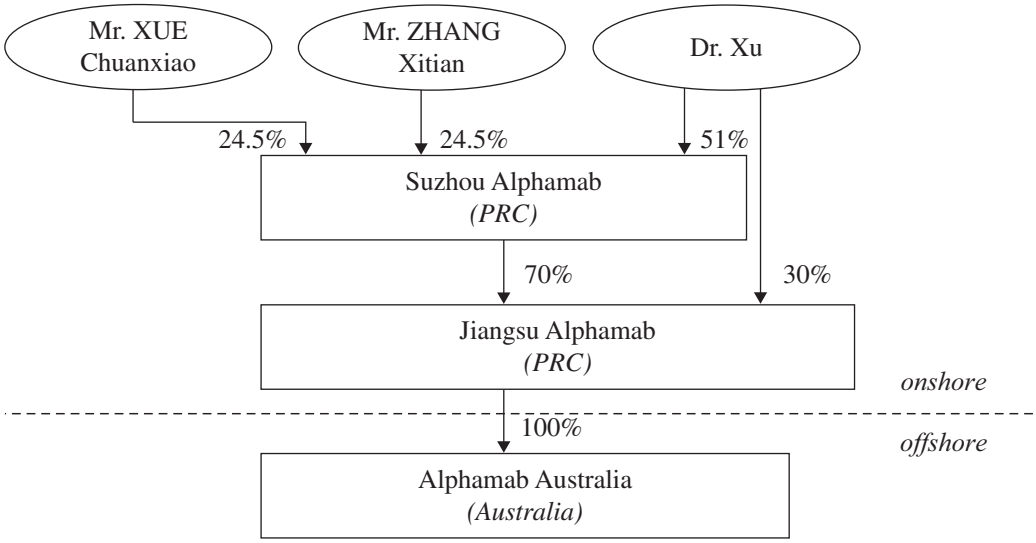
See "Business—Intellectual Property" and "Appendix V—Statutory and General Information—B. Further Information about our Business—2. Intellectual Property Rights—(b) Patents" to this Prospectus for further details of the Transferred Patents and Licensed Patents.

In connection with the Asset Transfer and Patent Licensing Agreements, all key personnel leading the research and development of our drug candidates were transferred to Jiangsu Alphamab from Suzhou Alphamab by entering into new employment agreements with Jiangsu Alphamab. Upon the completion of the transactions contemplated under the Asset Transfer and Patent Licensing Agreements and transfer of key personnel (collectively, the "**Business Restructuring**"), Suzhou Alphamab no longer engaged in the core business of our Group. For details of the business delineation between Jiangsu Alphamab and Suzhou Alphamab, please see "Relationship with Controlling Shareholders—Delineation of Business" of this Prospectus.

Step 2. Transfer of 30% equity interests in Jiangsu Alphamab by Suzhou Alphamab to Dr. Xu

On June 4, 2018, Suzhou Alphamab, Dr. Xu and Jiangsu Alphamab entered into a share transfer agreement, pursuant to which Dr. Xu acquired 30% interest in Jiangsu Alphamab from Suzhou Alphamab at a consideration of RMB16,188,060. The consideration was determined through arm's length negotiation with reference to the valuation of the net assets value of Jiangsu Alphamab as of May 1, 2018. The consideration was fully settled on December 27, 2018 in cash. We have completed the AIC registration for the aforementioned equity transfer on June 20, 2018. Following such share transfer, Jiangsu Alphamab was owned as to 70% by Suzhou Alphamab and 30% by Dr. Xu, respectively.

Immediately following the onshore reorganization steps above, the corporate structure of our Group was as follows:



Offshore Reorganization

Step 1. Incorporation of Our Company and Our Offshore Subsidiaries

Immediately after the incorporation of our Company, one ordinary share was allotted and issued to its initial subscriber, Osiris International Cayman Limited, and was then immediately transferred to Rubymab at par value, which was settled on August 13, 2018 in cash.

Alphamab Oncology (BVI) is a direct wholly-owned subsidiary of our Company. Alphamab Oncology (HK) is a direct wholly-owned subsidiary of Alphamab Oncology (BVI).

Each of our Company, Rubymab, Alphamab Oncology (BVI) and Alphamab Oncology (HK) has been an investment holding company without substantive business operations since incorporation.

Step 2. Share Split and Issue of Ordinary Shares

On July 5, 2018, the total authorized shares of the Company with a par value of US$0.001 each was split into 5,000,000,000 ordinary shares with a par value of US$0.00001 each.

Pursuant to resolutions of the then sole shareholder of the Company adopted on July 5, 2018 and July 18, 2018, the Company allotted and issued ordinary shares to the following offshore companies:

- 55,700,000 ordinary shares were allotted and issued to Rubymab at par value. The consideration was fully settled on August 13, 2018 in cash;

- 17,150,000 ordinary shares were allotted and issued to Pearlmed, which was wholly owned by Mr. XUE Chuanxiao, at par value. The consideration was fully settled on August 13, 2018 in cash;

- 17,150,000 ordinary shares were allotted and issued to Sky Diamond, which was wholly owned by Mr. ZHANG Xitian, at par value. The consideration was fully settled on August 13, 2018 in cash;

- 2,868,867 ordinary shares were allotted and issued to Aljade, which was jointly owned by Suzhou Zhongning and Suzhou Yuning as to 50% respectively, at par value. Aljade was incorporated as a holding company for certain employees of Suzhou Alphamab (the "**SZ ESOP Holders**"), who were awarded share options of Suzhou Alphamab under the share incentive plan adopted by Suzhou Alphamab (the "**SZ ESOP**") prior to the Reorganization. The number of ordinary shares allotted and issued to Aljade represented the aggregate underlying shareholding interest of the SZ ESOP Holders in Suzhou Alphamab. The consideration was fully settled on August 13, 2018 in cash; and

- 257,817 ordinary shares were allotted and issued to Dr. LIU Mike at par value, a senior management of the Company who was awarded share options under the SZ ESOP. The number of ordinary shares allotted and issued to Dr. LIU Mike represented the aggregate underlying shareholding interest of him in Suzhou Alphamab. The consideration was fully settled on August 7, 2018 in cash.

Following the completion of the above steps, the Company was owned by Rubymab, Pearlmed, Sky Diamond, Aljade and Dr. LIU Mike, as to approximately 63.71%, 16.63%, 16.63%, 2.78% and 0.25%, respectively.

Step 3. Acquisition of 3% Equity Interest in Jiangsu Alphamab by Advantech I

On July 14, 2018, Advantech I, one of our Pre-IPO Investors, Suzhou Alphamab and Jiangsu Alphamab entered into a share transfer agreement, pursuant to which, Advantech I acquired 3% equity interest in Jiangsu Alphamab from Suzhou Alphamab at a consideration of US$238,331 which was determined through arm's length negotiation with reference to the valuation of the net assets value of Jiangsu Alphamab as of May 31, 2018. The consideration was fully settled on September 26, 2018 in cash. We have completed the AIC registration for the relevant equity interest transfer on August 8, 2018. Following such acquisition, Jiangsu Alphamab was converted into a sino-foreign joint venture company.

Step 4. Imposition of the Company into Our Group

(1) Acquisition of 97% equity interest in Jiangsu Alphamab by Alphamab Oncology (HK)

On August 21, 2018, Alphamab Oncology (HK), Suzhou Alphamab, Dr. Xu and Jiangsu Alphamab entered into a share transfer agreement, pursuant to which, Alphamab Oncology (HK) acquired 67% and 30% equity interest in Jiangsu Alphamab from Suzhou Alphamab and Dr. Xu at a total consideration of RMB35,218,081 and RMB15,769,290, respectively. The considerations were determined through arm's length negotiation with reference to the valuation of the net assets value of Jiangsu Alphamab as of May 31, 2018. The consideration was fully settled on November 28, 2018 in cash. We completed the AIC registration for the relevant equity interest transfer on August 30, 2018. Following such acquisition, Jiangsu Alphamab became a wholly-foreign owned enterprise.

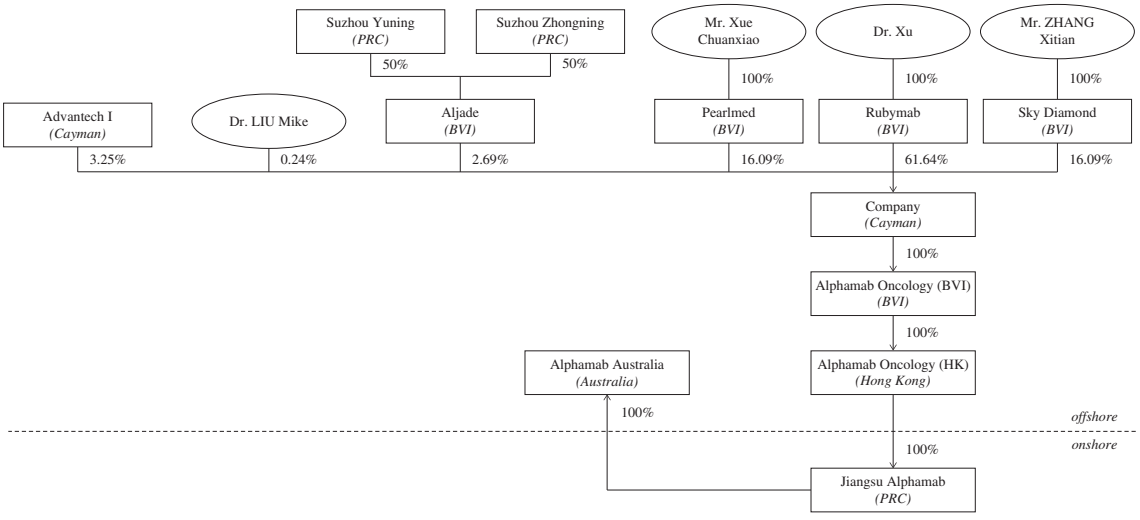
(2) Transfer of 3% equity interest in Jiangsu Alphamab by Advantech I to Alphamab Oncology (HK)

On September 5, 2018, Alphamab Oncology (HK) and Advantech I entered into a share transfer agreement, pursuant to which, Advantech I transferred its 3% equity interest in Jiangsu Alphamab to Alphamab Oncology (HK) at a consideration of US$238,331 (equivalent to RMB1,576,929) which was determined through arm's length negotiation with reference to the valuation of the net assets value of Jiangsu Alphamab as of May 31, 2018. The consideration was settled by Alphamab Oncology (HK) in cash on September 28, 2018. We have completed the AIC registration for the relevant equity interest transfer on September 25, 2018. Upon completion of the above transfer, Jiangsu Alphamab became a wholly-owned subsidiary of our Company.

(3) Subscription of ordinary shares by Advantech I

On September 5, 2018, pursuant to a share subscription agreement entered into by Advantech I and the Company, Advantech I subscribed for 3,466,855 ordinary shares which were allotted and issued by the Company, representing approximately 3.25% of the then total issued share capital of our Company, at a consideration of US$238,331 (equivalent to RMB1,576,929) which equalled to the consideration for the transfer of 3% equity interests in Jiangsu Alphamab by Advantech I to Alphamab Oncology (HK) as described above. The consideration was settled on October 11, 2018 in cash.

Upon completion of the above steps, our Company became the holding company of our Group. The following chart sets forth the shareholding structure of our Group immediately after the Reorganization:



THE PRE-IPO INVESTMENTS

(1) Overview

Series A Financing

On October 19, 2018, each of the Series A Investors, namely Advantech I, Advantech II, PAG Growth, New Pavillion, Southern Creation, Janchor, Worldwide Healthcare and HCC Investments entered into a share purchase agreement with the Company in relation to subscriptions of an aggregate of 28,247,745 Series A Preferred Shares at a subscription price of approximately US$4.46 per Series A Preferred Share, which was determined based on arm's length negotiations between the parties taking into consideration of the timing of the investment and the Group's research and development capabilities, future prospects, operation team and strategic needs (the "**Series A Financing**"). Pursuant to the shareholders' resolutions dated October 16, 2018, the authorized share capital of our Company was re-designated into US$50,000 divided into 5,000,000,000 shares of a par value of US$0.00001 each consisting of 4,000,000,000 ordinary shares of a par value of US$0.00001 each and 1,000,000,000 Series A Preferred Shares of a par value of US$0.00001 each. The Series A Financing was settled on December 12, 2018. Please see Note 27 of "Appendix I—Accountants' Report" to this Prospectus for the accounting treatment of the Series A Preferred Shares.

Series B Financing

Pursuant to a share purchase agreement dated March 29, 2019 and an amendment thereto dated May 17, 2019, each of the Series B Investors, namely Hudson Bay, Advantech II, PAG Growth, New Pavillion, Kiwi Jolly and Classic Insight agreed to subscribe for an aggregate of 12,147,286 Series B Preferred Shares at a subscription price of approximately US$4.90 per Series B Preferred Share, which was determined based on arm's length negotiations between the parties taking into consideration of the Group's research and development capabilities, future prospects, operation team and strategic needs at the time of the investment (the "**Series B Financing**"). Pursuant to the shareholders' resolutions dated May 15, 2019, the authorized share capital of our Company was increased to US$50,200 divided into 5,020,000,000 shares of a par value of US$0.00001 each, consisting of 4,000,000,000 ordinary shares of a par value of US$0.00001 each, 1,000,000,000 Series A Preferred Shares of a par value of US$0.00001 each and 20,000,000 Series B Preferred Shares of a par value of US$0.00001 each. The Series B Financing was settled on May 29, 2019.

The following table sets out the shareholding structure of the Company immediately after the completion of the Pre-IPO Investments:

Name of shareholders	Ordinary shares	Series A Preferred Shares under the share purchase agreement(s)	Consideration paid at Series A Financing	Series B Preferred Shares under the share purchase agreement(s)	Consideration paid at Series B Financing	Aggregate number of shares under the share purchase agreement(s)	Aggregate number of Shares following the Share Subdivision	Aggregate shareholding percentage[1]
Rubymab[2]	65,700,000	–	–	–	–	65,700,000	328,500,000	45.78%
Pearlmed[3]	17,150,000	–	–	–	–	17,150,000	85,750,000	11.95%
Sky Diamond[4]	17,150,000	–	–	–	–	17,150,000	85,750,000	11.95%
Aljade[5]	2,868,867	–	–	–	–	2,868,867	14,344,335	2.00%
Dr. LIU Mike[6]	257,817	–	–	–	–	257,817	1,289,085	0.18%
Advantech I[7]	–	53,431	US$238,311	–	–	53,431	267,155	0.04%
Advantech II[8]	–	8,353,636	US$37,261,671	1,531,171	US$7,500,002	9,884,807	49,424,035	6.89%
PAG Growth[9]	–	8,407,067	US$37,500,002	1,531,171	US$7,500,002	9,938,238	49,691,190	6.92%
New Pavillion	–	5,604,711	US$25,000,000	3,062,341	US$15,000,000	8,667,052	43,335,260	6.04%
Southern Creation	–	1,793,508	US$8,000,002	–	–	1,793,508	8,967,540	1.25%
Janchor	–	1,120,942	US$4,999,999	–	–	1,120,942	5,604,710	0.78%
Worldwide Healthcare	–	1,345,131	US$6,000,001	–	–	1,345,131	6,725,655	0.94%
HCC Investments	–	1,569,319	US$7,000,000	–	–	1,569,319	7,846,595	1.09%
Hudson Bay	–	–	–	4,083,121	US$19,999,998	4,083,121	20,415,605	2.84%
Kiwi Jolly	–	–	–	918,702	US$4,499,998	918,702	4,593,510	0.64%
Classic Insight	–	–	–	1,020,780	US$4,999,998	1,020,780	5,103,900	0.71%
Total	103,126,684	28,247,745	US$126,000,006	12,147,286	US$59,499,998	143,521,715	717,608,575	100.00%

(1) Based on the assumption that each of the Preferred Shares will be automatically converted into one Share upon the Global Offering becoming unconditional and without taking into account any shares be issued upon the exercise of share options under the Pre-IPO Share Option Plans. As of the Latest Practicable Date, none of the share options granted under the Pre-IPO Share Option Plans was exercised.

(2) Rubymab was wholly owned by Dr. Xu.

(3) Pearlmed was wholly owned by Mr. XUE Chuanxiao.

(4) Sky Diamond was wholly owned by Mr. ZHANG Xitian.

(5) Aljade was jointly owned by Suzhou Zhongning and Suzhou Yuning as to 50%, respectively.

(6) The 257,817 ordinary shares were allotted and issued to Dr. LIU Mike during the Reorganization in lieu of his underlying shareholding interest in Suzhou Alphamab under the SZ ESOP. For details, please see "—Reorganization—Offshore Reorganization—Step 2. Share Split and Issue of Ordinary Shares."

(7) 53,431 Series A Preferred Shares were allotted and issued to Advantech I in exchange for the 3,466,855 ordinary shares Advantech I subscribed for and described under "—Reorganization—Offshore Reorganization—Step 4. Imposition of the Company into Our Group—(3) Subscription of ordinary Shares by Advantech I" above. The 3,466,855 ordinary shares were repurchased and cancelled by the Company.

(8) On July 10, 2018, Advantech II entered into a convertible note purchase agreement with our Company pursuant to which, our Company agreed to issue a secured convertible note in the principal amount of US$3.50 million (the "**Advantech Convertible Notes**") to Advantech II. The Advantech Convertible Notes were secured by Dr. Xu's personal guarantee and 16,425,000 pledged shares of Rubymab (the "**Guarantees**"). The Advantech Convertible Notes were due and payable on December 31, 2018 unless they were converted into Series A Preferred Shares issued in the Series A Financing in accordance with the terms of the Advantech Convertible Notes. The number of Series A Preferred Shares issued by our Company to Advantech II upon conversion of the Advantech Convertible Notes equalled to the quotient obtained by dividing the principal amount of the Advantech Convertible Notes by the conversion price which equalled to the purchase price per share of the Series A Preferred Shares issued by the Company. On October 19, 2018, in addition to the 784,660 Series A Preferred Shares issued to Advantech II upon conversion, surrender of the Advantech Convertible Notes in the principal amount of US$3.50 million and release of the Guarantees as described above, Advantech II subscribed for additional 7,568,976 Series A Preferred Shares at a cash consideration of US$33.76 million.

(9) On July 10, 2018, PAG Growth entered into a convertible note purchase agreement with our Company pursuant to which, our Company agreed to issue a secured convertible note in the principal amount of US$3.50 million (the "**PAG Convertible Notes**") to PAG Growth. The PAG Convertible Notes were secured the Guarantees. The PAG Convertible Notes were due and payable on December 31, 2018 unless they were converted into Series A Preferred Shares issued in the Series A Financing in accordance with the terms of the PAG Convertible Notes. The number of Series A Preferred Shares issued by the Company to PAG Growth upon conversion of the PAG Convertible Notes equalled to the quotient obtained by dividing the principal amount of the PAG Convertible Notes by the conversion price which equalled to the purchase price per share of the Series A Preferred Shares issued by our Company. On October 19, 2018, in addition to the 784,660 Series A Preferred Shares issued to PAG Growth upon conversion, surrender of the PAG Convertible Notes in the principal amount of US$3.50 million and release of the Guarantees as described above, PAG Growth subscribed for additional 7,622,407 Series A Preferred Shares at a cash consideration of US$34.00 million.

(2) Principal terms of the Pre-IPO Investments

Principal terms of the Series A Financing and Series B Financing are set out below:

	Series A Financing	Series B Financing
Cost per Share paid by the Pre-IPO Investors	US$4.46 per Series A Preferred Share	US$4.90 per Series B Preferred Share
Discount to the Offer Price[(1)]	27.68%	20.54%
Number of Preferred Shares subscribed	28,247,745 Series A Preferred Shares	12,147,286 Series B Preferred Shares
Date on which investments were fully settled	December 12, 2018	May 29, 2019
Use of Proceeds from the Pre-IPO Investments	We utilized the proceeds to finance our research and development activities and fund our daily operations. As of the Latest Practicable Date, approximately 57% of the net proceeds from the Series A Financing had been utilized by the Group. No net proceeds from the Series B Financing had been utilized as of the Latest Practicable Date.	

	Series A Financing	Series B Financing
Lock-up	Each of the existing holders of ordinary shares, Series A Preferred Shares and Series B Preferred Shares is subject to a lock-up period of 180 days commencing on the pricing date of the Global Offering as required by the underwriters according to the Shareholders Agreement.	
Strategic benefits of the Pre-IPO Investors brought to our Company	At the time of the Pre-IPO Investments, our Directors were of the view that (i) our Company would benefit from the additional capital provided by the Pre-IPO Investor and their knowledge and experience and (ii) the Pre-IPO Investments demonstrated the Pre-IPO Investors' confidence in the operation and development of our Group.	
Investment undertaking	According to the Shareholders Agreement, in the event of the Listing consummated both (a) on or prior to the ten (10) month anniversary of the date of the Shareholders Agreement and (b) at a price per Share no less than one hundred and fifteen percent (115%) of the conversion price (as defined in the Third Amended Articles) of the Series B Preferred Shares in effect immediately prior to the completion of the Global Offering, Hudson Bay agrees to directly, or cause its designated affiliate to, place an unconditional and irrevocable order with the Company in an amount no less than US$10,000,000 to purchase the Offer Shares. Notwithstanding the foregoing, subject to the applicable laws and the listing rules of the relevant stock exchange, the Company may, at its sole discretion, decide whether to allocate to Hudson Bay all or part of the amount so committed.	

(1) Assuming the Offer Price is fixed at HK$9.65, being the mid-point of the indicative Offer Price range, and based on the number of Shares in issue upon the completion of the Share Subdivision and the Global Offering assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of the share options under the Pre-IPO Share Option Plans.

(3) Special Rights of the Pre-IPO Investors

Pursuant to the third amended and restated memorandum and articles of association adopted as part of the Series B Financing ("**Third Amended Articles**"), which will be replaced by our Articles of Association effective upon the Listing, and the Shareholders Agreement dated May 27, 2019 entered into among our Company and its subsidiaries, Aljade, and other holders of ordinary shares and their respective beneficial owners, the Series A Investors and the Series B Investors, which superseded the previous shareholders' agreement dated October 31, 2018 entered into for the Series A Financing, certain Pre-IPO Investors were granted certain special rights including, among others, (i) the right to elect directors and the right of participation in the meetings of the Board as an observer, (ii) the right to receive financial statements and other information about our Company and inspect facilities, records and books

of the members of our Group, (iii) the right to request our Company to redeem all or part of the outstanding Preferred Shares if our Company has not consummated an IPO or a deemed liquidation event (as defined in the Shareholders Agreement) within four years after the closing of the Series B Financing, or in the case of Hudson Bay, two years after the closing of the Series B Financing, (iv) the rights of first refusal and co-sale in certain circumstances, (v) the pre-emptive right to purchase up to a pro rata share of any new securities which our Company may propose to issue, (vi) the drag along right to force non-approving shareholders to join in the sale of our Company's shares on same terms as the approving shareholders, (vii) the right to convert outstanding Preferred Shares into ordinary shares and adjust the applicable conversion ratios under certain circumstances, and (viii) certain liquidation and dividend preferences attached to Series A Preferred Shares and Series B Preferred Shares. In addition, certain corporate actions require the approval of the holders of Series A Preferred Shares holding more than 50% of the voting power of the then outstanding Series A Preferred Shares and the holders of Series B Preferred Shares holding more than 50% of the voting power of the then outstanding Series B Preferred Shares.

Pursuant to the Shareholders Agreement and the Third Amended Articles, the Board shall consist of up to nine members, and (i) Advantech I and Advantech II (collectively, "**Advantech**") shall be entitled to appoint one director so long as they collectively hold at least 2/3 of the Series A Preferred Shares they subscribed at the Series A Financing, and (ii) PAG Growth shall be entitled to appoint one director so long as it holds at least 2/3 of the Series A Preferred Shares. Accordingly, Mr. QIU Yu Min was nominated by Advantech, Mr. XU Zhan Kevin was nominated by PAG Growth. In addition, certain corporate actions require the approval of at least one director appointed by Advantech or PAG Growth.

All the above special rights have been terminated or are expected to be exercised (with respect to share conversion right) or terminated upon the Listing in accordance with the provisions of the Third Amended Articles and terms of the Shareholders Agreement.

(4) Information about the Pre-IPO Investors

Name of Pre-IPO Investors	Background
Advantech I and Advantech II	Advantech I is a company incorporated in the Cayman Islands and Advantech II is a limited partnership registered in the Cayman Islands. Each of Advantech I and Advantech II is an affiliate of Advantech Capital. Advantech Capital is a Sophisticated Investor which is a growth capital fund focusing on innovation-driven private equity investments primarily in Tier-II and Tier-III regions in China. With approximately US$1.4 billion assets under management, the fund pursues investment opportunities in the healthcare, technology and innovation sectors, particularly companies providing innovative products, solutions or services. Within the biotech sector, Advantech Capital's portfolio investments mainly comprise pharmaceutical companies specializing in anti-tumor or anti-inflammatory drugs and developers of innovative medical equipment or software solutions.
PAG Growth	PAG Growth is a business company incorporated under the laws of the BVI, and a wholly-owned subsidiary of funds managed by PAG. PAG is a Sophisticated Investor. Founded in 2002, PAG is today one of Asia's largest independent alternative investment managers, focusing on private equity, real estate and absolute returns, with over US$30 billion under management as of June 30, 2019. PAG employs a thematic approach to investing in private equity, seeking to back businesses with leading market positions, proven performance, committed management teams and great potential. Biotech and healthcare have been core focus sectors of PAG, and it has invested in a number of companies in such areas.

Name of Pre-IPO Investors	Background
New Pavillion	New Pavillion is a company incorporated in the Cayman Islands and an offshore affiliated company of China Venture Capital Fund Corporation Ltd. ("**CVC**"). CVC was established in August 2016 in the PRC. CVC was set up with the investment purpose to support technological breakthroughs and industrialisation of scientific and technological achievements, accelerate the incubation and cultivation of emerging industries, innovate business models and promote the integration of capital and technology. The field of biotech and healthcare is one of the focused areas of CVC.
Southern Creation	Southern Creation is a special purpose vehicle registered with the BVI, specializing in the investment in healthcare companies in Greater China area. Southern Creation is managed and controlled by Shanghai Kuokun Asset Management Limited, through the control of 100% voting rights.
Janchor	Janchor is a company incorporated under the laws of the Cayman Islands that is managed and controlled by Janchor Partners Management Limited and advised by Janchor Partners Limited, a company licensed by the SFC to conduct asset management (together, "**Janchor Partners**"). Established in 2009, Janchor Partners is a long-term industrialist investor, partnering with companies that have superior business models, favorable growth prospects and the potential to be part of long-term positive structural dynamics of Asian countries and economies. Janchor is an experienced institutional investor with a track record of investing in healthcare companies, including as a cornerstone investor.

Name of Pre-IPO Investors	Background
Worldwide Healthcare	Worldwide Healthcare is a closed-end fund incorporated in the United Kingdom and whose portfolio is managed by OrbiMed Capital LLC ("**OrbiMed Capital**"). OrbiMed is a leading healthcare investment firm, with over $13 billion in assets under management. OrbiMed invests globally across the healthcare industry, from start-ups to large multinational corporations, using a range of private equity funds, public equity funds, and royalty/credit funds. With offices in New York City, San Francisco, Shanghai, Hong Kong, Mumbai and Herzliya, OrbiMed seeks to be a capital provider of choice, providing tailored financing solutions and global team support to help build world-class healthcare companies. OrbiMed Capital invests globally across a spectrum of healthcare companies, from venture capital start-ups to large multinational companies.
HCC Investments	HCC Investments is a limited liability company incorporated in the United States managed by, and for the benefit of, Richard Merkin, a United States individual investor.
Hudson Bay	Hudson Bay is a company incorporated in the Cayman Islands and an affiliated company of Hudson Bay Capital Management LP, a multi-billion dollar asset management firm founded in 2005 operating in New York and London. Hudson Bay Capital Management LP targets traditional and nontraditional sources of alpha by employing multiple absolute return strategies and seeks to identify growth opportunities that are uncorrelated to each other and to market indices. Amongst other strategies, the firm also has dedicated investment teams primarily focused on the healthcare industry. The healthcare specialists invest in biotechnology, pharmaceutical, medical device and healthcare services companies globally.
Kiwi Jolly	Kiwi Jolly is a business company incorporated in the BVI and managed and controlled by Ms. LIU Jing, an Independent Third Party.

Name of Pre-IPO Investors	Background
Classic Insight	Classic Insight is a company incorporated in the BVI and managed and controlled by an Independent Third Party.

(5) Public Float

Shares held by the Pre-IPO Investors will all be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the Global Offering.

To our Directors' best knowledge, each of the Pre-IPO Investors is independent from the Company and its connected persons and their respective associates.

(6) Compliance with Interim Guidance and Guidance Letters

The Joint Sponsors confirmed that the Pre-IPO Investments are in compliance with (i) Guidance Letter GL29-12 issued by the Stock Exchange in January 2012 and updated in March 2017 and (ii) the Guidance Letter HKEx-GL43-12 issued by the Stock Exchange in October 2012 and as updated in July 2013 and March 2017.

SHARE SUBDIVISION AND SHARE CONVERSION

On November 24, 2019, we conducted a share subdivision pursuant to which each share in our issued and unissued share capital was split into five shares of the corresponding class with par value US$0.000002 each, following which our issued share capital consisted of (i) 515,633,420 Shares with par value of US$0.000002 each, (ii) 141,238,725 Series A Preferred Shares with par value of US$0.000002 each and (iii) 60,736,430 Series B Preferred Shares with par value of US$0.000002 each.

Each Preferred Share will be automatically converted to one Share upon the Global Offering becoming unconditional.

ADOPTION OF PRE-IPO SHARE OPTION PLANS

In recognition of the contributions of our Directors and employees and to incentivize them to further promote our development, our Company adopted a Pre-IPO Share Option Plans including the pre-IPO share option plan I adopted on October 16, 2018 (which was further amended on March 29, 2019) and the pre-IPO share option plan II adopted on March 29, 2019. For details and principal terms of the Pre-IPO Share Option Plans, please see "Appendix V—Statutory and General Information—D. Pre-IPO Share Option Plans" to this prospectus.

As of the Latest Practicable Date, options to subscribe for an aggregate of 57,460,365 Shares (as adjusted after the Share Subdivision), representing an aggregate of 6.41% of the total issued share capital of our Company immediately following the Global Offering

(assuming the Over-allotment Option is not exercised), have been granted to 82 grantees under the Pre-IPO Share Option Plans at nil consideration. Pursuant to the terms of the Pre-IPO Share Option Plans, no grantee may exercise the outstanding options granted under the Pre-IPO Share Option Plans prior to the Listing. No further options may be granted under the Pre-IPO Share Option Plans after the Listing. None of the grantees has exercised the options under the Pre-IPO Share Option Plans as of the Latest Practicable Date.

HISTORICAL SHAREHOLDING ARRANGEMENT OF SUZHOU ALPHAMAB

Suzhou Alphamab was established on November 6, 2008 by Dr. Xu together with Mr. Han Guoxia ("**Mr. Han**") and Mr. Yao Yiming ("**Mr. Yao**") and another Independent Third Party, who ceased to be a shareholder of Suzhou Alphamab in January 2011 due to his personal decision. In 2008, Mr. Han, Mr. Yao and Dr. Xu reached a mutual understanding which in principle allowed each of them to beneficially own one-third of any other parties' equity interests in any PRC company established by them in or after 2008 in order to, amongst others, reduce the overall risk of potential failure of entrepreneurship and facilitate the mutual support and cooperation among the companies founded or to be founded by each of them. In the first half of 2009, Suzhou Alphamab commenced its operation. In August 2010, Dr. Xu moved back to the PRC from the United States. In 2011, per the request of Mr. ZHANG Xitian and Mr. Xue Chuanxiao, the angel investors of Suzhou Alphamab, Mr. Han and Mr. Yao ceased to be shareholders of Suzhou Alphamab in January 2011 and April 2011, respectively. Given the situation and in order to maintain the mutual understanding among the parties reached in 2008, on April 2, 2011, Dr. Xu, Mr. Yao and Mr. Han entered into an agreement (the "**2011 Agreement**"), pursuant to which it was agreed that each of Dr. Xu, Mr. Yao and Mr. Han would be entitled to the beneficial interest in one-third of the equity interest in the existing companies (Suzhou Goodee Pharma Technology Co., Ltd. (蘇州國鏑醫藥科技有限公司), Suzhou Guoyi Biotechnology Co., Ltd. (蘇州國奕生物科技有限公司) and Suzhou Alphamab) and any company to be incorporated in the future held by any one of them from time to time. After a series of equity interest transfers and share capital changes, in May 2011, Suzhou Alphamab became owned as to 51% by Dr. Xu, 24.5% by Mr. Xue Chuanxiao and 24.5% by Mr. ZHANG Xitian.

On August 30, 2015, Dr. Xu, Mr. Han and Mr. Yao further entered into an agreement (the "**2015 Agreement**"), pursuant to which, they agreed to terminate the 2011 Agreement. As such, each of Dr. Xu, Mr. Yao and Mr. Han would no longer have any beneficial interest in any equity interest in companies registered in the name of the other two parties. It follows that Dr. Xu would be the sole beneficial owner of the 51% equity interest in Suzhou Alphamab registered in his name, while Mr. Yao and Mr. Han would no longer have any beneficial interest in Suzhou Alphamab.

Under the 2015 Agreement, Dr. Xu shall pay an aggregate amount of RMB140 million to Mr. Yao and Mr. Han according to the schedule below:

1. Before September 15, 2015: RMB20 million (the "**1st Instalment**")

2. Before July 30, 2018: RMB30 million (the "**2nd Instalment**")

3. Before July 30, 2025: RMB30 million (the "**3rd Instalment**")

4. Upon asset disposal by Dr. Xu (including but not limited to any company in which Dr. Xu holds equity interest becoming listed by way of public offering or on the National Equities Exchange and Quotations System (NEEQ) or being acquired by a non-related party): RMB60 million (the "**4th Instalment**")

On September 27, 2018, Mr. Yao and Mr. Han initiated a claim against Dr. Xu to seek the court's order to invalidate a series of transfers of equity interests in Jiangsu Alphamab made by Dr. Xu and Suzhou Alphamab, being part of the Reorganization. The claim was voluntarily withdrawn by the plaintiffs on November 21, 2018. On September 27, 2018, Mr. Yao and Mr. Han initiated a separate claim against Dr. Xu to seek enforcement of Dr. Xu's payment obligation of the 2nd Instalment of RMB30 million under the 2015 Agreement. The claim was settled by way of court mediation among the parties on January 8, 2019 and Dr. Xu had subsequently fulfilled all his obligations required under the mediation agreement.

On November 20, 2018, Mr. Yao and Mr. Han initiated a further claim against, among others, Dr. Xu to seek the court's declaration that, pursuant to the terms of the 2011 Agreement, they have a pre-emptive right to acquire equity interests in Jiangsu Alphamab upon transfer of such equity interests in Jiangsu Alphamab by Dr. Xu and Suzhou Alphamab, being part of the Reorganization. This claim was rejected by the court on May 10, 2019.

On May 10, 2019, Mr. Yao initiated another claim (the "**Claim**") against Dr. Xu to seek enforcement of Dr. Xu's payment obligation of the 4th Instalment of RMB30 million to Mr. Yao (being half of the 4th Instalment to be paid to Mr. Yao and Mr. Han). The Claim was rejected by the court of first instance on November 12, 2019. According to the judgment, the parties of the Claim have an appeal period of 15 days. Our Directors believe that the Claim is against Dr. Xu in his personal capacity only, and does not involve the business and operations of the Group. As such, the outcome of such claim will not affect the Group's business, results of operations and financial conditions. The Company's PRC Legal Adviser is of the view that the Claim is not related to the Reorganization and thus would have no impact on the validity, legality and enforceability of the Reorganization.

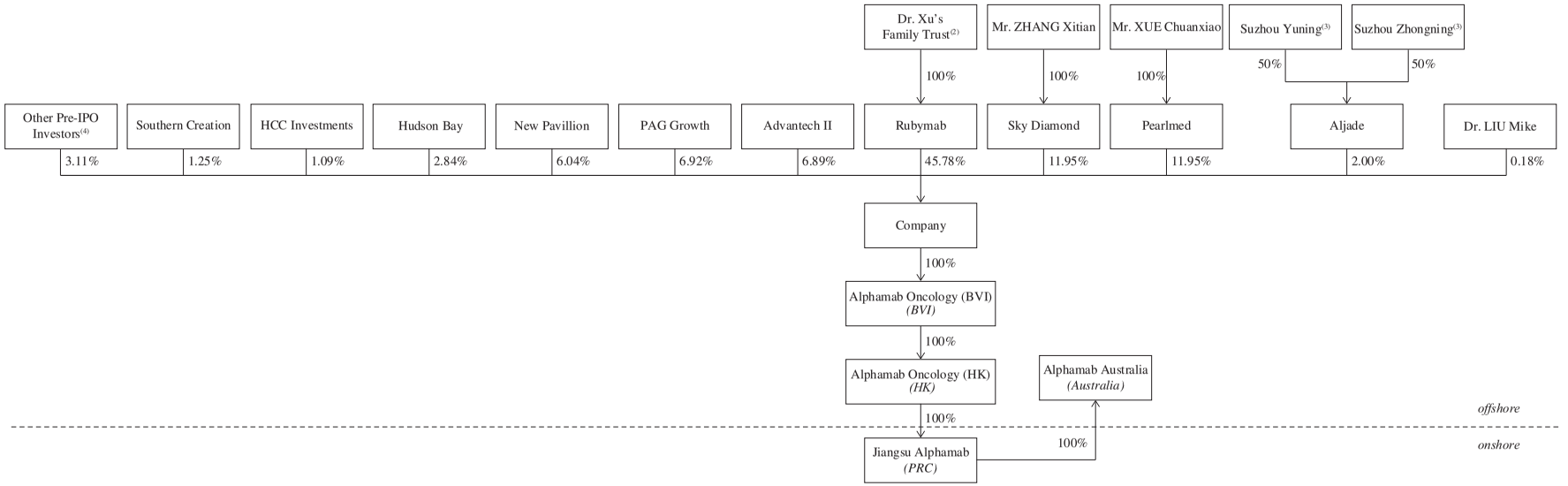
MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and until the Latest Practicable Date, we did not conduct any major acquisitions, disposals or mergers.

ESTABLISHMENT OF DR. XU'S FAMILY TRUST

As of the Latest Practicable Date, Dr. Xu is in the process of establishing Dr. Xu's Family Trust, of which he will act as the settlor and protector for the benefits of his family members with South Dakota Trust acting as the trustee. The establishment of Dr. Xu's Family Trust is expected to be completed before the Listing. The entire equity interest of Rubymab will be transferred to Dr. Xu's Family Trust immediately upon establishment and before the Listing.

CORPORATE STRUCTURE AFTER THE REORGANIZATION AND PRE-IPO INVESTMENTS AND IMMEDIATELY PRIOR TO THE GLOBAL OFFERING[1]



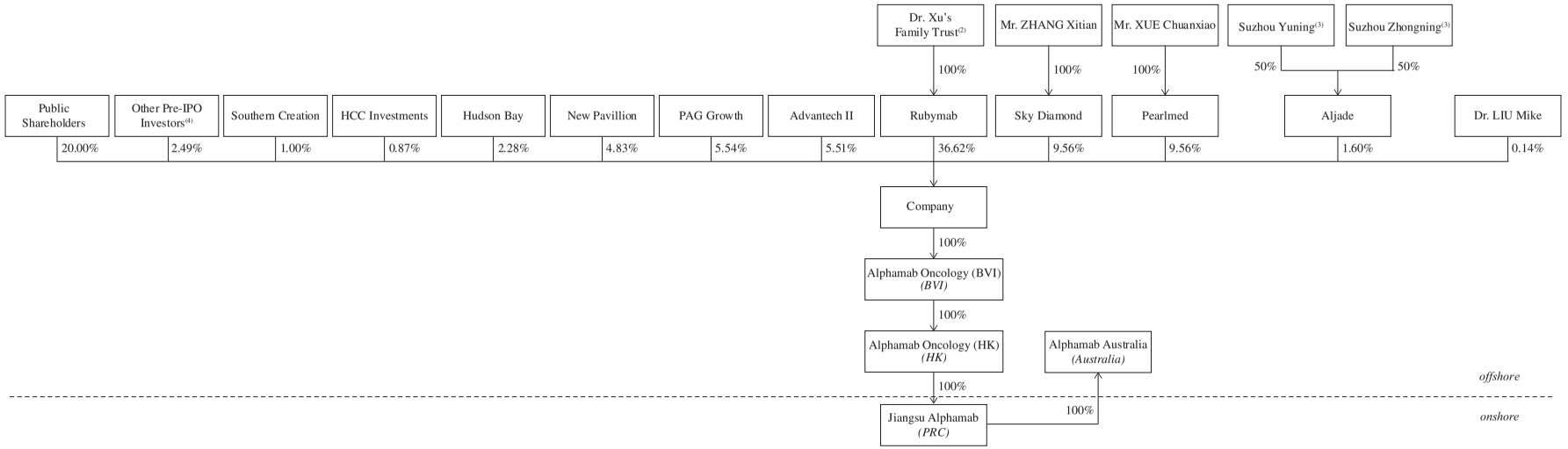
(1) Based on the assumption that all Preferred Shares will automatically be converted into Shares on a 1:1 basis on the Listing Date and without taking into account any Shares to be issued upon the exercise of share options under the Pre-IPO Share Option Plans.

(2) Dr. Xu's Family Trust is a discretionary trust to be set up by Dr. Xu as the settlor and protector before the Listing Date for the benefit of Dr. Xu's family members with South Dakota Trust acting as the trustee.

(3) Suzhou Zhongning and Suzhou Yuning were set up as offshore shareholding platforms for SZ ESOP Holders to hold interest in the Company. On May 31, 2019, certain employees of Suzhou Alphamab transferred their partnership interest in Suzhou Zhongning and Suzhou Yuning, representing an aggregate of 35.67% and 1.91% interest in Suzhou Zhongning and Suzhou Yuning, respectively, to one employee and two consultants of Suzhou Alphamab. The consideration of the transfers were settled on May 31, 2019 in cash. As of the Latest Practicable Date, the general partner of each of Suzhou Yuning and Suzhou Zhongning is an employee of Suzhou Alphamab. The limited partners of Suzhou Yuning and Suzhou Zhongning are 48 individuals and 27 individuals who are employees, former employees or consultants of Suzhou Alphamab, respectively. All the general partners and limited partners of Suzhou Zhongning and Suzhou Yuning are Independent Third Parties.

(4) Other Pre-IPO Investors include Advantech I (0.04%), Janchor (0.78%), Worldwide Healthcare (0.94%), Kiwi Jolly (0.64%) and Classic Insight (0.71%). All these Pre-IPO Investors are Independent Third Parties. See "The Pre-IPO Investments" in this section for further details of our Pre-IPO Investors.

CORPORATE STRUCTURE IMMEDIATELY UPON COMPLETION OF THE GLOBAL OFFERING[1]



(1) Based on the assumption that all Preferred Shares will automatically be converted into Shares on a 1:1 basis on the Listing Date and that the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of share options under the Pre-IPO Share Option Plans.

(2) Dr. Xu's Family Trust is a discretionary trust to be set up by Dr. Xu as the settlor and protector before the Listing Date for the benefit of Dr. Xu's family members with South Dakota Trust acting as the trustee.

(3) Suzhou Zhongning and Suzhou Yuning were set up as offshore shareholding platforms for SZ ESOP Holders to hold interest in the Company. On May 31, 2019, certain employees of Suzhou Alphamab transferred their partnership interest in Suzhou Zhongning and Suzhou Yuning, representing an aggregate of 35.67% and 1.91% interest in Suzhou Zhongning and Suzhou Yuning, respectively, to one employee and two consultants of Suzhou Alphamab. The consideration of the transfers were settled on May 31, 2019 in cash. As of the Latest Practicable Date, the general partner of each of Suzhou Yuning and Suzhou Zhongning is an employee of Suzhou Alphamab. The limited partners of Suzhou Yuning and Suzhou Zhongning are 48 individuals and 27 individuals who are employees, former employees or consultants of Suzhou Alphamab, respectively. All the general partners and limited partners of Suzhou Zhongning and Suzhou Yuning are Independent Third Parties.

(4) Other Pre-IPO Investors include Advantech I (0.03%), Janchor (0.62%), Worldwide Healthcare (0.75%), Kiwi Jolly (0.51%) and Classic Insight (0.57%). All these Pre-IPO Investors are Independent Third Parties. See "The Pre-IPO Investments" in this section for further details of our Pre-IPO Investors.

PRC REGULATORY REQUIREMENTS

Our PRC Legal Adviser advised that the transfer of 3% equity interests in Jiangsu Alphamab by Advantech I (the "**First Transfer**") is subject to the M&A Rules and Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign-invested Enterprises (Revised in 2018, the "**Circular 6**") (外商投資企業設立及變更備案管理暫行辦法(2018年修訂)), and Jiangsu Alphamab has obtained the record-filing receipt for the incorporation of foreign-invested enterprise (外商投資企業設立備案回執) and the new business license pursuant to the M&A Rules and Circular 6. After the First Transfer, Jiangsu Alphamab became a sino-foreign joint venture enterprise. For the transfer of 97% equity interests in Jiangsu Alphamab by Alphamab Oncology (HK) (the "**Second Transfer**") and the transfer of 3% equity interests in Jiangsu Alphamab by Advantech I to Alphamab Oncology (HK) (the "**Third Transfer**"), our PRC Legal Adviser advised that since Jiangsu Alphamab has converted into a sino-foreign joint venture enterprise, both the Second Transfer and the Third Transfer are the equity transfer in a foreign-invested enterprise, thus the Rules on the Changes of Shareholding of Foreign-invested Enterprise Investor (外商投資企業投資者股權變更的若干規定, the "**Rules**") and Circular 6 shall apply. Jiangsu Alphamab has obtained the record-filing receipts for the change of foreign-invested enterprise (外商投資企業變更備案回執) and the new business license pursuant to the Rules and Circular 6 for such transfers. Our PRC Legal Adviser is of the view that the First Transfer has been completed in accordance with the M&A Rules and Circular 6, the Second Transfer and the Third Transfer have been completed in accordance with the Rules and the Circular 6.

As confirmed by our PRC Legal Adviser, we have obtained and completed all necessary approvals, registrations and/or procedures in all material aspects from the relevant PRC regulatory authorities in respective of the steps of the Reorganization in relation to our PRC subsidiary as described above.

Pursuant to the Circular 37 promulgated by SAFE and which became effective on July 14, 2014, (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the "**Overseas SPV**") that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (b) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change of Overseas SPV's PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV's capital, share transfer or swap, and merger or division.

Pursuant to the Circular of SAFE on Further Simplification and Improvement in Foreign Exchange Administration on Direct Investment (關於進一步簡化和改進直接投資外匯管理政策的通知) (the "**SAFE Circular No. 13**"), promulgated by SAFE and which became effective on June 1, 2015, the power to accept SAFE registration was delegated from local SAFE to local banks where the assets or interest in the domestic entity was located.

As advised by our PRC Legal Adviser, Dr. Xu, Mr. ZHANG Xitian and Mr. Xue Chuanxiao completed the registration for holding the equity interests in Rubymab, Sky Diamond and Pearlmed, respectively on July 13, 2018, as required by Circular 37 and SAFE Circular No. 13. Dr. Xu undertakes to commence relevant foreign exchange procedures as required in accordance with PRC laws and regulations and local guidelines upon the transfer of the entire equity interest of Rubymab to Dr. Xu's Family Trust.

OVERVIEW

We are a leading clinical-stage biopharmaceutical company in China with a fully-integrated proprietary biologics platform in bispecifics and protein engineering. Our mission is to deliver world-class innovative therapeutic biologics to treat patients globally by applying our unique drug discovery and development capabilities. We believe our unique drug discovery and development capabilities are demonstrated by our strong R&D track record and supported by our proprietary technologies, platforms and expertise.

Our highly differentiated in-house pipeline includes:

- *KN046* – a BsAb immune checkpoint inhibitor simultaneously targeting two clinically-validated immune checkpoints, PD-L1 and CTLA-4, representing a potential breakthrough, next-generation immuno-oncology blockbuster drug. As of the Data Cut-off Date, in our phase I clinical trials in Australia and China, among all evaluable subjects receiving KN046 at 5.0 mg/kg Q2W (RP2D), the DCR was 77.8% and 69.2%, respectively, and 10 (55.6%) and 4 (30.8%) subjects had target lesion shrinkage, respectively. These subjects have generally failed at least first-line standard of care. The results from the phase I clinical trials have shown a favorable safety profile, and early efficacy signals on NPC (especially in subjects with high PD-L1 expression), and gastrointestinal cancers (including pancreatic cancer). We have adopted a fast/first-to-market approach on select indications and we plan to submit the first BLA for KN046 in China for third or later-line unresectable/metastatic NPC in 2021. We are also conducting clinical trials for several major cancer indications, including NSCLC, TNBC and ESCC. As of the Data Cut-off Date, in our phase II clinical trial in China for second-line or later-line NSCLC subjects (all failed first-line chemotherapy), the DCR was 85.7% and the ORR was 28.6%. As of the same date, in the phase II clinical trial of KN046 as a first-line therapy combined with chemotherapy for first-line TNBC subjects in China, all three evaluable subjects achieved disease control and the ORR was 66.7%. Such preliminary results indicate promising efficacy of KN046 for these two indications especially the combination therapy with chemotherapy.

- *KN026* – a next-generation anti-HER2 BsAb that can simultaneously bind two distinct clinically-validated epitopes of HER2, resulting in potentially superior efficacy. As of September 20, 2019, in our China phase I clinical trial of KN026, KN026 had shown early efficacy signals on heavily pre-treated breast cancer patients as well as a favorable safety profile. In this trial, the overall DCR and ORR was 71.4% and 28.6%, respectively, and a total of 19 (90.5%) evaluable subjects had target lesion shrinkage. Among all the evaluable subjects receiving KN026 at 20.0 mg/kg Q2W or 30.0 mg/kg Q3W (RP2Ds), the DCR was 80.0%, the ORR was 40.0%, and 93.3% subjects had target lesion shrinkage. We plan to complete the phase Ib trial for HER2 High breast cancer and GC/GEJ in China by the first half of 2020. We are also conducting a phase II clinical trial for HER2-overexpressing GC/GEJ in China and a phase I clinical trial for HER2-overexpressing solid tumors, including but not limited to breast cancer and GC/GEJ, in the United States.

- *KN019* – a CTLA-4-based immunosuppressant fusion protein with a clinically-validated mechanism of action and potential broad applications in both autoimmune diseases and oncology treatment-induced immune disorders. We plan to start a phase II trial for RA in the fourth quarter of 2019 and expand to oncology treatment-induced immune disorder indications in the future.

- *KN035* – potentially the first subcutaneously injectable PD-L1 inhibitor worldwide, offering advantages in safety, convenience, compliance, access to patients not suitable for intravenous infusion, and lower medical cost. Invented by us and jointly developed with 3DMed, KN035 is currently undergoing a phase II pivotal clinical trial for dMMR/MSI-H solid tumors and a phase III pivotal trial for BTC in China. The first BLA for KN035 is expected to be filed by the end of 2020 for dMMR/MSI-H solid tumors.

We have a strong research and development team led by our Founder Dr. Xu, a prolific scientist who has made contributions to over 100 patents and patent applications since 2011. As of the Latest Practicable Date, our team had contributed to the CMC processes of many biosimilar candidates. Four of these candidates filed BLAs since 2017, out of a total of 11 biosimilar BLAs that had been filed in China during this period. Our team had also authored 14 papers published in high-impact journals, including *Cancer Cell* and *Immunity.* As of the Latest Practicable Date, we owned one patent covering KN026 in China, co-owned one patent with 3DMed covering KN035 in Australia, and co-owned five patents with Suzhou Alphamab covering our CRIB and CRAM platforms, including in China and the United States. As of the same date, we owned or co-owned 23 patent applications worldwide relating to our drug candidates and technology platforms.

The depth and breadth of our in-house R&D and manufacturing capabilities are demonstrated by the following: (i) structure-guided protein engineering capability to develop protein building blocks in various formats, including sdAbs and engineered proteins; (ii) proprietary CRIB and CRAM platforms for bispecifics and antibody mixtures, respectively; and (iii) state-of-the-art manufacturing capability to be further strengthened by new facilities with an expected capacity of over 30,000L, designed and built to meet NMPA and EU/FDA's cGMP standards.

COMPETITIVE STRENGTHS

Next-generation in-house developed bispecific antibody candidates with blockbuster potential

We are developing a number of next-generation bispecific antibody drug candidates in clinical and pre-clinical stages.

KN046 – BsAb immune checkpoint inhibitor

Our KN046, a BsAb immune checkpoint inhibitor, is potentially a breakthrough, next-generation immuno-oncology blockbuster drug. In 2018, global sales of immune checkpoint inhibitors reached US$20.7 billion. To date, all of the immune checkpoint inhibitors on the market are monospecific antibodies against PD-1, PD-L1 or CTLA-4, which have become successful treatments, including the standard of care for various cancer indications, according to the CIC Report. However, many cancer patients have limited responses to a

single-agent blockade of PD-(L)1 or CTLA-4. To date, one anti-PD-1/CTLA-4 combination therapy has been approved in melanoma, renal cancer carcinoma and colorectal cancer, with significant efficacy improvements in response rate and durability compared to monotherapies of single agents, according to the same source. However, increased toxicity was also observed in this combination therapy due to over-activation of the immune system by the dual blockade. In the registration trials of the combination therapy for melanoma, renal cancer carcinoma and colorectal cancer, much higher treatment-related TEAE rates were reported compared with monotherapies of single agents. Such toxicity profile indicates safety concerns and in turn leads to a narrow therapeutic window. For the combination therapy, the highest approved dosage for each agent is 3.0 mg/kg (up to 12 weeks of concurrent usage).

Our KN046 is potentially the first global BsAb that simultaneously targets two clinically-validated immune checkpoints, PD-L1 and CTLA-4. To reduce toxicity of the dual blockade, we engineered our KN046 with targeted drug delivery that directs it primarily to tumor-related micro-environments. KN046 has exhibited a favorable safety profile based on available results of our phase I clinical trials. As of the Data Cut-off Date, in the phase I clinical trials in Australia and China, treatment-related TEAEs at grade 3 or higher levels were reported in 20.7% (95% CI, 8.0% to 39.7%) and 4.5% (95% CI, 0.1% to 22.8%) of the enrolled subjects receiving KN046 at 5.0 mg/kg Q2W (RP2D), respectively. As of the same date, in the phase I clinical trial in Australia, 29 (54.7%) subjects received KN046 at the RP2D, and out of all 23 subjects with a treatment duration of at least 12 weeks in this trial, one subject discontinued treatment due to treatment-related TEAEs. As of the same date, in the phase I clinical trial in China, 22 (33.9%) subjects received KN046 at the RP2D, and out of all 26 subjects with a treatment duration of at least 12 weeks in this trial, none discontinued treatment due to treatment-related TEAEs. These preliminary results indicate a broader therapeutic window. We believe that a broad therapeutic window can contribute to increased efficacy associated with higher and longer drug exposure. As of the Data Cut-off Date, among all evaluable subjects receiving KN046 at 5.0 mg/kg Q2W (RP2D) in the phase I clinical trials in Australia and China, the DCR was 77.8% and 69.2%, respectively, and 10 (55.6%) and 4 (30.8%) subjects had target lesion shrinkage, respectively. These subjects have generally failed at least first-line standard of care. The results from the phase I clinical trials have shown a favorable safety profile, and early efficacy signals on NPC (especially in subjects with high PD-L1 expression), and gastrointestinal cancers (including pancreatic cancer). As of the Data Cut-off Date, in our phase II clinical trial in China for second-line or later-line NSCLC subjects (all failed first-line chemotherapy), the DCR was 85.7% and the ORR was 28.6%. As of the same date, in the phase II clinical trial of KN046 as a first-line therapy combined with chemotherapy for first-line TNBC subjects in China, all three evaluable subjects achieved disease control and the ORR was 66.7%. Such preliminary results indicate promising efficacy of KN046 for these two indications especially the combination therapy with chemotherapy.

With a favorable safety profile and potentially superior efficacy over existing immune checkpoint inhibitors, we believe that our KN046 has blockbuster potential. We received an Umbrella IND approval from the NMPA for KN046 in July 2018. We had completed phase Ia dose escalation studies and were currently conducting the phase Ib dose expansion studies in Australia and China. As of the Latest Practicable Date, we were conducting four phase II clinical trials for NSCLC, TNBC and ESCC in China.

KN026 – BsAb anti-HER2 antibody

KN026, a BsAb anti-HER2 antibody, is potentially a global next-generation HER2-targeted therapy. To date, the two most widely prescribed anti-HER2 mAbs on the market (i.e., trastuzumab and pertuzumab), are monospecific antibodies, according to the CIC Report. In 2018, the aggregate global sales of these drugs reached US$9.9 billion, of which trastuzumab accounted for 71.6%, according to the same source. The advent of these antibody drugs significantly improved the treatment efficacy in patients with HER2 High breast cancer and GC/GEJ. However, a number of other major HER2 High cancer indications, such as certain subtypes of GI cancers, urothelial cancer and ovarian cancer, are not covered by current anti-HER2 antibody therapies, which represents a significant unmet medical need. In addition, there are a substantial number of patients with breast cancer, GC/GEJ or other types of cancers that express HER2 at low to intermediate levels, which are also ineligible for current anti-HER2 antibody therapies.

We expect our KN026 to be able to address these unmet medical needs with superior efficacy and broader indication coverage. KN026 is a BsAb that can simultaneously bind two distinct clinically-validated epitopes of HER2, resulting in (i) a dual blockade of HER2-related signaling pathways, (ii) strengthened binding to HER2 receptors, (iii) a reduction of HER2 proteins on the cell surface, and (iv) increased tumor killing effect. These combined mechanisms of action can potentially enable KN026 to have a superior tumor inhibition effect. As of September 20, 2019, in our China phase I clinical trial of KN026, the overall DCR and ORR was 71.4% and 28.6% respectively, and a total of 19 (90.5%) of the evaluable subjects had target lesion shrinkage. Among all the evaluable subjects receiving KN026 at 20.0 mg/kg Q2W or 30.0 mg/kg Q3W (RP2Ds), the DCR was 80.0%, the ORR was 40.0% and 93.3% subjects had target lesion shrinkage. Our KN026 has shown efficacy for patients with HER2 High breast cancer after numerous prior treatments, including trastuzumab, targeted small molecule drugs and an investigational ADC drug candidate. In pre-clinical studies, KN026 has shown better tumor inhibition effect than the combination of trastuzumab and pertuzumab against different HER2 High cancer cell lines. KN026 also exhibited tumor inhibition activities for a HER2 Low cancer cell line.

We received an Umbrella IND approval from the NMPA and an IND approval from the FDA in March 2018 and October 2018, respectively. We are currently conducting a phase I clinical trial of KN026 in China for HER2 High breast cancer and GC/GEJ, and the preliminary results have shown a favorable safety profile and early efficacy signals. We are also conducting a phase II clinical trial for HER2-overexpressing GC/GEJ in China and a phase I clinical trial for HER2-overexpressing solid tumors, including but not limited to breast cancer and GC/GEJ, in the United States.

Pre-clinical drug candidates

We have four pre-clinical bispecific candidates targeting various pathways for tumor microenvironment modulations. We are in the process of concluding pre-clinical studies and plan to file IND for one or two candidates within the next two years.

Robust pipeline of other in-house developed candidates

In addition to KN046 and KN026, we have two drug candidates with significant commercial potential.

KN019 – CTLA-4-based immunosuppressant fusion protein

We are developing KN019, a CTLA-4-based immunosuppressant fusion protein drug candidate. KN019 functions at the early stage of T-cell activation and therefore may lead to efficient global downregulation of unwanted immune responses. Oncology treatments may induce immune disorders, such as severe irAEs, GvHD and CRS, which can become life-threatening if not managed properly. KN019 has the potential to become a treatment option for these conditions and a supportive therapy to oncology treatment. CIC estimates that approximately 100,000 patients in China are suffering from the aforementioned immune disorders without effective treatment, indicating an attractive market with significant unmet needs.

There is no CTLA-4-Fc fusion protein approved in China. Globally, the immunosuppression effect of CTLA-4-Fc fusion proteins have been proven by Nulojix (belatacept) and Orencia (abatacept). Orencia is approved for RA, idiopathic arthritis and psoriatic arthritis with global sales of US$2.7 billion in 2018. Nulojix is an improved version of Orencia with higher potency and is approved for post-transplant kidney rejection. Considering that these indications are approved indications, and our KN019 has the same amino acid sequence as belatacept, we are focusing on RA and post-transplant kidney rejection as indications for near-term clinical development, which we expect will accelerate the registration process of KN019 and generate a potential near-future commercial benefit. This near-term focus also enables us to validate our fusion protein molecules first to facilitate expansion to potential applications in oncology treatment-induced immune disorders, such as severe irAEs, GvHD and CRS.

KN035 – subcutaneous PD-L1 inhibitor with near-term commercialization potential

We invented KN035 in-house and currently are jointly developing it with 3DMed. KN035 is potentially the first subcutaneously injectable PD-L1 inhibitor worldwide. To date, all approved PD-(L)1 inhibitors are intravenously administered, which requires frequent infusion services, increases the risk of infusion-related reactions, and may not be used in patients with limited vein access. Compared to intravenous administration, subcutaneous injections offer advantages in safety, convenience, compliance, access to patients not suitable for intravenous infusion, and lower medical cost. The success of subcutaneous formulations has been demonstrated by multiple drug products. For example, the 2013 launch of the Herceptin subcutaneous formulation in Europe captured a 50% share of the European market in only four years after launch, according to the CIC Report. We believe that our KN035 has vast potential in the PD-(L)1 inhibition market in China, which is expected to be US$10.4 billion by 2030, according to the CIC Report.

Under our partnership with 3DMed, we own the right to manufacture and supply KN035 to 3DMed and are entitled to share the profits generated from KN035's global sales after its commercialization. As of the Latest Practicable Date, KN035 was undergoing late-stage clinical development. We believe that our KN035 partnership enables us to benefit from the sales of a potential blockbuster drug in the near term without making large investments.

Fully-integrated platform supporting drug discovery, development and manufacturing

We have built a fully-integrated biologics platform covering the entire process for drug discovery and development, which we believe will allow us to discover, develop and manufacture a robust and commercially-viable product pipeline with the following key advantages:

- *Research capabilities in discovery and clinical development.* Our in-house research and development team, led by Dr. Xu, possesses in-depth expertise on structure-guided protein engineering which enables us to develop protein building blocks in various formats, including conventional monoclonal antibodies, sdAbs, bispecific antibodies and engineered proteins. Leveraging our proprietary CRIB and CRAM platforms, we are able to design and evaluate multiple combinations of these building blocks and select the optimal candidates early in development. As a result, we have successfully developed four clinical-stage candidates with a wide range of biologics formats, being our bispecific KN026, sdAb-based KN046 and KN035, and fusion protein-based KN019. Our robust in-house clinical development team enables us to lead and control the clinical trial process under a more adaptive design with signal-driven processes, which enables a rapid response during clinical studies to achieve flexibility in indication selection and maximize efficiency in clinical development.

- *Process development expertise.* Our process development capabilities have been demonstrated by our clinical assets, including a heterodimeric antibody, and novel and/or complex fusion proteins such as our KN019, KN046 and KN035. The consistency of their CMC processes have been validated by multiple batches of large-scale production. As of the Latest Practicable Date, we owned one patent covering KN026 in China, co-owned one patent with 3DMed covering KN035 in Australia, and co-owned five patents with Suzhou Alphamab covering our CRIB and CRAM platforms.

- *Manufacturing capabilities.* We currently supply clinical development with 2x1,000L production lines designed and constructed to meet the NMPA and FDA's applicable regulatory requirements and GMP standards. We have advanced manufacturing facilities under construction with an expected capacity of over 30,000L. Phase I of these facilities, with a 4,000L (2x2,000L) production capacity, is expected to be completed in late 2019. Our new manufacturing facilities are designed to meet NMPA and EU/FDA's cGMP requirements, supported by our comprehensive in-house quality management system. We have equipped our large-scale production with advanced technology platforms, CMC processes and know-how. For example, our CRAM platform enables us to produce multiple antibodies in one stable cell line, which enables us to reduce cost and time consumed compared to separate antibody manufacturing processes.

Visionary founder supported by an experienced management team

Our founder, Dr. Xu, built our company with the goal of developing world-class, innovative therapeutic biologics for cancer patients globally. Prior to founding our Group, Dr. Xu served as senior scientist and investigator at a number of multinational biopharmaceutical companies, including EMD Serono Research Institute Inc. (now part of Merck KGaA) and

Biogen IDEC Inc. He has also made contributions to over 100 patents and patent applications since 2011. Under the leadership of Dr. Xu, as of the Latest Practicable Date, our R&D team had contributed to the CMC processes of many biosimilar candidates. Four of these candidates filed BLAs since 2017, out of a total of 11 biosimilar BLAs that have been filed in China during this period.

In 2018, in light of his achievements, Dr. Xu was recognized as one of the Top 10 Talent for Innovation and Entrepreneurship in Jiangsu in 2018. Dr. Xu has been engaged in the frontier research of oncology, immunology and protein chemistry for many years with 14 research papers in high-impact journals. Currently, Dr. Xu also serves as an adjunct professor at Shanghai Institute of Materia Medica, Chinese Academy of Sciences (中國科學院上海藥物研究所), and School of Life Sciences and Biotechnology of Southeast University (東南大學生命科學與技術學院) in China, enabling him to keep abreast of the latest academic research and industry development trends.

Dr. Xu is supported by a senior management team with a wide range of complementary skill sets covering research, clinical development and manufacturing in the biopharmaceutical industry. Our senior management team has extensive industry experiences at domestic and international biotech companies, and has contributed to research and development of a number of blockbuster oncology drugs, such as Merck's Keytruda (pembrolizumab) and Roche's Herceptin (trastuzumab).

BUSINESS STRATEGY

Rapidly advance clinical development of our product pipeline

We plan to advance the following clinical development plans for our product pipeline:

- *KN046*. We plan to develop our KN046, which simultaneously targets both PD-L1 and CTLA-4, for various cancer indications. Based on available clinical results and our analysis of the competitive landscape and patient population, we are executing the following clinical development plan:

  - *Fast/First-to-market strategy*. Under a fast/first-to-market approach, we initiated a dose expansion phase of the phase I clinical trial in China in July 2019 with a strategic focus on late-line unresectable/metastatic NPC, urothelial cancer and melanoma using KN046 as a monotherapy. Patients with these late-line indications have limited choices of existing therapies, which allows us to conduct single arm registration trial(s) with a much smaller patient size compared to major indications. We plan to advance the trial for NPC first, considering the early efficacy signals observed in the phase I clinical trial in China. We expect to file the first BLA for KN046 with the NMPA in 2021 for this indication.

  - *Major indications*. To explore the vast market potential of immune checkpoint inhibitors, we plan to strategically develop KN046 for several major cancer indications, including but not limited to NSCLC, TNBC and ESCC. We are

conducting two phase II clinical trials for non-EGFR and non-ALK mutant locally advanced unresectable or metastatic NSCLC, including one for PD-(L)1 refractory cancer patients. We are also conducting a phase Ib/II clinical trial for locally advanced or metastatic TNBC and a phase II clinical trial for locally advanced/recurrent or metastatic ESCC. Considering the preliminary promising efficacy results observed on NSCLC and TNBC subjects, we may initiate phase III trials and expand these trials to the United States as global trials, subject to receiving IND approval from the FDA.

- *Combination therapy*. As a potential next-generation immuno-oncology cornerstone drug, we believe KN046 has significant potential to be combined with other cancer therapies, such as chemotherapy, targeted small molecule drugs, multiple-TKI drugs and other immune checkpoint inhibitors. Such combinations may enhance efficacy, overcome resistance and minimize side effects. Within our own product pipeline, we plan to conduct a basket trial for four late-stage HER2 High cancers in combination with our KN026 to improve response rates and maximize the market value of our pipeline products, see "—KN026" below.

- *Indications with unmet medical needs*. We are actively seeking indications with unmet medical needs, such as anti-PD-(L)1 refractory cancers, and soft tissue sarcoma. We plan to initiate a pivotal trial in China for specific subtypes of locally advanced unresectable or metastatic soft tissue sarcoma, considering the significant patient population and the fact that there are only a few on-going clinical trials globally for this indication. If the preliminary results are positive, we plan to expand this trial to the United States and form a global trial, subject to receiving IND approval from the FDA.

- *KN026.* As HER2 High cancers are expected to be most responsive to anti-HER2 antibody drugs, we plan to strategically focus on HER2 High cancers in our KN026 clinical development plan. We plan to initiate a pivotal phase III clinical trial for HER2 High metastatic breast cancer in the second quarter of 2020 to investigate KN026 as a first-line treatment in combination with chemotherapy. Depending on clinical data from the KN026-CHN-001 trial and KN026-US-001 trial, we may consider initiating a pivotal trial for the third-line or later-line treatments of breast cancer. In addition to breast cancer, there are a number of other cancer types closely associated with HER2 overexpression and untapped by current anti-HER2 antibody drugs. We plan to conduct a phase II basket trial in China for HER2 High gastric cancer and other gastrointestinal cancers, urothelial cancer and ovarian cancer with the combination therapy of KN026/KN046. Studies have suggested that the trastuzumab and pertuzumab combination therapy reached an ORR of 33.3% in urothelial cancer patients. Therefore we believe that the KN026/KN046 combination can potentially offer superior ORR and DOR, which may translate into a further improved overall survival benefit and enable a chemotherapy-free first-line therapy for urothelial cancer. If promising efficacy signals were observed in a majority of the selected indications, we plan to expand the basket trial into a pivotal trial.

Advance our pre-clinical and discovery programs

Leveraging our strong in-house R&D capabilities, we plan to further advance our pre-clinical programs of four bispecific immune-oncology drug candidates. We are in the process of concluding pre-clinical studies and plan to file IND for one or two candidates within the next two years. Moreover, with a focus on immuno-oncology-based bispecific and multi-specific drugs, we plan to leverage our technology platforms to discover, validate and select targets and lead compounds to enrich our early-stage pipeline.

Continue to enhance our manufacturing capabilities

We plan to continue to optimize our manufacturing process and technologies to enhance product quality and control costs. In particular, we are developing our in-house cell culture media, which we believe will ensure quality and timely supplies that match our specific production requirements in a cost effective manner. In addition, we are exploring CMC development for different drug formulations to improve patient experience and convenience when administering our drugs. We also plan to further develop our culture expansion processes as we prepare to transfer and scale-up manufacturing at our new facilities.

We intend to gradually transfer our manufacturing activities from the facility we currently lease to our own facilities, and transfer the processes previously outsourced to CMOs in China to in-house. In the United States, we plan to continue to work with industry-leading and reputable CMOs to improve cost efficiency and lower our regulatory compliance costs.

Continue to attract, train and retain talent to further expand our capabilities

To support our continued growth, we aim to build a talent pool and enhance our capabilities in various aspects of our operations including finance, business development, manufacturing, legal and general administrative support, in particular, research, clinical development and commercialization.

Our robust oncology pipeline is built on our exceptional expertise in the discovery and development of immuno-oncology drugs. To strengthen our competitive advantages, we plan to continue to enhance the capabilities and capacity of our clinical development team and gradually expand geographically outside China, to advance the pivotal trials and support regulatory approvals in our target markets.

In line with the clinical trial advancement of our drug candidates, we intend to develop a road map for product commercialization in China. We aim to build a highly specialized and efficient oncology commercial team to drive product launch and bring innovative cancer therapies to our target markets. We plan to assemble a core commercial leadership team with extensive experience in the pharmaceutical industry and to establish a commercialization team with approximately 100 members in 2021. We are also evaluating options for commercial partnership to accelerate commercial ramp up and maximize market potential of our assets in the U.S. market.

Seek value-maximizing collaboration opportunities

We actively seek strategic collaboration opportunities to maximize the commercial value of our assets with global rights. We have adopted a hybrid strategy to develop combination therapies, including in-house development of combination therapies of KN046 and KN026, and collaborations with third parties to target the opportunities in the growing combination therapy market. We plan to select candidates for combination therapies by considering a number of factors, including scientific rationales for efficacy improvement, safety profile and tolerability of the proposed combination, potential market opportunities, competing drugs and cost for combination development. To date, we have entered into a collaboration agreement with Sunshine Lake to co-develop a combination therapy of our KN046 and their CT-053 (an anti-tumor small molecule drug candidate at clinical stage), for the treatment of HCC. See "—Our Collaboration Arrangements." In the United States and other regions, we are actively exploring collaboration opportunities by closely monitoring industry developments and the competitive landscape and selecting strategic partners with strong synergies to maximize the value of our drug candidates.

OUR PRODUCT PIPELINE

Overview

As of the Latest Practicable Date, we had a total of eight oncology drug candidates in our product pipeline, four of which were in clinical stage. The following table summarizes our product pipeline.

Drug candidate	Target(s)	Main indications[1]	Therapeutic biologic product classification	Commercial rights	Status**					Expected first BLA submission
					Pre-clinical[2]	Dose escalation Phase Ia/I	Dose expansion phase Ib/II	Pivotal Phase II/III	NCT Number	
KN046*	PD-L1/ CTLA4	Solid tumors[3], NSCLC, TNBC, GI cancers including pancreatic cancer	Category 1	Global[4]	China (the NMPA)[6][7]		Phase Ib/II		NCT03838848 NCT03872791 NCT03925870 NCT04054531	3Q 2021
					Australia (the TGA)[8]		Phase Ib		NCT03529526	
KN026	HER2/ HER2	HER2-overexpressing mBC and GC/GEJ	Category 1	Global[4]	China (the NMPA)[6]		Phase II		NCT03925974	4Q 2022
					U.S. (the FDA)[9]	Phase I			NCT03847168	
KN019	B7	RA, post-transplant kidney rejection	Category 7	Global[4]	China (the NMPA)[6]		Phase II (initiation preparation)		NCT04038970	Planning stage
KN035	PD-L1	BTC, MSI-H or dMMR solid tumors, HCC, GC	Category 1	Co-development[5]	China (the NMPA)[6]			Phase II/III	NCT03478488 NCT03667170	By the end of 2020
					Rest of the world[10]				NCT02827968 NCT03248843	
KN052	Undisclosed bispecifics[11]			Global					Not available	Not available
KN053				Global						
KN055				Global						
KN058				Global						

Abbreviations: NSCLC = non-small cell lung cancer, TNBC = triple-negative breast cancer, mBC=metastatic breast cancer, GC = gastric cancer, GEJ = gastroesophageal junction cancer, HCC = hepatocellular carcinoma, BTC = biliary tract cancer, RA = rheumatoid arthritis, MSI-H = high microsatellite instability, dMMR = DNA mismatch repair, GI cancer = gastrointestinal cancer.

* Denotes Core Product.

** Denotes the most advanced ongoing clinical trials.

(1) We also plan to develop (i) KN046 for esophageal squamous cell carcinoma; and (ii) KN026 for gastric cancers and other types of gastrointestinal cancers, urothelial cancer and ovarian cancer in combination with KN046.

(2) Among the four pre-clinical bispecific candidates, two are at preliminary pre-clinical study stage and two at lead-optimized stage.

(3) The phase Ib study of KN046 targeted various types of solid tumors, with a focus on late-line unresectable metastatic nasopharyngeal carcinoma, urothelial cancer and melanoma. It should be noted that these indications are not major cancer indications in China, each with a relatively low cancer incidence and representing a small fraction of the total cancer population in China, according to the CIC Report. See "Industry Overview—Overview of Oncology Drug Market in the PRC and United States." We plan to submit the first BLA for KN046 in China for NPC in 2021.

(4) No licensing partner/collaborator as of the Latest Practicable Date.

(5) We invented KN035 in-house and currently are jointly developing it with 3DMed for clinical trials. According to the Co-development Agreements, upon receiving the BLA approval for KN035, 3DMed would be

responsible for its global commercialization. We own the right to manufacture and supply KN035 to 3DMed and are entitled to profit sharing. See "—Our Collaboration Arrangements—Co-development Agreements with 3DMed."

(6) All of our clinical-stage drug candidates received Umbrella IND approvals from the NMPA. Some indication(s) may not require a non-pivotal phase II clinical trial prior to beginning the pivotal phase II/III clinical trials in China. Based on our experience, the need for comparison studies for our drug candidates is considered on a case-by-case basis and based on communications with the NMPA.

(7) We conducted the China phase Ia clinical trial as a bridging study to leverage our clinical trial data in Australia.

(8) Except for the phase I clinical trial, we do not expect to conduct any other clinical trials or make any registration filing for KN046 in Australia.

(9) KN026 received the IND approval from the FDA in October 2018. We could use clinical trial data in China to support clinical trials in the U.S. or initiate pivotal II/III clinical trials for some indication(s) without conducting non-pivotal phase II clinical trials in the U.S.

(10) Phase I clinical trials are ongoing in the United States and Japan. KN035 received the IND approvals from the U.S. FDA and the Japan Pharmaceuticals and Medical Devices Agency in November 2016 and May 2017, respectively. 3DMed is responsible for clinical trials and registration filings under the Co-development Agreements.

(11) Due to commercial sensitivity, we do not disclose additional details of these BsAb drug candidates for oncology treatment.

Anti-PD-L1/CTLA-4 BsAb Candidate – KN046

Overview

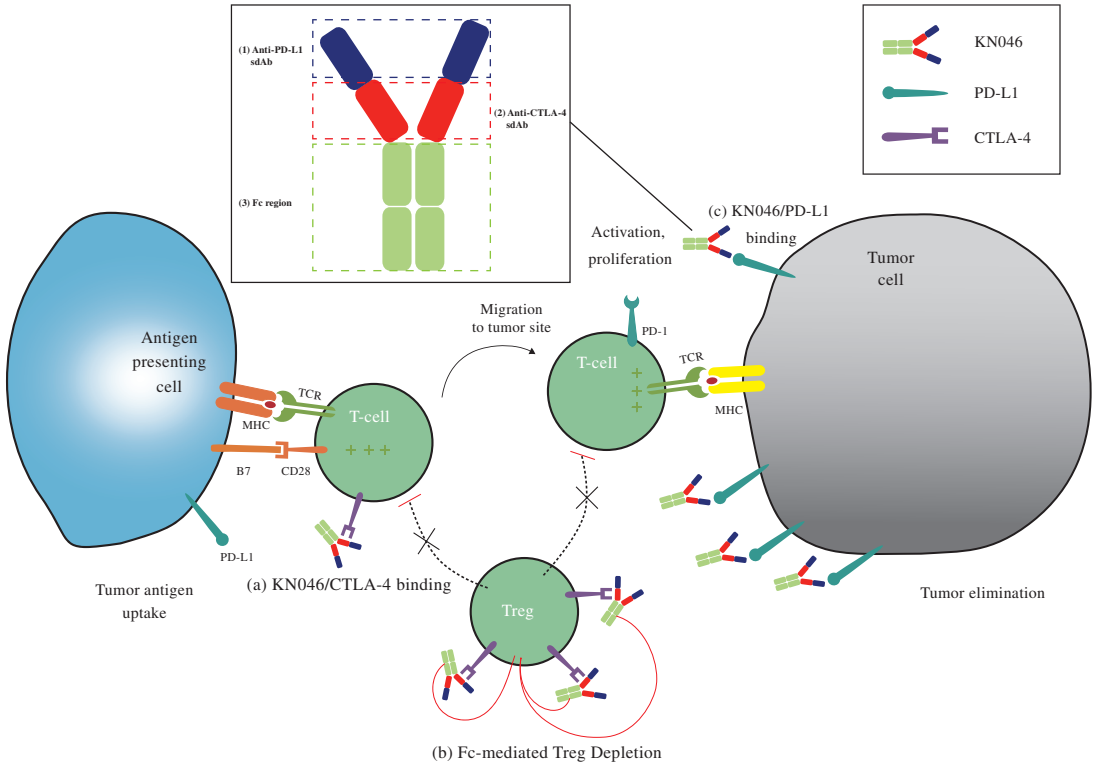
Our KN046 is potentially the first global BsAb that simultaneously targets two clinically-validated immune checkpoints, PD-L1 and CTLA-4. To date, all of the immune checkpoint inhibitors on the market against CTLA-4 and PD-(L)1 are monospecific antibodies. However, many cancer patients have limited responses to PD-(L)1 or CTLA-4 inhibitors alone. An anti-PD-1/CTLA-4 combination therapy has been approved with higher efficacy in certain indications. However, the combination therapy has safety concerns and a narrow therapeutic window. As a dual blockade therapy, KN046 potentially has efficacy advantages over single-agent immune checkpoint inhibitors. Compared with the approved combination therapy, KN046 potentially has a favorable safety profile and a broad therapeutic window, which may allow for a higher dose level and longer drug exposure.

In July 2018, we received an Umbrella IND approval from the NMPA for the initiation of clinical trials for KN046. KN046 is the only anti-PD-(L)1/CTLA-4 candidate entering phase II clinical trials. We are executing a comprehensive clinical trial development plan in China, Australia and the United States targeting an array of cancer indications either as a monotherapy or in combination with other therapies, with the purpose of supporting registration of KN046 for multiple indications in China and the United States. We had completed phase Ia dose escalation studies and were currently conducting the phase Ib dose expansion studies in Australia and China. We completed subject enrollment for the phase I clinical trial in Australia in October 2019. We are also conducting a number of ongoing phase II clinical trials for multiple indications.

Mechanism of Action

Our KN046 is a BsAb candidate that simultaneously targets two different immune checkpoints, PD-L1 and CTLA-4. CTLA-4 functions on activated T-cells primarily in lymph nodes during the early priming phase of immune responses. During the priming phase, T-cells become activated if their T-cell receptors recognize and bind to antigens on MHC complexes and their CD28 co-stimulatory receptors bind to B7 ligands on antigen presenting cells.

CTLA-4 has a higher affinity for B7 ligands and outcompetes CD28 for binding B7 ligands, and CTLA-4/B7 binding has an inhibitory effect on T-cell activation. PD-L1, a ligand of PD-1, interacts with PD-1 to suppress activated T-cells later in the effector phase. During the effector phase, activated T-cells migrate to the tumor site to kill malignant cells. Tumors or bystander antigen presenting cells may, however, upregulate PD-L1 and obstruct T-cell function by inducing inhibitory intracellular signaling. Additionally, constitutive over-expression of CTLA-4 on tumor resident Tregs is important to suppressive functions on T-cells. By taking advantage of the differences of PD-L1 and CTLA-4 in terms of the timing of downregulation and the responsible signaling mechanisms, we believe our KN046 can augment T-cell activation and proliferation, restore T-cell immune responses and reduce Treg-mediated immunosuppression in tumor-related micro-environment. This leads to a potential synergistic effect that should result in a stronger and longer lasting anti-tumor response. The following diagram illustrates the mechanism of action of our KN046.



(a) CTLA-4/B7 binding has an inhibitory effect on T-cell activation. Binding of the anti-CTLA-4 sdAb of KN046 to CTLA-4 is expected to augment activation and proliferation of T-cells.

(b) Constitutive over-expression of CTLA-4 on tumor resident Tregs contributes to suppressive functions on T-cells. Binding of the anti-CTLA-4 sdAb of KN046 to CTLA-4 is expected to reduce Treg-mediated immunosuppression in tumor-related micro-environment.

(c) PD-L1 interacts with PD-1 to suppress activated T-cells. Tumors upregulate PD-L1 and obstruct T-cell function. Binding of the anti-PD-L1 sdAb of KN046 to PD-L1 is expected to restore T-cell immune responses in tumor-related micro-environment.

As illustrated in the above diagram, KN046 is made of two different sdAbs and an Fc region. The sdAbs possess fully functional antigen-binding capacity with a small molecular weight and high stability. The two sdAbs of KN046 bind to PD-L1 (anti-PD-L1 sdAb) and CTLA-4 (anti-CTLA-4 IgG1 sdAb) and are expected to achieve a dual blockade effect. In

addition to the synergistic mechanisms of action of CTLA-4 blockade and PD-L1 blockade, we adopt the following design in engineering our KN046 with a purpose to further improve its safety and efficacy profiles.

(1) *Targeted drug delivery*. The CTLA-4 blockade can augment activation of T-cells not only in tumor-related sites, but sometimes also in healthy tissues, causing on-target off-tumor toxicity. Such toxicity could be much more severe with a PD-(L)1/CTLA-4 dual blockade due to the over-activation of the immune system. To reduce such toxicity, our KN046 is engineered to enable the anti-PD-L1 sdAb to dominate drug distribution in the body to achieve a targeted drug delivery to enrich KN046 in tumor-related micro-environment and reduce unwanted drug interaction with healthy tissues. See "—Potential Advantages of KN046 – Low toxicity." Because high expression of PD-L1 is often closely associated with the tumor-related micro-environment, we believe our innovative design causes the enrichment of KN046 in tumor-related micro-environments instead of in healthy tissues and limit the anti-CTLA-4 blockade to these micro-environments, thereby preventing over-activation of T-cells in healthy tissues and decreasing toxicity.

(2) *Different CTLA-4 binding epitope*. Unlike other CTLA-4 inhibitors that directly bind to the interface of CTLA-4 and B7 ligands to inhibit their interaction, the anti-CTLA-4 sdAb of our KN046 mainly binds outside the interface and blocks the CTLA-4/B7 ligands interaction with steric hindrance from the overhang of the complement determined region (CDR) loop. Such difference in binding epitope may lead to an improved safety profile.

(3) *Preservation of Fc-mediated effector functions.* The Fc region of antibodies can recruit immune cells and induce immune responses through Fc-mediated effector functions, which can destroy antigen-expressing target cells. Our KN046 preserves the full Fc functions for immune cell-mediated anti-tumor activities. Tumor resident suppressive Tregs have been found to overexpress CTLA-4, we believe the preserved Fc functions can deplete Tregs in the tumor-related micro-environment and further enhance the efficacy of our KN046.

Current Therapy and Limitations

PD-1, PD-L1 and CTLA-4 are the three clinically-validated immune checkpoints for immuno-oncology therapies. To date, all of the immune checkpoint inhibitors on the market are monospecific, and there are no approved BsAbs worldwide targeting both the PD-1/PD-L1 pathway and CTLA-4 checkpoint.

As of the Latest Practicable Date, there were six approved PD-(L)1 inhibitors on the market outside China, including three PD-1 inhibitors (BMS's Opdivo (nivolumab), Merck's Keytruda (pembrolizumab) and Sanofi S.A. and Regeneron Pharmaceuticals, Inc.'s Libtayo (cemiplimab)) and three PD-L1 inhibitors (AstraZeneca and MedImmune's Imfinzi (durvalumab), Roche and Genentech's Tecentriq (atezolizumab) and Merck KGaA and Pfizer's Bavencio (avelumab)). These PD-(L)1 inhibitors are approved for over ten indications, including NSCLC, SCLC, melanoma, urothelial carcinoma and gastric cancer. In addition, Yervoy (ipilimumab) is the only marketed CTLA-4 inhibitor worldwide. Yervoy is approved as a monotherapy or as a part of a combination therapy with Opdivo for melanoma, RCC and MSI-H or dMMR metastatic CRC. All of the foregoing immune checkpoint inhibitors are approved in the United States.

In China, no CTLA-4 or PD-L1 inhibitors had been approved as of the Latest Practicable Date. Five PD-1 inhibitors have been approved in China since the second half of 2018, including Opdivo for locally advanced or metastatic NSCLC without EGFR or ALK tumor aberration, Keytruda for unresectable or metastatic melanoma and EGFR/ALK negative metastatic non-squamous NSCLC, Junshi's Tuoyi (toripalimab) for unresectable, metastatic malignant melanoma, as well as Innovent's Tyvyt (sintilimab) and Hengrui's Ailituo (camrelizumab) for refractory Hodgkin's lymphoma.

The introduction of immune checkpoint inhibitors offers breakthrough treatment for certain cancer indications that previously lacked effective therapies. In 2018, global sales of immune checkpoint inhibitors reached US$20.7 billion, according to the CIC Report. However, many cancer patients have limited responses to PD-(L)1 or CTLA-4 inhibitors as monotherapies. Studies have shown less than 20% of all cancer patients have a clinically meaningful response to these approved PD-1 or PD-L1 inhibitors as a monotherapy, and Yervoy is approved as a monotherapy for melanoma only.

As a dual blockade therapy of PD-1 and CTLA-4, the combination of Opdivo and Yervoy captured market share due to its better efficacy. The combination therapy has been approved in the United States but not in China. To date, this dual blockade therapy has been approved for patients with unresectable or metastatic melanoma, intermediate or poor risk advanced RCC, and MSI-H or dMMR metastatic CRC. A number of clinical studies have demonstrated that the nivolumab (PD-1 inhibitor) and ipilimumab (CTLA-4 inhibitor) combination therapy is more effective than a monotherapy of each agent in different cancer types with details of the comparison results set forth as below.

Indication	Clinical study	Sample size	Type of therapy	ORR
1L metastatic melanoma	Phase III trial (NCT01844505)	314	Combination therapy (nivolumab and ipilimumab)	50%
		316	Nivolumab	40%
		315	Ipilimumab	14%
MSI-H/dMMR metastatic CRC	Phase II trial (NCT02060188)	119	Combination therapy (nivolumab and ipilimumab)	49%
		74	Nivolumab	32%
Advanced or metastatic RCC	Phase III trial (NCT02231749)	425	Combination therapy (nivolumab and ipilimumab)	42%
	Phase II trial (NCT01354431)	168	Nivolumab[(1)]	20% to 22%

Abbreviations: CRC = colorectal cancer, RCC = renal cell carcinoma, ORR = objective response rate, 1L = first-line, MSI-H = high microsatellite instability, dMMR = DNA mismatch repair.

(1) Not a head-to-head study.

Source: CIC Report

Despite the superior efficacy compared with monotherapies, the combination therapy of Opdivo and Yervoy has the following limitations:

- *Safety concerns.* A dual blockade therapy can be more toxic than single-agent blockade. See "—Mechanism of Action—(1) Targeted drug delivery." The following table sets forth select clinical safety results of the combination therapy.

					Safety profile at approved dose levels		
Indication	Clinical study	Sample size	Dosages	Type of therapy	Treatment-related TEAE at any grade	Grade ≥3 treatment-related TEAE	Treatment discontinuation due to toxicity intolerance
1L metastatic melanoma	Phase III trial (NCT01844505)	314	Nivolumab 1 mg/kg plus ipilimumab 3 mg/kg Q3W for four doses, followed by nivolumab 3 mg/kg Q3W	Combination therapy (nivolumab and ipilimumab)	96%	59%	40%
		316	Nivolumab 3 mg/kg Q2W	Nivolumab	86%	22%	13%
		315	Ipilimumab 3 mg/kg Q3W for four doses	Ipilimumab	86%	28%	15%
MSI-H/dMMR metastatic CRC	Phase II trial (NCT02060188)	119	Nivolumab 3 mg/kg plus ipilimumab 1 mg/kg Q3W for four doses, followed by nivolumab 3 mg/kg Q2W	Combination therapy (nivolumab and ipilimumab)	73%	32%	13%
		74	Nivolumab 3 mg/kg Q2W	Nivolumab	70%	20%	7%
Advanced or metastatic RCC	Phase III trial (NCT02231749)	425	Nivolumab 3 mg/kg plus ipilimumab 1 mg/kg Q3W for four doses, followed by nivolumab 3 mg/kg Q2W	Combination therapy (nivolumab and ipilimumab)	93%	46%	22%
	Phase II trial (NCT01354431)	168	Nivolumab 0.3, 2, or 10 mg/kg Q3W	Nivolumab[(1)]	73%	11%	7%

Abbreviations: CRC = colorectal cancer, RCC = renal cell carcinoma, 1L = first-line, MSI-H = high microsatellite instability, dMMR = DNA mismatch repair.

(1) Not a head-to-head study.

Source: CIC Report

- *Narrow therapeutic window*. Due to safety concerns, the approved dosages for the combination therapy of Opdivo and Yervoy is (i) 1.0 mg/kg of Opdivo and 3.0 mg/kg of Yervoy Q3W for four doses (up to 12 weeks) for unresectable or metastatic melanoma, and (ii) 3.0 mg/kg of Opdivo and 1.0 mg/kg of Yervoy Q3W for four doses (up to 12 weeks) for advanced RCC and MSI-H or dMMR metastatic CRC. The restrictions on treatment duration and drug exposure limit the effectiveness of the combination therapy.

Potential Advantages of KN046

As a dual blockade therapy, KN046 has potential efficacy advantages over single-agent immune checkpoint inhibitors, similar to the approved combination therapy. Compared with the combination therapy of Opdivo and Yervoy, our KN046 has the following potential advantages:

- *Low toxicity*. To address the toxicity concern of the combination therapy, our KN046 is engineered to bind at least 20-fold more tightly to PD-L1 than to CTLA-4. Such engineering enables the anti-PD-L1 sdAb of KN046 to dominate the drug distribution with the potential to reduce the on-target off-tumor toxicity. See "—Mechanism of Action—(1) Targeted drug delivery." The following table summarizes the major results related to the safety profile of our KN046 at 5.0 mg/kg Q2W (RP2D) in phase I clinical trials in Australia and China as of the Data Cut-off Date.

		Safety profile at 5.0 mg/kg Q2W (RP2D)		
Clinical trial	**Location**	**Treatment-related TEAEs at any grade**	**Grade ≥3 treatment-related TEAEs**	**Treatment discontinuation due to toxicity intolerance**
			% (n/N)	
Phase I (N=29)[(1)(2)]	Australia	62.1% (95% CI, 42.3% to 79.3%)	20.7% (95% CI, 8.0% to 39.7%)	6.9%
Phase I (N=22)[(1)(3)]	China	77.3% (95% CI, 54.7% to 92.2%)	4.5% (95% CI, 0.1% to 22.8%)	13.6%

(1) Represents the number of enrolled subjects receiving KN046 at the RP2D.

(2) In KN046-AUS-001 trial, the median duration of exposure of KN046 in the RP2D cohort was eight weeks ranging from two to 44 weeks, and 13 (44.8%) of subjects enrolled in the RP2D cohort had a treatment duration of at least 12 weeks.

(3) In KN046-CHN-001 trial, the median duration of exposure of KN046 in the RP2D cohort was six weeks ranging from two to 28 weeks, and one (4.5%) of subjects enrolled in the RP2D cohort had a treatment duration of at least 12 weeks.

Source: Internal clinical trial data

See "—Summary of Clinical Results—Phase I Clinical Trials—Phase I Clinical Trial in Australia (KN046-AUS-001)—Safety" and "—Summary of Clinical Results—Phase I Clinical Trials—Phase I Clinical Trial in China (KN046-CHN-001)—Safety." In addition, we have observed accelerated drug clearance of KN046 at a low drug concentration level. This indicates a quick clearance of our drug candidate in healthy tissues, which also reduces toxicity which may be caused by concentration of KN046 in healthy tissues.

- *Broad therapeutic window.* As of the Data Cut-off Date, the preliminary results of the phase I clinical trials in Australia and China demonstrated that the drug intolerance was not exacerbated by the increased treatment duration. Such results indicated a broad therapeutic window of our KN046, which translates to potential for promising efficacy due to higher and longer drug exposure. As of the Data Cut-off Date, in the phase I clinical trial in Australia, 23 (43.4%) enrolled subjects had a treatment duration of at least 12 weeks, and only one out of the 23 subjects discontinued treatment due to treatment-related TEAEs. As of the same date, in the phase I clinical trial in China, 26 (40.0%) enrolled subjects had a treatment duration of at least 12 weeks, and none of the 26 subjects discontinued treatment due to treatment-related TEAEs. The following table sets forth information related to the therapeutic window of KN046 observed in the phase I clinical trials.

		All dose levels							
		All periods				Patients with treatment duration ≥ 12 weeks			
			Treatment discontinuation				Treatment discontinuation		
Clinical trial	Location	Patients enrolled	due to toxicity intolerance[1]	not due to toxicity intolerance[1]	Still on Treatment	Patients enrolled	due to toxicity intolerance[1]	not due to toxicity intolerance[1]	Still on Treatment
		(N1)		*n1 (%[2])*		*(N2)*		*n2 (%[3])*	
Phase I (N=53)	Australia	53	5 (9.4%)	23 (43.4%)	25 (47.2%)	23	1 (4.4%)	5 (21.7%)	17 (73.9%)
Phase I (N=65)	China	65	6 (9.2%)	25 (38.5%)	34 (52.3%)	26	0 (0)	7 (26.9%)	19 (73.1%)

(1) Toxicity intolerance refers to treatment-related TEAEs.

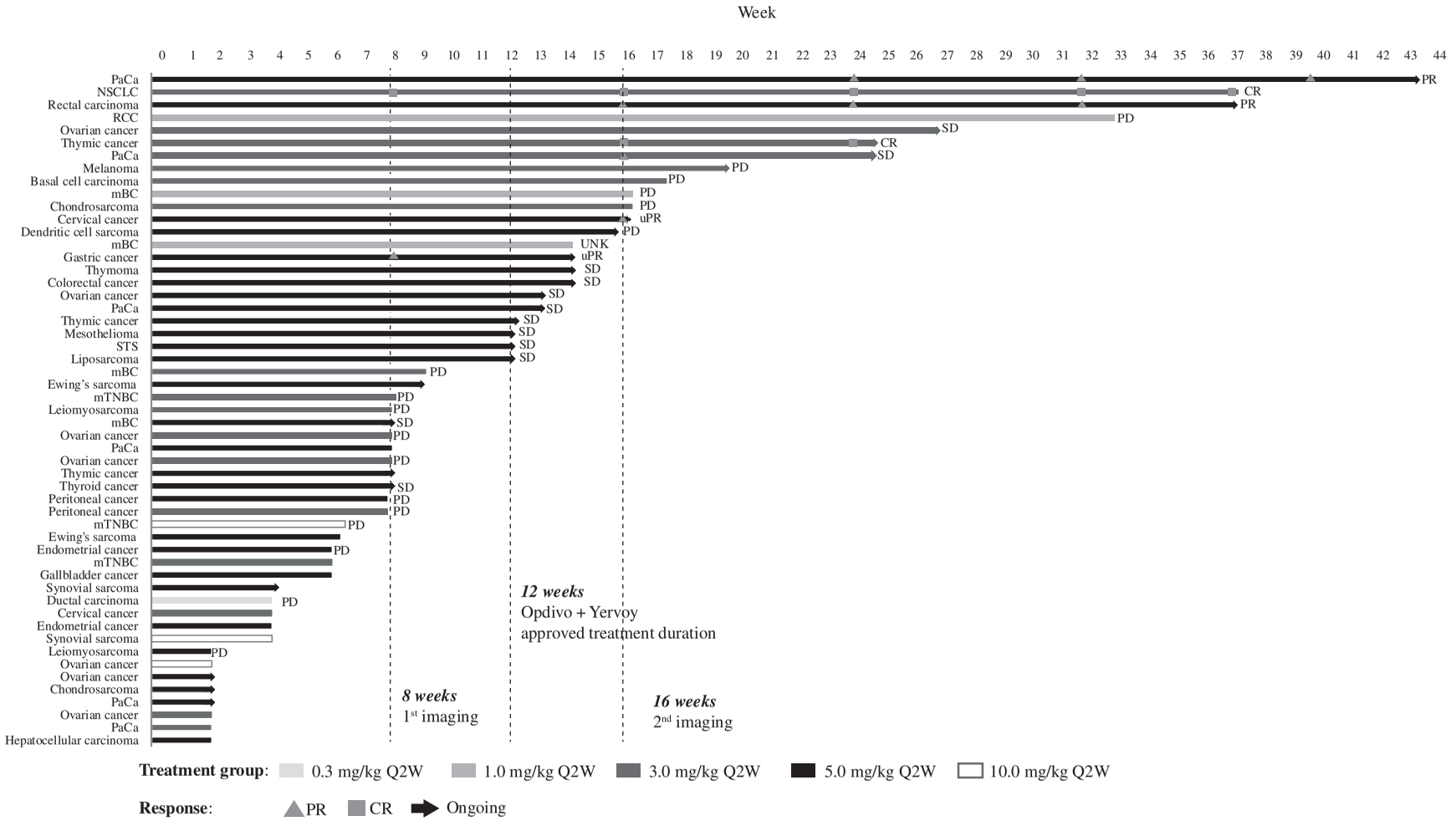
(2) Represents n1 divided by N1.

(3) Represents n2 divided by N2.

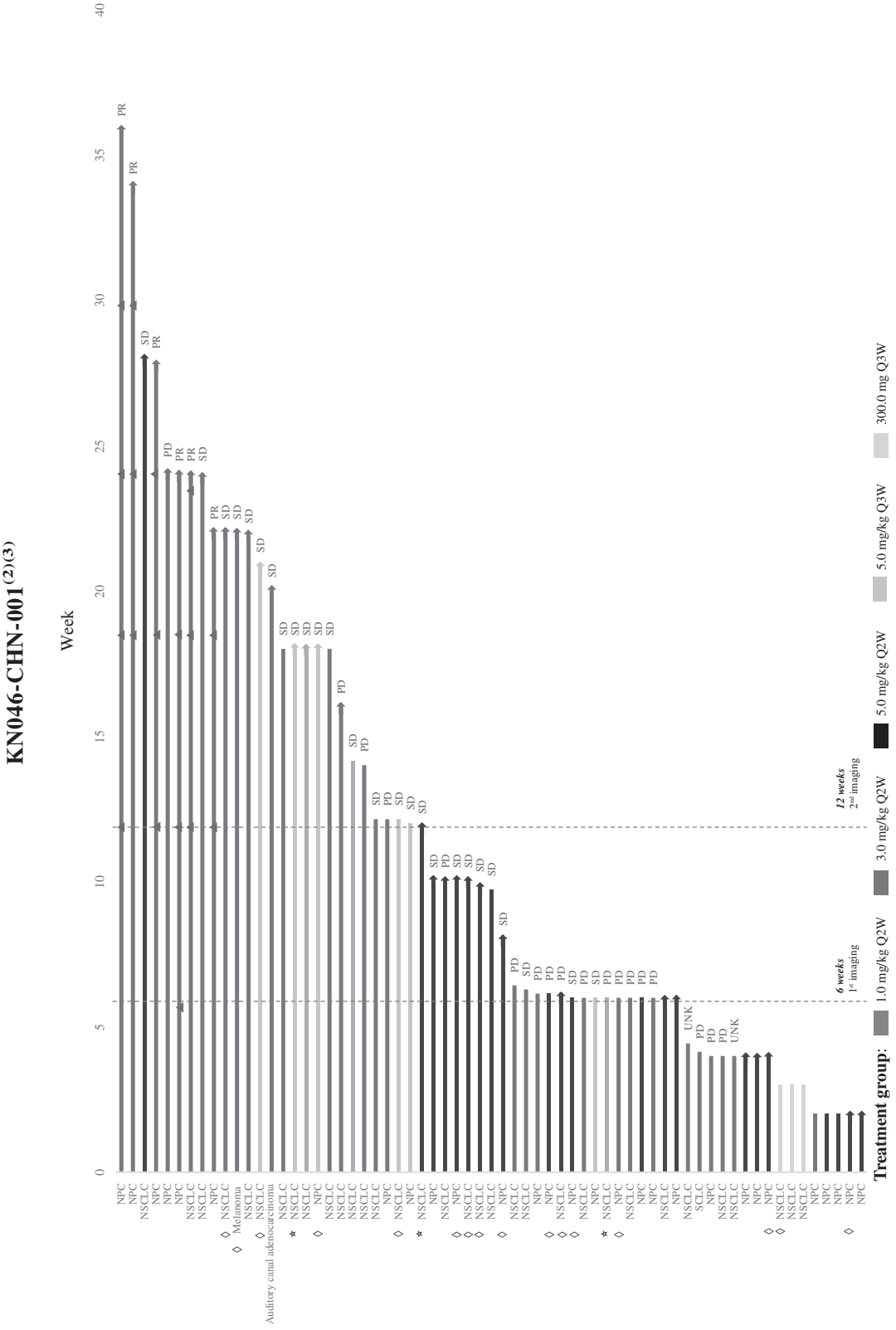
Source: Internal clinical trial data

The following swimming lane graphs illustrate the treatment duration and the best overall responses of all the enrolled subjects in the phase I clinical trials in Australia and China as of the Data Cut-off Date.

KN046-AUS-001



KN046-CHN-001[2][3]



Abbreviations: CR = complete response, PR = partial response, uPR = unconfirmed partial response, SD = stable disease, PD = progressive disease, NE = not evaluable, UNK = unknown, NSCLC = non-small cell lung cancer, RCC = renal cell carcinoma, mBC = metastatic breast cancer, STS = soft tissue sarcoma, mTNBC = metastatic triple-negative breast cancer, PaCa = pancreatic cancer, NPC = nasopharyngeal cancer, SCLC = small cell lung cancer.

◊ Failed prior anti-PD-1 treatment.

☆ Failed prior anti-OX40 treatment.

(1) The two subjects had SD. However, according to the protocol, the two subjects are categorized as unknown status.

(2) The enrollment of NSCLC subjects did not exclude patients with EGFR mutation and ALK translocation.

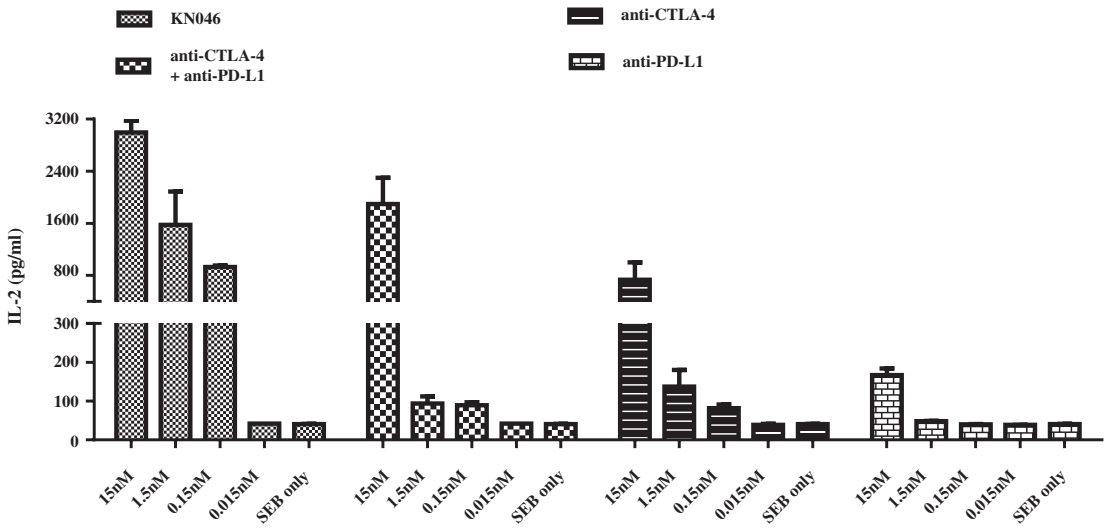
(3) 19 (29.2%) of the 65 enrolled subjects had failed prior immune checkpoint inhibitor treatments.

Source: Internal clinical trial data

Pre-clinical Studies

Synergistic Effect on T-cell Stimulation Assay (SEB-PBMC)

The purpose of this study was to investigate the synergistic effect of our KN046 on T-cell activation. Staphylococcal enterotoxin B (SEB) is a superantigen, which can activate peripheral blood mononuclear cell (PBMC) and trigger systemic release of pro-inflammatory cytokines such as IL-2. In this study, human PBMC was cultured with SEB in the presence of KN046, an anti-CTLA-4 monospecific control with the same CTLA-4 binding moiety of KN046, an anti-PD-L1 monospecific control with the same PD-L1 binding moiety of KN046, and a combination of the two monospecific controls at various concentration levels ranging from 0.015nM to 15nM for five days. The level of secretion of IL-2 was used to evaluate the activation of T-cells in this assay. The study showed that our KN046 was able to induce SEB-mediated IL-2 secretion in a dose-dependent manner. At the same concentration level, KN046 induced a higher IL-2 secretion level in comparison with the control groups, which may translate to better efficacy. The following graph illustrates the higher IL-2 secretion induced by KN046 compared to each control group.



* nM refers to concentration of added drugs, equivalent to the unit of nanomoles per liter (i.e. nmol/L).

Source: IND Application File to NMPA

Summary of Clinical Results

Phase I Clinical Trials

We are conducting a phase I clinical trial for our KN046 in Australia (KN046-AUS-001), which is subdivided into two parts, a phase Ia dose escalation study and a phase Ib dose expansion study. We conduct clinical trials in Australia because of its fast and efficient regulatory pathway for clinical trials with attractive government tax incentives. In addition, the ethnically diverse population in Australia enables us to conduct an early ethnic sensitivity

analysis between Caucasians and Chinese, and we may leverage Australia data to support and accelerate our clinical development in China and the United States. We initiated the KN046-AUS-001 trial in June 2018 and completed subject enrollment for this trial in October 2019. We are currently in the phase Ib study in Australia. In addition, we commenced a dose escalation study of a phase I clinical trial (KN046-CHN-001) in China in December 2018. This dose escalation phase is a bridging study to leverage the data from the Australia trial to accelerate the clinical trial process in China, one of our major target markets. We have completed the dose escalation study of KN046-CHN-001 trial and we initiated the dose expansion study in China in July 2019.

Phase I Clinical Trial in Australia (KN046-AUS-001)

KN046-AUS-001 is an open-label phase I clinical trial in Australia, consisting of a multiple-ascending phase Ia dose escalation study and a phase Ib dose expansion study. In February 2019, we concluded dose escalation in the 3 mg/kg and 5 mg/kg Q2W cohorts and determined the 5.0 mg/kg Q2W cohort to be the RP2D and BED. We started the phase Ib study at the RP2D afterwards. In parallel, we continued to conduct the dose escalation study in the 10 mg/kg Q2W cohort to determine the MTD of KN046. The phase Ia study has been completed and the phase Ib study was ongoing. As of the Data Cut-off Date, 53 subjects were enrolled in this phase I clinical trial and had received at least one dose of KN046 per treatment.

Study purpose. The primary objectives of the phase I clinical trial were to determine the MTD or BED and/or RP2D of KN046 as a single agent administered in subjects with metastatic or locally advanced solid tumors. The secondary objectives were to evaluate the preliminary anti-tumor activities and to characterize PK profile of our KN046.

Study design. The phase Ia dose escalation study adopted a classic "3+3" design, with up to 3 to 6 subjects treated at each dose level depending upon the incidence of DLT. Subjects received KN046 across five cohorts at 0.3 mg/kg, 1.0 mg/kg, 3.0 mg/kg, 5.0 mg/kg and 10.0 mg/kg Q2W intravenously. The phase Ib dose expansion study would be conducted based on the results of the phase Ia study, and the dose levels were determined to be 3.0 mg/kg Q2W and 5.0 mg/kg Q2W. The planned size of cohorts (including the dose escalation study and dose expansion study) at 1.0 mg/kg, 3.0 mg/kg and 5.0 mg/kg is up to 30 subjects, and the planned size of the cohort at 10.0 mg/kg is three to six subjects. Safety and tolerability would be assessed by monitoring TEAEs. Tumor assessments would be performed according to RECIST version 1.1.

Safety. As of the Data Cut-off Date, a total of 53 subjects were included in the safety data analysis, including 16 and 37 subjects enrolled in the phase Ia and phase Ib studies, respectively. The results have exhibited a favorable safety profile of our KN046 across all the cohorts. The available safety data of the KN046-AUS-001 trial showed that KN046-related TEAEs at grade 3 or higher levels were numerically lower than that of the approved combination therapy of Opdivo and Yervoy in (i) its phase III registration clinical trial (NCT01844505) for metastatic melanoma (59%); and (ii) its phase III registration clinical trial (NCT02231749) for advanced or metastatic RCC (46%). These incidence rates should be considered in light of the fact that they are not from head-to-head studies.

As of the Data Cut-off Date, 25 subjects remained on the study treatment. A total of 28 subjects had discontinued treatment, including:

- 15 subjects due to disease progression;
- three subjects withdraw their consent for the clinical trial we previously obtained;
- five subjects due to treatment-unrelated TEAEs, including one leading to death; and
- five subjects due to six treatment-related TEAEs, including two grade 3 immune-related hepatic function abnormal, one grade 2 alanine aminotransferase increased, one grade 3 arthritis, one grade 3 aspartate aminotransferase increased and one grade 3 colitis. These subjects completely recovered after treatment discontinuation.

The median duration of exposure of KN046 was eight weeks, ranging from two to 44 weeks. Four DLT events were observed in three subjects, including (i) one subject with grade 3 treatment-related hepatic function abnormal without bilirubin increased from the 5.0 mg/kg Q2W cohort; and (ii) one subject with grade 3 pruritic erythematous rash, and one subject with grade 3 aspartate aminotransferase increased and one grade 3 arthritis from the 10.0 mg/kg Q2W cohort. The relevant subjects recovered within three weeks. 17, 29 and 3 subjects were enrolled into the 3.0 mg/kg Q2W cohort, 5.0 mg/kg Q2W cohort and 10.0 mg/kg Q2W cohort, respectively. MTD was reached at 5.0 mg/kg. 5.0 mg/kg Q2W were determined to be the BED and RP2D.

As of the Data Cut-off Date, 37 (69.8%) out of the 53 subjects had experienced treatment-related TEAE of all grades, and 15 (28.3%) subjects had experienced treatment-related TEAEs at grade 3 or higher levels. 13 (24.5%) subjects had experienced treatment-related SAEs and 24 (45.3%) subjects had experienced irAEs, 11 (20.8%) of which were grade 3 or higher levels. Details of the TEAEs observed from all 53 subjects enrolled in the KN046-AUS-001 trial as of the Data Cut-off Date are summarized in the following table.

TEAE categories[1]	**0.3 mg/kg Q2W (N=1)**	**1.0 mg/kg Q2W (N=3)**	**3.0 mg/kg Q2W (N=17)**	**5.0 mg/kg Q2W (N=29)**	**10.0 mg/kg Q2W (N=3)**	**Total (N=53)**
			n (%)			
All TEAEs	1 (100%)	3 (100%)	17 (100%)	27 (93.1%)	3 (100%)	51 (96.2%)
TEAE, Grade ≥ 3	0	2 (66.7%)	13 (76.5%)	14 (48.3%)	3 (100%)	32 (60.4%)
Treatment-related TEAEs	1 (100%)	2 (66.7%)	13 (76.5%)	18 (62.1%)	3 (100%)	37 (69.8%)
Treatment-related TEAEs, Grade ≥ 3	0	2 (66.7%)	4 (23.5%)	6 (20.7%)	3 (100%)	15 (28.3%)
SAEs[2]	0	1 (33.3%)	11 (64.7%)	14 (48.3%)	2 (66.7%)	28 (52.8%)
Treatment-related SAEs[3]	0	1 (33.3%)	4 (23.5%)	6 (20.7%)	2 (66.7%)	13 (24.5%)

TEAE categories[1]	0.3 mg/kg Q2W (N=1)	1.0 mg/kg Q2W (N=3)	3.0 mg/kg Q2W (N=17)	5.0 mg/kg Q2W (N=29)	10.0 mg/kg Q2W (N=3)	Total (N=53)
			n (%)			
IrAEs	0	2 (66.7%)	9 (52.9%)	10 (34.5%)	3 (100%)	24 (45.3%)
IrAEs, Grade ≥ 3	0	1 (33.3%)	3 (17.6%)	4 (13.8%)	3 (100%)	11 (20.8%)
TEAEs leading to permanent treatment discontinuation	0	1 (33.3%)	2 (11.8%)	6 (20.7%)	1 (33.3%)	10 (18.9%)
Treatment-related TEAEs leading to permanent treatment discontinuation	0	1 (33.3%)	1 (5.9%)	2 (6.9%)	1 (33.3%)	5 (9.4%)
Treatment-related TEAE leading to death	0	0	0	0	0	0

(1) Reported under National Cancer Institute Common Terminology Criteria for Adverse Events version 4.03.
(2) The most frequent SAEs (n≥2) included infusion-related reaction (n=3, 5.7%), arthritis (n=2, 3.8%), diarrhoea (n=2, 3.8%), lower respiratory tract infection (n=2, 3.8%), pneumonia (n=2, 3.8%), pulmonary embolism (n=2, 3.8%) and pyrexia (n=2, 3.8%).
(3) Including infusion-related reaction (n=3, 5.7%), arthritis (n=2, 3.8%), hepatic function abnormal (n=1, 1.9%), immune-mediated enterocolitis (n=1, 1.9%), hypersensitivity (n=1, 1.9%), adrenal insufficiency (n=1, 1.9%), colitis (n=1, 1.9%), hepatitis (n=1, 1.9%), myalgia (n=1, 1.9%), myositis (n=1, 1.9%), rash pruritic (n=1, 1.9%) and gastritis (n=1, 1.9%).

Source: Internal clinical trial data

The table below summarizes the most frequent treatment-related TEAEs in the KN046-AUS-001 trial based on clinical trial data as of the Data Cut-off Date (all grades ≥10%, or any ≥grade 3).

	0.3 mg/kg Q2W (N=1)		1.0 mg/kg Q2W (N=3)		3.0 mg/kg Q2W (N=17)		5.0 mg/kg Q2W (N=29)		10.0 mg/kg Q2W (N=3)		Total (N=53)	
Treatment-related TEAEs by Preferred Term[1]	All grades	Grade ≥3	All grades	Grade ≥3	All grades	Grade ≥3	All grades	Grade ≥3	All grades	Grade ≥ 3	All grades	Grade ≥3
						n (%)						
Arthralgia	0	0	1 (33.3%)	0	4 (23.5%)	0	2 (6.9%)	0	0	0	7 (13.2%)	0
Infusion-related reaction	0	0	0	0	4 (23.5%)	0	2 (6.9%)	1 (3.4%)	0	0	6 (11.3%)	1 (1.9%)
Fatigue	0	0	0	0	0	0	4 (13.8%)	0	1 (33.3%)	1 (33.3%)	5 (9.4%)	1 (1.9%)
Pruritus	0	0	0	0	3 (17.6%)	1 (5.9%)	2 (6.9%)	0	0	0	5 (9.4%)	1 (1.9%)
Alanine aminotransferase increased	0	0	0	0	1 (5.9%)	0	1 (3.4%)	1 (3.4%)	2 (66.7%)	0	4 (7.5%)	1 (1.9%)
Arthritis	0	0	0	0	2 (11.8%)	1 (5.9%)	0	0	2 (66.7%)	1 (33.3%)	4 (7.5%)	2 (3.8%)
Hepatic function abnormal	0	0	1 (33.3%)	1 (33.3%)	0	0	1 (3.4%)	1 (3.4%)	0	0	2 (3.8%)	2 (3.8%)

Treatment-related TEAEs by Preferred Term[(1)]	0.3 mg/kg Q2W (N=1)		1.0 mg/kg Q2W (N=3)		3.0 mg/kg Q2W (N=17)		5.0 mg/kg Q2W (N=29)		10.0 mg/kg Q2W (N=3)		Total (N=53)	
	All grades	Grade ≥3	All grades	Grade ≥3	All grades	Grade ≥3	All grades	Grade ≥3	All grades	Grade ≥ 3	All grades	Grade ≥3
	n (%)											
Rash pruritic	0	0	0	0	1 (5.9%)	0	0	0	1 (33.3%)	1 (33.3%)	2 (3.8%)	1 (1.9%)
Abdominal pain lower	0	0	1 (33.3%)	1 (33.3%)	0	0	0	0	0	0	1 (1.9%)	1 (1.9%)
Immune-mediated enterocolitis	0	0	0	0	0	0	1 (3.4%)	1 (3.4%)	0	0	1 (1.9%)	1 (1.9%)
Aspartate aminotransferase increased	0	0	0	0	0	0	1 (3.4%)	0	2 (66.7%)	1 (33.3%)	3 (5.7%)	1 (1.9%)
Adrenal insufficiency	0	0	0	0	1 (5.9%)	1 (5.9%)	0	0	0	0	1 (1.9%)	1 (1.9%)
Colitis	0	0	0	0	0	0	1 (3.4%)	1 (3.4%)	0	0	1 (1.9%)	1 (1.9%)
Gastroesophageal reflux disease	0	0	0	0	1 (5.9%)	1 (5.9%)	0	0	0	0	1 (1.9%)	1 (1.9%)
Myositis	0	0	0	0	0	0	1 (3.4%)	1 (3.4%)	0	0	1 (1.9%)	1 (1.9%)

(1) Medical Dictionary for Regulatory Activities Preferred Terms.

Treatment-related TEAEs occurred in 37 patients, 15 of which were at grade 3 or higher levels. The most frequent treatment-related TEAEs included arthralgia and infusion-related reaction. The treatment-related TEAEs were not found to occur in a dose-dependent manner, and neither the number nor severity of treatment-related TEAEs was exacerbated due to dose escalation at the RP2D or lower dose levels.

The table below summarizes the irAEs in the KN046-AUS-001 trial based on clinical trial data as of the Data Cut-off Date (all grades ≥ 5%, or any ≥ grade 3).

IrAEs by System Organ Class and Preferred Term[(1)]	0.3 mg/kg Q2W (N=1)		1.0 mg/kg Q2W (N=3)		3.0 mg/kg Q2W (N=17)		5.0 mg/kg Q2W (N=29)		10.0 mg/kg Q2W (N=3)		Total (N=53)	
	All grades	Grade ≥3	All grades	Grade ≥3	All grades	Grade ≥3	All grades	Grade ≥3	All grades	Grade ≥3	All grades	Grade ≥3
	n (%)											
Any	0	0	2 (66.7%)	1 (33.3%)	9 (52.9%)	3 (17.6%)	10 (34.5%)	4 (13.8%)	3 (100%)	3 (100%)	24 (45.3%)	11 (20.8%)
Skin and subcutaneous tissue disorders	0	0	0	0	4 (23.5%)	0	3 (10.3%)	0	1 (33.3%)	1 (33.3%)	8 (15.1%)	1 (1.9%)
Pruritus	0	0	0	0	3 (17.6%)	0	1 (3.4%)	0	0	0	4 (7.5%)	0
Rash pruritic	0	0	0	0	1 (5.9%)	0	0	0	1 (33.3%)	1 (33.3%)	2 (3.8%)	1 (1.9%)
Musculoskeletal and connective tissue disorders	0	0	1 (33.3%)	0	3 (17.6%)	1 (5.9%)	2 (6.9%)	0	2 (66.7%)	1 (33.3%)	8 (15.1%)	2 (3.8%)
Arthralgia	0	0	1 (33.3%)	0	2 (11.8%)	0	1 (3.4%)	0	0	0	4 (7.5%)	0
Arthritis	0	0	0	0	1 (5.9%)	1 (5.9%)	0	0	2 (66.7%)	1 (33.3%)	3 (5.7%)	2 (3.8%)
Myalgia	0	0	0	0	1 (5.9%)	0	1 (3.4%)	0	1 (33.3%)	0	3 (5.7%)	0

IrAEs by System Organ Class and Preferred Term[1]	0.3 mg/kg Q2W (N=1)		1.0 mg/kg Q2W (N=3)		3.0 mg/kg Q2W (N=17)		5.0 mg/kg Q2W (N=29)		10.0 mg/kg Q2W (N=3)		Total (N=53)	
	All grades	Grade ≥3	All grades	Grade ≥3	All grades	Grade ≥3	All grades	Grade ≥3	All grades	Grade ≥3	All grades	Grade ≥3
	n (%)											
Investigations	0	0	0	0	2 (11.8%)	0	4 (13.8%)	1 (3.4%)	1 (33.3%)	1 (33.3%)	7 (13.2%)	2 (3.8%)
Transaminases increased	0	0	0	0	1 (5.9%)	0	3 (10.3%)	0	0	0	4 (7.5%)	0
Alanine aminotransferase increased	0	0	0	0	0	0	1 (3.4%)	1 (3.4%)	1 (33.3%)	0	2 (3.8%)	1 (1.9%)
Blood lactate dehydrogenase increased	0	0	0	0	0	0	0	0	1 (33.3%)	1 (33.3%)	1 (1.9%)	1 (1.9%)
Gastrointestinal disorders	0	0	1 (33.3%)	0	3 (17.6%)	1 (5.9%)	2 (6.9%)	2 (6.9%)	0	0	6 (11.3%)	3 (5.7%)
Colitis	0	0	0	0	0	0	1 (3.4%)	1 (3.4%)	0	0	1 (1.9%)	1 (1.9%)
Gastritis	0	0	0	0	1 (5.9%)	1 (5.9%)	0	0	0	0	1 (1.9%)	1 (1.9%)
Gastroesophageal reflux disease	0	0	0	0	1 (5.9%)	1 (5.9%)	0	0	0	0	1 (1.9%)	1 (1.9%)
Immune-mediated enterocolitis	0	0	0	0	0	0	1 (3.4%)	1 (3.4%)	0	0	1 (1.9%)	1 (1.9%)
Endocrine disorders	0	0	1 (33.3%)	0	3 (17.6%)	1 (5.9%)	0	0	0	0	4 (7.5%)	1 (1.9%)
Adrenal insufficiency	0	0	0	0	1 (5.9%)	1 (5.9%)	0	0	0	0	1 (1.9%)	1 (1.9%)
Hepatobiliary disorders	0	0	1 (33.3%)	1 (33.3%)	1 (5.9%)	0	2 (6.9%)	1 (3.4%)	0	0	4 (7.5%)	2 (3.8%)
Hepatic function abnormal	0	0	1 (33.3%)	1 (33.3%)	0	0	1 (3.4%)	1 (3.4%)	0	0	2 (3.8%)	2 (3.8%)
General disorders and administration site conditions	0	0	0	0	1 (5.9%)	0	0	0	1 (33.3%)	1 (33.3%)	2 (3.8%)	1 (1.9%)
Fatigue	0	0	0	0	0	0	0	0	1 (33.3%)	1 (33.3%)	1 (1.9%)	1 (1.9%)
Renal and urinary disorders	0	0	0	0	1 (5.9%)	1 (5.9%)	0	0	0	0	1 (1.9%)	1 (1.9%)
Renal impairment	0	0	0	0	1 (5.9%)	1 (5.9%)	0	0	0	0	1 (1.9%)	1 (1.9%)

(1) Medical Dictionary for Regulatory Activities System Organ Class and Preferred Terms.

IrAEs occurred in 24 patients, 11 of which were at grade 3 or higher levels. Skin and subcutaneous tissue disorders and musculoskeletal and connective tissue disorders were the most frequent irAEs. The irAEs were not found to occur in a dose-dependent manner, and neither the number nor severity of irAEs was exacerbated due to dose escalation at the RP2D or lower levels.

Efficacy. In general, all of the subjects enrolled in this study had previously failed standard-of-care treatments. As of the Data Cut-off Date, there were 35 evaluable subjects. The efficacy results showed that among, the 35 evaluable subjects, two subjects had confirmed CRs, two had confirmed PRs, two had unconfirmed PRs and 12 had SD. Evaluable subjects refer to patients who had measurable diseases at baseline and completed at least one post-baseline tumor assessment as of the Data Cut-off Date. 20 of the evaluable subjects remained on the study treatment as of Data Cut-off Date. 18 enrolled subjects who had not reached the first post-baseline tumor assessment as of the Data Cut-off Date were excluded.

The table below summarizes the best overall response in the efficacy analysis of the KN046-AUS-001 trial.

Response	0.3 mg/kg Q2W (N=1)	1.0 mg/kg Q2W (N=2)	3.0 mg/kg Q2W (N=13)	5.0 mg/kg Q2W[(1)] (N=18)	10.0 mg/kg Q2W (N=1)	Total (N=35)
			n (%)			
Confirmed CR	0	0	2 (15.4%)	0	0	2 (5.7%)
Unconfirmed CR	0	0	0	0	0	0
Confirmed PR	0	0	0	2 (11.1%)	0	2 (5.7%)
Unconfirmed PR	0	0	0	2 (11.1%)	0	2 (5.7%)
SD	0	0	2 (15.4%)	10 (55.6%)	0	12 (34.3%)
PD	1 (100%)	2 (100%)	9 (69.2%)	4 (22.2%)	1 (100%)	17 (48.6%)
CR[(2)]+PR[(2)]	0	0	2 (15.4%)	4 (22.2%)	0	6 (17.1%)
DCR (CR[(2)]+PR[(2)]+SD[(3)])	0	0	4 (30.8%)	14 (77.8%)	0	18 (51.4%)
Target Lesion Shrinkage	0	0	5 (38.5%)	10 (55.6%)	0	15 (42.9%)

Abbreviations: CR=complete response, PR=partial response, SD=stable disease, PD=progressive disease, DCR=disease control rate.

(1) 5.0 mg/kg Q2W was determined to be the RP2D.

(2) Including confirmed and unconfirmed responses.

(3) Lasted for at least six weeks.

Source: Internal clinical trial data

The following table further sets forth details of the best overall response at various scans and number of lines of prior treatment received of the 35 evaluable subjects based on clinical trial data as of the Data Cut-off Date.

Patient No.	Classified response (as of the Data Cut-off Date)	Change of target lesions from baseline (%)	Duration of treatments (days)	End of patient treatment (Yes/No)	Change of target lesions from baseline at respective tumor assessment cycle (%)												Cancer indication type/ Primary tumor sites	Cohort	Number of lines of prior treatment	Prior immune check point inhibitor treatment(s)
					1		2		3		4		5		6					
1[(1)]	CR	(100%)	253	Y	CR	(100%)	CR	(100%)	CR	(100%)	CR	(100%)	CR	(100%)	PD	(100%)	NSCLC	3.0 mg/kg Q2W	1	-
2[(2)]	CR	(100%)	168	N	SD	(24%)	CR	(100%)	CR	(100%)	-	-	-	-	-	-	Thymic cancer	3.0 mg/kg Q2W	1	-
3[(3)]	PR	(87%)	252	N	SD	4%	PR	(35%)	PR	(87%)	PR	(78%)	-	-	-	-	Rectal carcinoma	5.0 mg/kg Q2W	3	-
4[(4)]	PD	(56%)	56	Y	PR	(56%)	-	-	-	-	-	-	-	-	-	-	Ovarian cancer	3.0 mg/kg Q2W	4	-
5[(5)]	uPR	(50%)	98	N	PR	(50%)	-	-	-	-	-	-	-	-	-	-	Gastric cancer	5.0 mg/kg Q2W	3	-
6[(5)]	uPR	(49%)	111	N	SD	(19%)	PR	(49%)	-	-	-	-	-	-	-	-	Cervical cancer	5.0 mg/kg Q2W	1	-
7[(6)]	PR	(41%)	308	N	SD	3%	SD	(12%)	PR	(32%)	PR	(41%)	PR	(38%)	-	-	Pancreatic cancer	5.0 mg/kg Q2W	2	-
8	SD	(36%)	168	N	SD	(27%)	PR	(36%)	PD	2%	-	-	-	-	-	-	Pancreatic cancer	3.0 mg/kg Q2W	3	-
9	SD	(29%)	85	N	SD	(29%)	-	-	-	-	-	-	-	-	-	-	Thymic cancer	5.0 mg/kg Q2W	1	-
10	SD	(29%)	84	N	SD	(29%)	-	-	-	-	-	-	-	-	-	-	Mesothelioma	5.0 mg/kg Q2W	0	-
11	SD	(13%)	91	N	SD	(13%)	-	-	-	-	-	-	-	-	-	-	Ovarian cancer	5.0 mg/kg Q2W	4	-
12	SD	(9%)	91	N	SD	(9%)	-	-	-	-	-	-	-	-	-	-	Pancreatic cancer	5.0 mg/kg Q2W	0	-
13[(7)]	PD	(8%)	55	Y	SD	(8%)	-	-	-	-	-	-	-	-	-	-	Peritoneal Cancer	5.0 mg/kg Q2W	2	-
14	SD	(8%)	183	N	SD	(6%)	SD	(8%)	-	-	-	-	-	-	-	-	Ovarian cancer	3.0 mg/kg Q2W	2	-
15	SD	(1%)	98	N	SD	(1%)	-	-	-	-	-	-	-	-	-	-	Colorectal cancer	5.0 mg/kg Q2W	1	-
16	SD	2%	84	N	SD	2%	-	-	-	-	-	-	-	-	-	-	Liposarcoma	5.0 mg/kg Q2W	3	-
17	SD	3%	56	N	SD	3%	-	-	-	-	-	-	-	-	-	-	Thyroid cancer	5.0 mg/kg Q2W	1	-
18	SD	4%	56	N	SD	4%	-	-	-	-	-	-	-	-	-	-	Breast cancer	5.0 mg/kg Q2W	3	-
19	SD	5%	98	N	SD	5%	-	-	-	-	-	-	-	-	-	-	Thymoma	5.0 mg/kg Q2W	1	-
20	SD	5%	84	N	SD	5%	-	-	-	-	-	-	-	-	-	-	Soft tissue sarcoma	5.0 mg/kg Q2W	1	-
21	PD	21%	28	Y	PD	21%	-	-	-	-	-	-	-	-	-	-	Breast cancer	0.3 mg/kg Q2W	2	-
22	PD	22%	56	Y	PD	22%	PD	22%	-	-	-	-	-	-	-	-	Leiomyosarcoma	3.0 mg/kg Q2W	2	-
23	PD	28%	64	Y	PD	28%	-	-	-	-	-	-	-	-	-	-	Breast cancer	3.0 mg/kg Q2W	3	CD40/PD-1

Patient No.	Classified response (as of the Data Cut-off Date)	Change of target lesions from baseline (%)	Duration of treatments (days)	End of patient treatment (Yes/No)	Change of target lesions from baseline at respective tumor assessment cycle (%)												Cancer indication type/ Primary tumor sites	Cohort	Number of lines of prior treatment	Prior immune check point inhibitor treatment(s)
					1		2		3		4		5		6					
24	PD	30%	112	Y	PD	30%	PD	67%	PD	67%	-	-	-	-	-	-	Chondrosarcoma	3.0 mg/kg Q2W	0	-
25	PD	31%	108	N	PD	31%	SD	17%	-	-	-	-	-	-	-	-	Dendritic Cell Sarcoma	5.0 mg/kg Q2W	4	-
26	PD	32%	224	Y	PD	32%	SD	32%	SD	32%	SD	32%	-	-	-	-	Renal cell carcinoma	1.0 mg/kg Q2W	2	PD-1
27	PD	33%	120	N	PD	33%	PD	67%	-	-	-	-	-	-	-	-	Basal cell carcinoma	3.0 mg/kg Q2W	1	-
28	PD	37%	55	Y	PD	37%	-	-	-	-	-	-	-	-	-	-	Peritoneal Cancer	3.0 mg/kg Q2W	4	-
29	PD	38%	134	N	PD	38%	PD	77%	PD	100%	-	-	-	-	-	-	Melanoma	3.0 mg/kg Q2W	2	PD-1
30	PD	46%	42	Y	PD	46%	-	-	-	-	-	-	-	-	-	-	Endometrial cancer	5.0 mg/kg Q2W	1	-
31	PD	46%	14	Y	PD	46%	-	-	-	-	-	-	-	-	-	-	Leiomyosarcoma	5.0 mg/kg Q2W	1	-
32	PD	63%	56	Y	PD	63%	-	-	-	-	-	-	-	-	-	-	Ovarian cancer	3.0 mg/kg Q2W	6	-
33	PD	73%	57	Y	PD	73%	-	-	-	-	-	-	-	-	-	-	Breast cancer	3.0 mg/kg Q2W	2	-
34	PD	92%	112	Y	PD	92%	PD	146%	-	-	-	-	-	-	-	-	Breast cancer	1.0 mg/kg Q2W	2	-
35	PD	102%	45	Y	PD	102%	-	-	-	-	-	-	-	-	-	-	Breast cancer	10.0 mg/kg Q2W	3	-

Abbreviations: CR=complete response, PR=partial response, SD=stable disease, PD=progressive disease, uPR=unconfirmed partial response, NSCLC = non-small cell lung cancer, mBC=metastatic breast cancer, PD-1=anti-PD-1 treatment(s), CD40=anti-CD40 treatment(s).

(1) This subject was classified as a confirmed CR with 100% reduction of target lesion from baseline through five assessment cycles. However, the subject had PD on the sixth assessment due to development of new lesions and was no longer on the study treatment as of the Data Cut-off Date.

(2) The subject was classified as complete response according to EDC standard, whereby target lesion remained non-detectable in two subsequent scans, albeit obscured by radiation fibrosis.

(3) The subject achieved a confirmed PR after one SD and three PR observed through four assessment cycles.

(4) Reduction of target lesion was observed in this subject in the first tumor assessment, but the subject developed a new lesion and was confirmed as a PD.

(5) The subject achieved at least one PR and classified as an unconfirmed PR.

(6) The subject achieved a confirmed PR after two SD and three PRs observed through five assessment cycles.

(7) Despite reduction of target lesion, the subject had PD due to non-target lesion unequivocal progression.

The key findings from the table above is that continuing anti-tumor effect has been observed in a number of subjects over a longer treatment duration as evaluated by multiple scans, including subjects that had received two or more lines of prior therapy. Specifically:

- Two confirmed CRs occurred in one NSCLC subject and one thymic cancer subject from the 3.0 mg/kg Q2W cohort. The NSCLC subject showed the CR through five scans over a treatment duration of 36 weeks, and the thymic cancer subject showed a confirmed CR after one SD and two CRs observed through three scans over a treatment duration of 24 weeks;

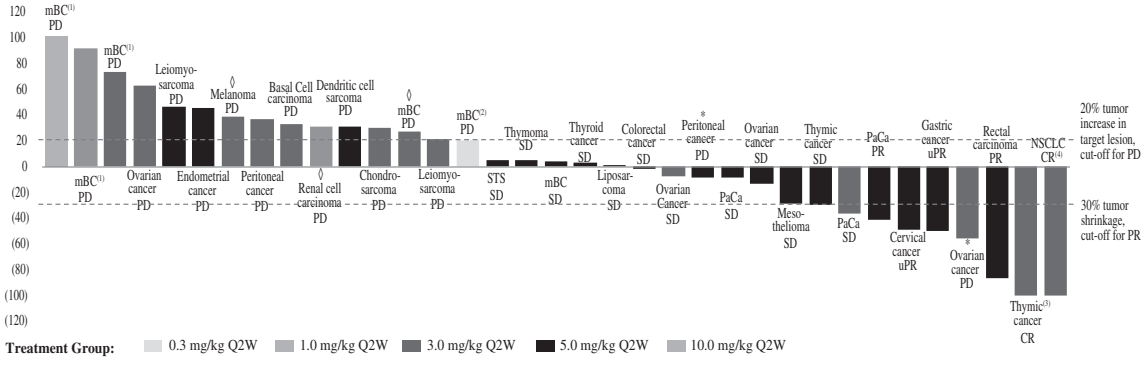
- Four PRs (including two confirmed ones and two unconfirmed ones) occurred in subjects of various indications, including pancreatic cancer and rectum cancer. Although studies have shown that pancreatic cancer and rectum cancer tend not to respond positively to PD-(L)1 inhibitors, the preliminary results of the KN046-AUS-001 trial have shown early efficacy signals in these two cancers as well as other cancers, including (i) one confirmed PR that occurred in a subject with metastatic pancreatic cancer from the 5.0 mg/kg Q2W cohort (on treatment for approximately 44 weeks as of the Data Cut-off Date, treatment ongoing); (ii) one confirmed PR that occurred in a subject with rectum cancer from the 5.0 mg/kg Q2W cohort (on treatment for approximately 36 weeks as of the Data Cut-off Date, treatment ongoing); (iii) one unconfirmed PR that occurred in a subject with gastric cancer from the 5.0 mg/kg Q2W cohort (on treatment for approximately 14 weeks as of the Data Cut-off Date, treatment ongoing); and (iv) one unconfirmed PR that occurred in a subject with cervical cancer from the 5.0 mg/kg Q2W cohort (on treatment for approximately 16 weeks as of the Data Cut-off Date, treatment ongoing);

- SD occurred in 12 subjects, including conspicuous reduction in the size of target lesion diagnosed in seven subjects based on the first assessment; and

- Six out of the seven subjects who had the longest treatment duration (between 24 to 44 weeks) all had reduction in target lesion, including two confirmed CRs, two confirmed PRs, two SD and one PD in classified response. The last one was one RCC subject, who had the fourth longest treatment duration (32 weeks). This subject was classified as PD upon the first assessment but demonstrated target lesion control with SD through the three subsequent scans.

The following waterfall plot shows the best overall response of the 35 evaluable subjects receiving KN046 as measured by percentage of change of target lesions from baseline based on CT/MRI scans.

Tumor Target Lesion Shrinkage from Baseline (%)

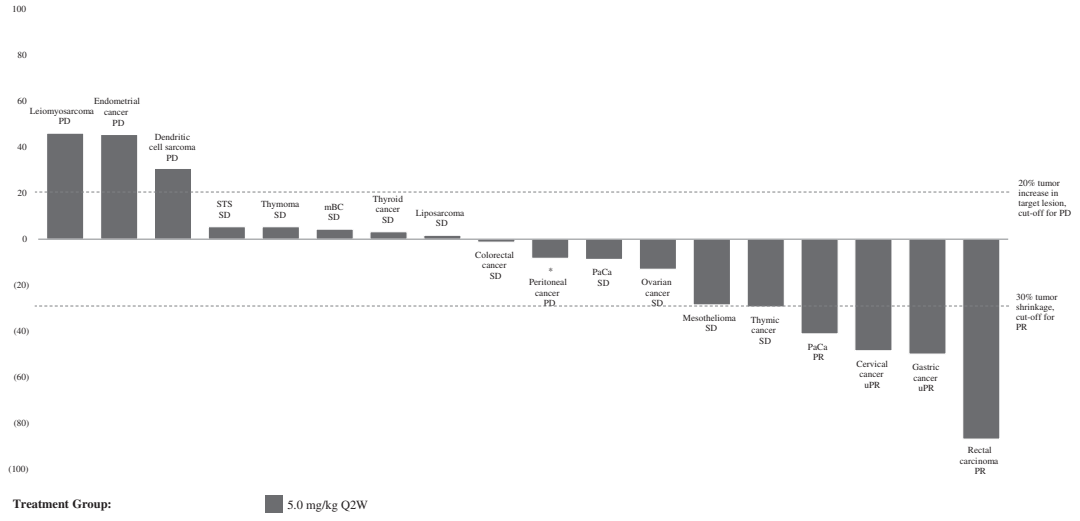


Abbreviations: PR=partial response, SD=stable disease, PD=progressive disease, uPR=unconfirmed partial response, mBC=metastatic breast cancer, PaCa = pancreatic cancer.
* Denotes new lesion(s) or non-target lesion(s) unequivocal progression.
◊ Failed prior anti-PD-1 treatment.
(1) All were TNBC.
(2) Hormone receptor positive mBC.
(3) The subject was classified as complete response according to EDC standard, whereby target lesion remains non-detectable in two subsequent scans, albeit obscured by radiation fibrosis.
(4) The subject showed the CR through five scans over a treatment duration of 36 weeks (253 days).

Source: Internal clinical trial data

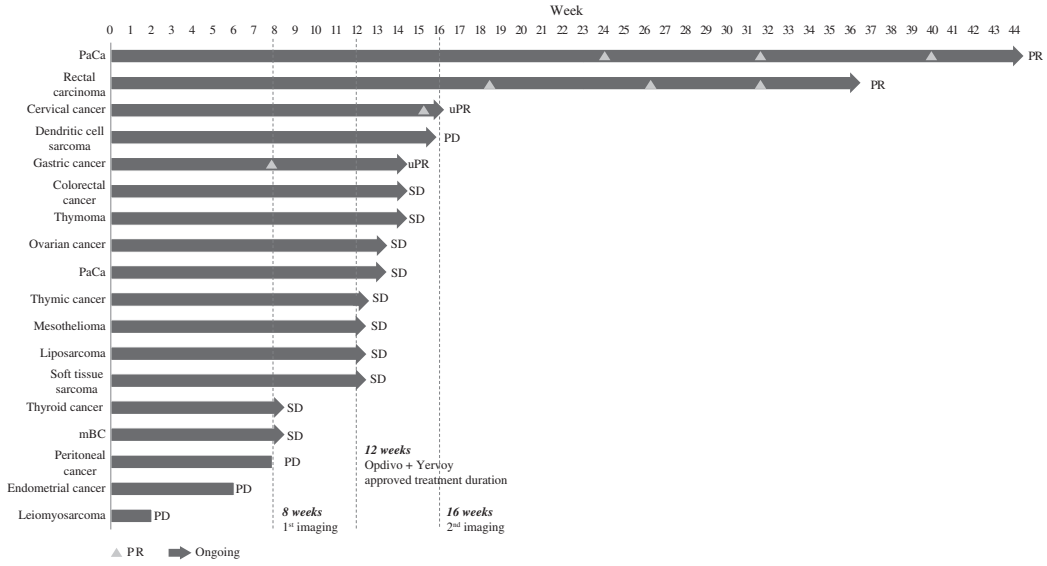
The RP2D in KN046-AUS-001 trial was determined to be 5.0 mg/kg Q2W. Among the 18 evaluable subjects in the RP2D cohort, the DCR was 77.8% and 10 (55.6%) subjects had target lesion shrinkage. The following waterfall plot shows the best overall response of the 18 evaluable subjects receiving KN046 at the RP2D as measured by percentage of change of target lesions from baseline based on CT/MRI scans.

Tumor Target Lesion Shrinkage from Baseline (%)



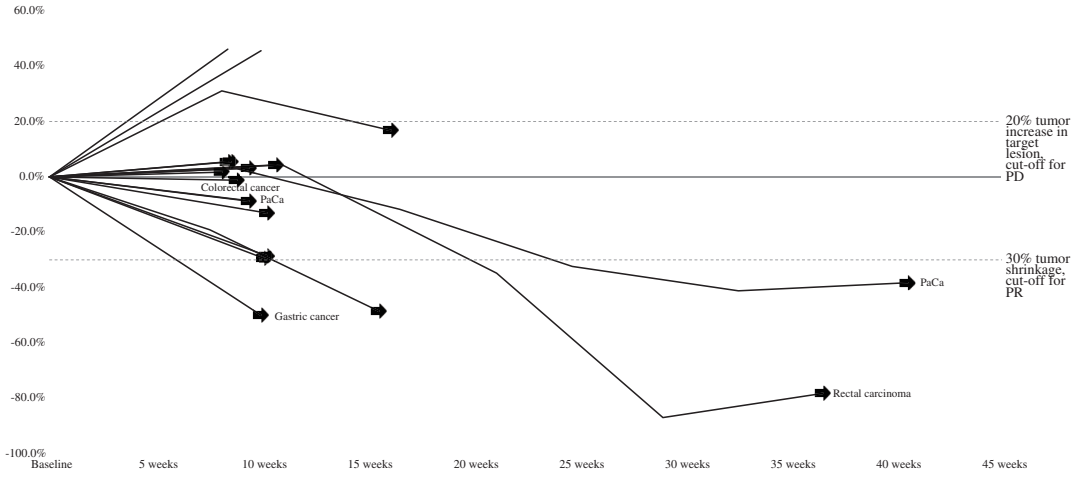
Abbreviations: PR=partial response, SD=stable disease, PD=progressive disease, uPR=unconfirmed partial response, mBC=metastatic breast cancer, STS = soft tissue sarcoma, PaCa = pancreatic cancer.
* Denotes new lesion.
Source: Internal clinical trial data

As of the Data Cut-off Date, the efficacy results in the 5.0 mg/kg Q2W (RP2D) cohort demonstrated a broad therapeutic window of KN046. 13 out of the 18 evaluable subjects in this cohort have been on treatment for at least 12 weeks treatment ongoing, including two PRs, two uPRs and eight SD. The following swimming lane graph illustrates the treatment duration and the best overall responses of the evaluable subjects in the RP2D cohort as of the Data Cut-off Date.



Abbreviations: PR=partial response, SD=stable disease, PD=progressive disease, uPR=unconfirmed partial response, mBC=metastatic breast cancer, PaCa = pancreatic cancer.
Source: Internal clinical trial data

The following spider plot shows the change of target lesions across treatment duration of the 18 evaluable subjects receiving KN046 at the RP2D as of the Data Cut-off Date. As illustrated in the spider plot, two confirmed PRs (a pancreatic cancer subject and a rectal carcinoma subject) and two unconfirmed PRs (a gastric cancer subject and a cervical cancer subject) were among the top five subjects in terms of treatment duration, suggesting that the efficacy signals were improved over the treatment duration.



PK profile. As of the Data Cut-off Date, PK profiles following the first 60 or 90 minutes of infusion and dose proportionality of KN046 have been characterized in 40 subjects of the KN046-AUS-001 trial. The results showed a favorable PK profile to support a Q2W or Q3W schedule. Average half-life of KN046 in the 3.0 mg/kg cohort and 5.0 mg/kg cohort was approximately seven days. Linear PK was shown at higher dose levels from 1.0 mg/kg to 10.0 mg/kg.

Conclusion. Our KN046 exhibited a favorable safety profile in subjects with advanced solid tumors and the preliminary efficacy results demonstrated promising anti-tumor activities.

Phase I Clinical Trial in China (KN046-CHN-001)

We are conducting an open-label phase I clinical trial (KN046-CHN-001) in China, which consists of a dose escalation study followed by a cohort expansion study in multiple solid tumors and hematological malignancy indications. The dose escalation study was initiated in December 2018. As of the Data Cut-off Date, 65 subjects were enrolled in the dose escalation and had received at least one dose of KN046 per treatment. In July 2019, we initiated the dose expansion study.

Study purpose. The primary objectives of the dose escalation study are to determine the MTD and/or RP2D to establish dosing regimens to achieve better safety and efficacy profile for KN046. The secondary objectives of the dose escalation study are to evaluate the preliminary anti-tumor activities and characterize the PK profile of our KN046. This dose

escalation study is a bridging study to demonstrate that our KN046 is not sensitive to ethnic factors in terms of drug safety, tolerability and PK observed in the dose escalation study of KN046-CHN-001 trial and the phase Ia study of the KN046-AUS-001 trial. The dose escalation study is intended to bridge the data from the phase Ia study of the KN046-AUS-001 trial to the Chinese population, which will support the subsequent clinical trials of KN046 we intend to conduct in China.

The primary objectives of the dose expansion study are to establish the clinical activity of our KN046 as a monotherapy in selected indications. The secondary objectives are to confirm the safety profile observed during the dose escalation study and characterize PK profile of KN046.

Study design. The dose escalation study adopted a modified toxicity probability interval design. Subjects received KN046 intravenously across five cohorts, including 1.0 mg/kg, 3.0 mg/kg and 5.0 mg/kg Q2W, and 5.0 mg/kg and 300.0 mg flat dose Q3W.

The dose expansion study is expected to be conducted after the dose escalation study. The dose level was determined to be 3.0 mg/kg and 5.0 mg/kg Q2W or Q3W based on the results of the dose escalation study. A number of cohorts are planned to assess the efficacy, safety and predictive biomarker of KN046, including but not limited to (i) second-line or later-line treatment of unresectable/metastatic melanoma; (ii) second-line or later-line treatment of unresectable/metastatic NPC; (iii) second-line treatment of unresectable/metastatic urothelial cancer; and (iv) second-line treatment of extensive stage SCLC. We have adopted an adaptive design which allows indication expansion based on available clinical data from time to time.

Safety and tolerability would be assessed by monitoring TEAEs. Tumor assessments for solid tumors would be performed according to RECIST version 1.1. Tumor assessments for lymphomas were performed according to Lugano 2014.

Safety. As of the Data Cut-off Date, 65 subjects enrolled in the dose escalation study were included in the safety data analysis. The results have exhibited favorable safety profile of our KN046 and the safety results showed no significant differences from the KN046-AUS-001 trial.

As of the Data Cut-off Date, 34 subjects remained on the study treatment. A total of 31 subjects had discontinued treatment including:

- 20 subjects due to disease progression;
- one subject due to loss of follow-up;
- two subjects due to clinical deterioration, including one in the opinion of the investigator treatment discontinuation would be the best, and one clinical progression. None of these deterioration cases were treatment-related;
- two subjects due to treatment-unrelated TEAEs; and

- six subjects due to treatment-related TEAE, including (i) four infusion-related reactions, two of which were grade 3; (ii) one grade 3 hypersensitivity; and (iii) one death, which occurred on a late-stage NSCLC subject from the 300 mg Q3W cohort with baseline massive pleural fluid and a history of heart disease. The investigator was not be able to determine the reason for the death; however, the death was reported as a treatment-related TEAE according to the clinical design protocol.

The median duration of exposure of KN046 was approximately 10 weeks, ranging from two to 36 weeks. No subjects experienced DLTs. MTD was not reached at 5.0 mg/kg. 5.0 mg/kg Q2W was determined to be the RP2D.

As of the Data Cut-off Date, 55 (84.6%) out of the 65 subjects had experienced treatment-related TEAE of all grades and nine (13.9%) subjects had experienced treatment-related TEAEs at grade 3 or higher levels. Four (6.2%) subjects experienced treatment-related SAE. 32 (49.2%) subjects had experienced irAEs, two (3.1%) were grade 3. Details of the TEAEs observed from all 65 subjects are summarized in the following table.

TEAE categories[1]	1.0 mg/kg Q2W (N=1)	3.0 mg/kg Q2W (N=30)	5.0 mg/kg Q2W (N=22)	5.0 mg/kg Q3W (N=6)	300.0 mg Q3W (N=6)	Total (N=65)
			n (%)			
All TEAEs	1 (100%)	30 (100%)	21 (95.5%)	6 (100%)	6 (100%)	64 (98.5%)
TEAE, Grade ≥ 3	1 (100%)	12 (40.0%)	3 (13.6%)	1 (16.7%)	4 (66.7%)	21 (32.3%)
Treatment-related TEAEs	1 (100%)	27 (90.0%)	17 (77.3%)	6 (100%)	4 (66.7%)	55 (84.6%)
Treatment-related TEAEs, Grade ≥ 3	0	6 (20.0%)	1 (4.5%)	1 (16.7%)	1 (16.7%)	9 (13.9%)
SAEs[2]	1 (100%)	7 (23.3%)	2 (9.1%)	0	4 (66.7%)	14 (21.5%)
Treatment-related SAEs[3]	0	3 (10.0%)	0	0	1 (16.7%)	4 (6.2%)
IrAEs	0	18 (60.0%)	9 (40.9%)	5 (83.3%)	0	32 (49.2%)
IrAEs, Grade ≥ 3	0	2 (6.7%)	0	0	0	2 (3.1%)
TEAEs leading to permanent treatment discontinuation	0	2 (6.7%)	3 (13.6%)	1 (16.7%)	2 (33.3%)	8 (12.3%)
Treatment-related TEAEs leading to permanent treatment discontinuation	0	2 (6.7%)	3 (13.6%)	0	1 (16.7%)	6 (9.2%)
Treatment-related TEAE leading to death	0	0	0	0	1 (16.7%)	1 (1.5%)

(1) Reported under National Cancer Institute Common Terminology Criteria for Adverse Events version 5.0.
(2) 14 subjects experienced 17 SAEs, including death (n=2, 3.1%) (including one death for which the investigator was not able to determine the reason for the death and was reported as treatment-related TEAE according to the clinical design protocol, and one death that was determined to be treatment-unrelated by the investigator), infusion-related reaction (n=2, 3.1%), infection (n=1, 1.5%), bone pain (n=1, 1.5%), tachypnea (n=1, 1.5%), hemoptysis (n=1, 1.5%), rash (n=1, 1.5%), fever (n=1, 1.5%), hemorrhoids bleeding (n=1, 1.5%), hepatic insufficiency (n=1, 1.5%), acute respiratory distress syndrome (n=1, 1.5%), immune-mediated pneumonitis (n=1, 1.5%), brain edema (n=1, 1.5%), cardiac arrest (n=1, 1.5%) and pleural effusion (n=1, 1.5%).
(3) Four subjects experienced six treatment-related SAEs, including rash (n=1, 1.5%), infusion-related reaction (n=2, 3.1%, one subject experienced twice), immune-mediated pneumonitis (n=1, 1.5%) and one death (n=1, 1.5%) (see note 2).

Source: Internal clinical trial data

The table below summarizes the most frequent treatment-related TEAEs in the KN046-CHN-001 trial based on clinical trial data as of the Data Cut-off Date (all grades ≥10%, or any≥grade 3).

Treatment-related TEAEs by Preferred Term[(1)]	1.0 mg/kg Q2W (N=1)		3.0 mg/kg Q2W (N=30)		5.0 mg/kg Q2W (N=22)		5.0 mg/kg Q3W (N=6)		300.0 mg Q3W (N=6)		Total (N=65)	
	All grades	Grade ≥3	All grades	Grade ≥3	All grades	Grade ≥3	All grades	Grade ≥3	All grades	Grade ≥3	All grades	Grade ≥3
	n (%)											
Rash	0	0	13 (43.3%)	2 (6.7%)	7 (31.8%)	0	3 (50.0%)	0	0	0	23 (35.4%)	2 (3.1%)
Pruritus	0	0	9 (30.0%)	0	6 (27.3%)	0	3 (50.0%)	0	1 (16.7%)	0	19 (29.2%)	0
Alanine aminotransferase elevation	0	0	9 (30.0%)	0	1 (4.5%)	0	1 (16.7%)	0	1 (16.7%)	0	12 (18.5%)	0
Infusion-related reaction	0	0	6 (20.0%)	2 (6.7%)	4 (18.2%)	1 (4.5%)	2 (33.3%)	0	0	0	12 (18.5%)	3 (4.6%)
Fatigue	0	0	7 (23.3%)	0	1 (4.5%)	0	3 (50.0%)	0	0	0	11 (16.9%)	0
Aspartate aminotransferase elevation	0	0	6 (20.0%)	0	1 (4.5%)	0	2 (33.3%)	1 (16.7%)	1 (16.7%)	0	10 (15.4%)	1 (1.5%)
Hyponatremia	0	0	3 (10.0%)	2 (6.7%)	0	0	0	0	0	0	3 (4.6%)	2 (3.1%)
Anemia	0	0	2 (6.7%)	1 (3.3%)	0	0	0	0	0	0	2 (3.1%)	1 (1.5%)
Hypersensitivity	0	0	1 (3.3%)	1 (3.3%)	0	0	0	0	0	0	1 (1.5%)	1 (1.5%)
Death	0	0	0	0	0	0	0	0	1 (16.7%)	1 (16.7%)	1 (1.5%)	1 (1.5%)

(1) Under Medical Dictionary for Regulatory Activities Preferred Terms.

The table below summarizes the irAEs in the KN046-CHN-001 trial based on clinical trial data as of the Data Cut-off Date (all grades ≥ 5%, or any ≥ grade 3).

IrAEs by System Organ class and Preferred Term[(1)]	1.0 mg/kg Q2W (N=1)		3.0 mg/kg Q2W (N=30)		5.0 mg/kg Q2W (N=22)		5.0 mg/kg Q3W (N=6)		300.0 mg Q3W (N=6)		Total (N=65)	
	All grades	Grade ≥3	All grades	Grade ≥3	All grades	Grade ≥3	All grades	Grade ≥3	All grades	Grade ≥3	All grades	Grade ≥3
	n (%)											
Any	0	0	18 (60.0%)	2 (6.7%)	9 (40.9%)	0	5 (83.3%)	0	0	0	32 (49.2%)	2 (3.1%)
Skin and subcutaneous tissue disorders	0	0	15 (50.0%)	2 (6.7%)	8 (36.4%)	0	3 (50.0%)	0	0	0	26 (40.0%)	2 (3.1%)
Rash	0	0	12 (40.0%)	2 (6.7%)	6 (27.3%)	0	3 (50.0%)	0	0	0	21 (32.3%)	2 (3.1%)
Pruritus	0	0	8 (26.7%)	0	6 (27.3%)	0	2 (33.3%)	0	0	0	16 (24.6%)	0
General disorders and administration site conditions	0	0	3 (10.0%)	0	0	0	2 (33.3%)	0	0	0	5 (7.7%)	0
Fatigue	0	0	3 (10.0%)	0	0	0	2 (33.3%)	0	0	0	5 (7.7%)	0

(1) Under Medical Dictionary for Regulatory Activities System Organ Class and Preferred Terms.

Similar to the results of the KN046-AUS-001 trial, neither the treatment-related TEAEs nor the irAEs in the dose escalation study of the KN046-CHN-001 trial were found to occur in a dose-dependent manner.

Efficacy. In general, the subjects enrolled in the KN046-CHN-001 trial had previously failed standard-of-care treatments. As of the Data Cut-off Date, there were 50 evaluable subjects. The efficacy analysis showed that, among the 50 evaluable subjects, six had confirmed PRs and 26 had SD. 15 enrolled subjects who had not reached the first post-baseline tumor assessment were excluded. 27 of the evaluable subjects remained on the study treatment as of the Data Cut-off Date.

The table below summarizes the best overall response in the efficacy analysis of the KN046-CHN-001 trial as of the Data Cut-off Date.

Response	1.0 mg/kg Q2W (N=1)	3.0 mg/kg Q2W (N=27)	5.0 mg/kg Q2W[(1)] (N=13)	5.0 mg/kg Q3W (N=6)	300.0 mg Q3W (N=3)	Total (N=50)
			n (%)			
Confirmed CR	0	0	0	0	0	0
Unconfirmed CR	0	0	0	0	0	0
Confirmed PR	0	6 (22.2%)	0	0	0	6 (12.0%)
Unconfirmed PR	0	0	0	0	0	0
SD	0	9 (33.3%)	9 (69.2%)	6 (100%)	2 (66.7%)	26 (52.0%)
PD	1 (100%)	12 (44.4%)	4 (30.8%)	0	1 (33.3%)	18 (36.0%)
CR[(2)] + PR[(2)]	0	6 (22.2%)	0	0	0	6 (12.0%)
DCR (CR[(2)]+PR[(2)]+SD[(3)])	0	15 (55.6%)	9 (69.2%)	6 (100%)	2 (66.7%)	32 (64.0%)
Target Lesion Shrinkage	0	12 (44.4%)	4 (30.8%)	3 (50.0%)	1 (33.3%)	20 (40.0%)

Abbreviations: CR=complete response, PR=partial response, SD=stable disease, PD=progressive disease, DCR=disease control rate.

(1) 5.0 mg/kg Q2W was determined to be the RP2D.

(2) Including confirmed and unconfirmed responses.

(3) Lasted for at least six weeks.

Source: Internal clinical trial data

The following table further sets forth details of the best overall response at various scans and number of lines of prior treatment received of the 50 evaluable subjects as of the Data Cut-off Date.

Patient No.[1]	Classified response (as of the Data Cut-off Date)	Change of target lesions from baseline (%)	Duration of treatments (days)	End of patient treatment (Yes/No)	Change of target lesions from baseline at respective tumor assessment cycle (%)												Cancer indication type/ Primary tumor sites	Cohort	Number of lines of prior treatment	Prior immune checkpoint inhibitor treatment(s)
					1		2		3		4		5		6					
1	PR	(70%)	251	N	SD	(24%)	PR	(58%)	PR	(64%)	PR	(70%)	PR	(65%)	–	–	NPC	3.0 mg/kg Q2W	3	–
2	PR	(58%)	168	N	PR	(35%)	PR	(51%)	PR	(58%)	–	–	–	–	–	–	NPC	3.0 mg/kg Q2W	1	–
3	PR	(54%)	154	N	SD	(16%)	PR	(43%)	PR	(54%)	–	–	–	–	–	–	NPC	3.0 mg/kg Q2W	1	–
4	PR	(49%)	168	N	SD	(17%)	PR	(35%)	PR	(44%)	PR	(49%)	–	–	–	–	NSCLC	3.0 mg/kg Q2W	2	–
5	PR	(38%)	237	N	SD	(2%)	SD	(27%)	PR	(38%)	PR	(33%)	PR	(35%)	–	–	NPC	3.0 mg/kg Q2W	1	–
6	PR	(36%)	195	N	SD	(26%)	PR	(33%)	PR	(35%)	PR	(36%)	–	–	–	–	NPC	3.0 mg/kg Q2W	1	–
7	SD[6]	(23%)	83	N	SD	(23%)	–	–	–	–	–	–	–	–	–	–	NSCLC	5.0 mg/kg Q2W	4	OX40
8	SD	(13%)	126	Y	SD	(13%)	PD	8%	PD	25%	–	–	–	–	–	–	NSCLC	3.0 mg/kg Q2W	1	–
9	SD	(12%)	126	N	SD	(12%)	SD	(8%)	–	–	–	–	–	–	–	–	NSCLC	5.0 mg/kg Q3W	2	OX40
10	SD	(12%)	154	N	SD	(12%)	SD	(8%)	SD	(7%)	–	–	–	–	–	–	NSCLC	3.0 mg/kg Q2W	4	PD-1
11	SD	(12%)	126	N	SD	6%	SD	(12%)	–	–	–	–	–	–	–	–	NSCLC	300.0 mg Q3W	2	–
12	SD	(9%)	44	Y	SD	(9%)	–	–	–	–	–	–	–	–	–	–	NSCLC	3.0 mg/kg Q2W	2	–
13	SD	(9%)	126	N	SD	(9%)	SD	(8%)	–	–	–	–	–	–	–	–	NPC	5.0 mg/kg Q3W	5	PD-1
14[2]	SD	(9%)	85	Y	SD	(9%)	SD	18%	–	–	–	–	–	–	–	–	NSCLC	3.0 mg/kg Q2W	1	–
15	SD	(8%)	196	N	SD	4%	SD	(3%)	SD	(1%)	SD	(8%)	–	–	–	–	NSCLC	5.0 mg/kg Q2W	2	–
16	SD	(6%)	56	N	SD	(6%)	–	–	–	–	–	–	–	–	–	–	NPC	5.0 mg/kg Q2W	2	PD-1
17[3]	PD	(5%)	98	Y	SD	4%	SD	(5%)	SD	3%	–	–	–	–	–	–	NSCLC	3.0 mg/kg Q2W	1	–
18	SD	(3%)	146	N	SD	(3%)	SD	(0%)	SD	(0%)	–	–	–	–	–	–	NSCLC	5.0 mg/kg Q3W	6	PD-1
19	SD[6]	(2%)	42	Y	SD	(2%)	–	–	–	–	–	–	–	–	–	–	NPC	5.0 mg/kg Q2W	1	PD-1
20	SD	(1%)	154	N	SD	0%	SD	(1%)	SD	2%	–	–	–	–	–	–	Melanoma	3.0 mg/kg Q2W	3	PD-1
21	SD	0%	68	Y	SD	0%	SD	2%	–	–	–	–	–	–	–	–	NSCLC	5.0 mg/kg Q2W	1	–
22[4]	PD	0%	112	N	SD	0%	SD	(2%)	SD	0%	–	–	–	–	–	–	NSCLC	3.0 mg/kg Q2W	3	–
23	SD	1%	70	N	SD	1%	–	–	–	–	–	–	–	–	–	–	NPC	5.0 mg/kg Q2W	1	–
24[4]	PD	2%	70	N	SD	2%	–	–	–	–	–	–	–	–	–	–	NSCLC	5.0 mg/kg Q2W	1	–

Patient No.[1]	Classified response (as of the Data Cut-off Date)	Change of target lesions from baseline (%)	Duration of treatments (days)	End of patient treatment (Yes/No)	Change of target lesions from baseline at respective tumor assessment cycle (%)						Cancer indication type/ Primary tumor sites	Cohort	Number of lines of prior treatment	Prior immune checkpoint inhibitor treatment(s)
					1	2	3	4	5	6				
25	SD	3%	168	N	SD 3%	SD 15%	SD 15%	-	-	-	NSCLC	3.0 mg/kg Q2W	1	-
26	SD	5%	84	Y	SD 5%	SD 19%	-	-	-	-	NPC	5.0 mg/kg Q3W	3	-
27	SD	6%	126	Y	SD 6%	SD 10%	-	-	-	-	NSCLC	3.0 mg/kg Q2W	3	-
28	SD	6%	153	N	SD 6%	SD 13%	-	-	-	-	NSCLC	3.0 mg/kg Q2W	1	-
29	SD[6]	6%	69	N	SD 6%	-	-	-	-	-	NSCLC	5.0 mg/kg Q2W	3	PD-1
30	SD	7%	70	N	SD 7%	-	-	-	-	-	NPC	5.0 mg/kg Q2W	3	PD-1
31	SD	7%	140	N	SD 7%	SD 12%	SD 18%	-	-	-	Cancer of external auditory canal	3.0 mg/kg Q2W	0	-
32	PD	8%	42	Y	SD 8%	-	-	-	-	-	NSCLC	3.0 mg/kg Q2W	1	-
33[5]	PD	9%	45	Y	SD 9%	-	-	-	-	-	NSCLC	3.0 mg/kg Q2W	2	-
34	SD	9%	42	Y	SD 9%	-	-	-	-	-	NPC	5.0 mg/kg Q3W	2	-
35[5]	PD	10%	28	Y	SD 10%	-	-	-	-	-	NPC	3.0 mg/kg Q2W	2	-
36[4]	PD	10%	42	Y	SD 10%	-	-	-	-	-	NSCLC	300.0 mg Q3W	4	OX40
37[4]	PD	12%	43	Y	SD 12%	-	-	-	-	-	NPC	3.0 mg/kg Q2W	1	-
38	PD	12%	85	Y	SD 12%	PD 41%	-	-	-	-	NPC	3.0 mg/kg Q2W	3	-
39[4]	PD	13%	42	Y	SD 13%	-	-	-	-	-	NPC	3.0 mg/kg Q2W	3	PD-1
40	SD	14%	70	N	SD 14%	-	-	-	-	-	NSCLC	5.0 mg/kg Q2W	2	PD-1
41[4]	PD	15%	42	Y	SD 15%	-	-	-	-	-	NSCLC	3.0 mg/kg Q2W	2	-
42	SD	18%	99	N	SD 18%	PD 26%	-	-	-	-	NSCLC	300.0 mg Q3W	1	-
43	SD	19%	85	Y	SD 19%	PD 26%	-	-	-	-	NSCLC	5.0 mg/kg Q3W	5	PD-1
44	PD	24%	28	Y	PD 24%	-	-	-	-	-	NSCLC	3.0 mg/kg Q2W	1	-
45	PD	28%	169	N	PD 28%	SD 18%	PD 21%	PD 26%	-	-	NPC	3.0 mg/kg Q2W	1	-
46	PD	28%	43	Y	PD 28%	-	-	-	-	-	NPC	5.0 mg/kg Q2W	2	PD-1
47	PD	33%	42	Y	PD 33%	-	-	-	-	-	NPC	5.0 mg/kg Q2W	2	-
48	PD	33%	42	Y	PD 33%	-	-	-	-	-	NPC	3.0 mg/kg Q2W	4	-
49	PD	35%	29	Y	PD 35%	-	-	-	-	-	SCLC	1.0 mg/kg Q2W	2	-
50	PD	36%	43	N	PD 36%	-	-	-	-	-	NSCLC	5.0 mg/kg Q2W	2	PD-1

Abbreviations: PR=partial response, uPR=unconfirmed partial response, SD=stable disease, PD=progressive disease, NSCLC = non-small cell lung cancer, NPC = nasopharyngeal cancer, SCLC = small cell lung cancer, PD-1=anti-PD-1 treatment(s), OX40=anti-OX40 treatment(s).

(1) Two subjects who had first post baseline tumor assessment which were performed within six weeks are not listed. The two subjects had SD. However, according to the protocol, the two subjects were categorized as unknown status.

(2) Classified as SD for target lesion and overall response, albeit time point response during the second assessment was actually PD due to new lesion developed.

(3) The response of this subject in the first assessment was classified as unknown (SD observed in both target lesion and non-target lesion without development of new lesion based on scan within four weeks from the first assessment). Despite the SD observed in two subsequent scans on target lesion, the subject was classified as PD due to development of new lesions.

(4) Classified as PD due to development of new lesions despite SD observed on target lesion.

(5) Classified as PD due to development of new lesion and unequivocal progression in non-target lesion.

(6) Evaluated on the 41st day (imaging with ± 3 days tolerance).

Source: Internal clinical trial data

The following summarizes the key findings from the table above:

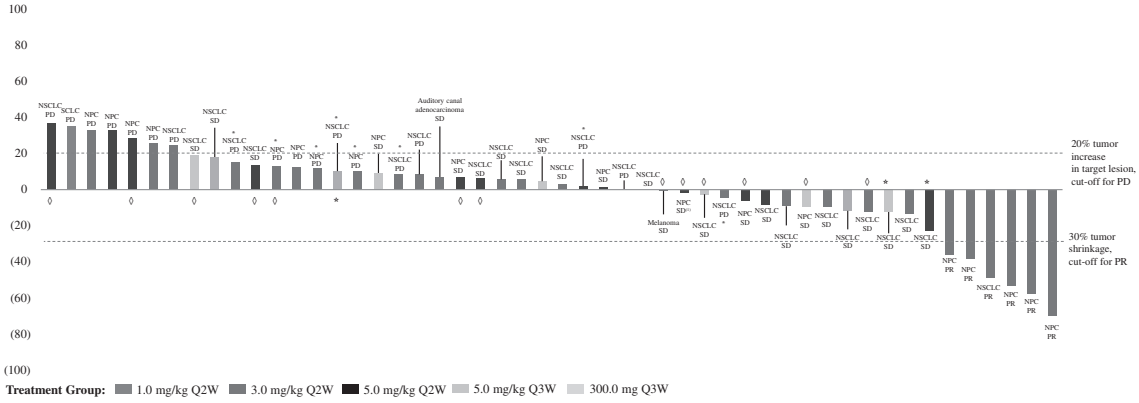
- Six confirmed PR were observed, including five NPC subjects and one NSCLC subject. All these subjects were from the 3.0 mg/kg Q2W cohort with treatment duration between 22 and 36 weeks through three to five assessment cycles;

- We had a total of 26 SD as of the Data Cut-off Date, including 17 NSCLC subjects, seven NPC subjects, one melanoma subject and one subject with cancer of the external auditory canal; and

- Among the 16 subjects that had failed prior immune checkpoint inhibitor treatments, including either PD-1 or OX40 inhibitors, 12 subjects were classified as SD, including seven NSCLC subjects, four NPC subjects and one melanoma subject.

The following waterfall plot shows the best overall response of the 50 evaluable subjects receiving KN046 as measured by percentage of change of target lesions from baseline based on CT/MRI scans as of the Data Cut-off Date.

Tumor Target Lesion Shrinkage from Baseline (%)[2][3]



Abbreviations: PR=partial response, SD=stable disease, PD=progressive disease, uPR=unconfirmed partial response, NSCLC = non-small cell lung cancer, NPC = nasopharyngeal cancer, SCLC = small cell lung cancer.

* Denotes new lesion(s) or non-target lesion(s) unequivocal progression.

◇ Failed prior anti-PD-1 treatment.

☆ Failed prior anti-OX40 treatment.

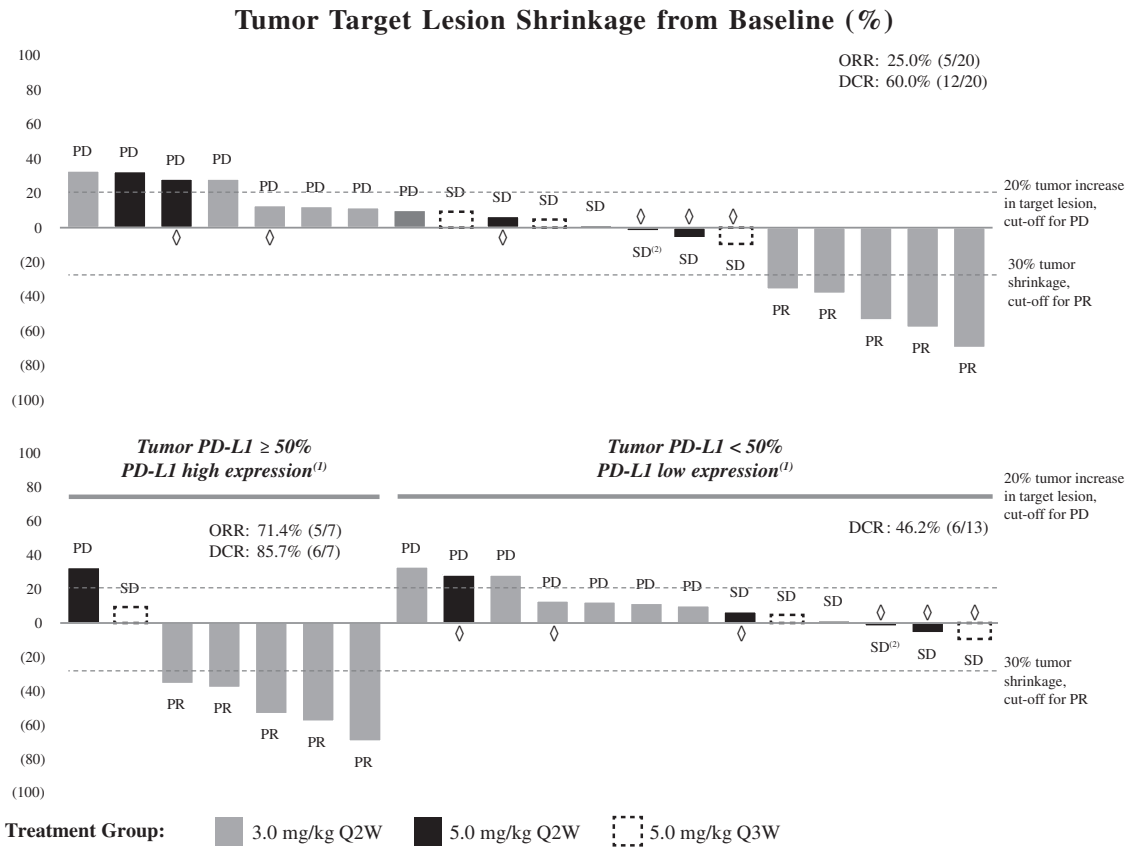
(1) Evaluated on the 41st day (imaging with ± 3 days tolerance).

(2) The enrollment of NSCLC subjects did not exclude subjects with EGFR mutation and ALK translocation.

(3) 16 (32.0%) of the 50 evaluable subjects had failed prior immune checkpoint inhibitor treatments.

Source: Internal clinical trial data

Based on available efficacy data, we observed early efficacy signals of KN046 on NPC. We had 20 evaluable NPC subjects as of Data Cut-off Date, although all these subjects have failed at least one-prior treatment line (including six subjects that failed PD-L1 inhibitor), we achieved a DCR of 60.0% and an ORR of 25.0%. In the evaluable NPC subjects that are anti-PD-(L)1 treatment naïve, the DCR was 57.1% and the ORR was 35.7%. The following waterfall plots show the best response of the evaluable NPC subjects receiving KN046 as measured by percentage of change of target lesions from baseline based on CT/MRI scans as of the Data Cut-off Date.



Abbreviations: PR=partial response, SD=stable disease, PD=progressive disease, uPR=unconfirmed partial response, NPC = nasopharyngeal cancer.

◊ Failed prior anti-PD-1 treatment.

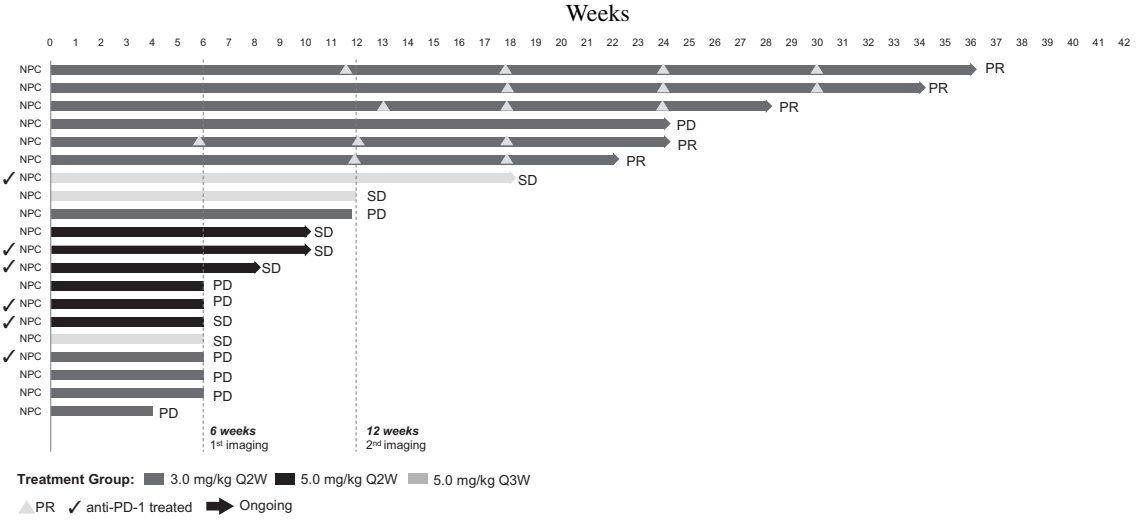
(1) PD-L1 expression level is determined using tumor proportion score, or TPS, the percentage of viable tumor cells showing partial or at tumor sites complete membrane staining at any intensity. A subject is considered to have low PD-L1 expression if TPS is below 50% and high PD-L1 expression if TPS is at or above 50%.

(2) Evaluated on the 41st day (imaging with ± 3 days tolerance).

Source: Internal clinical trial data

The waterfall plot distinguished by PD-L1 expression level showed that PD-L1 is a strong predictive biomarker. Strong correlation between tumor reduction and PD-L1 overexpression was observed and subjects with high PD-L1 expression have shown potentially better efficacy results than subjects with low PD-L1 expression. Seven out of the 20 evaluable NPC subjects had high PD-L1 expression, of which five subjects had PRs, and the DCR and ORR was 85.7% and 71.4%, respectively. All the seven subjects were anti-PD-(L)1 treatment naïve. Among the other 13 evaluable NPC subjects with low PD-L1 expression, the DCR was 46.2%. It is believed that higher dose levels would be required for subjects with low PD-L1 expression to achieve better response and disease control.

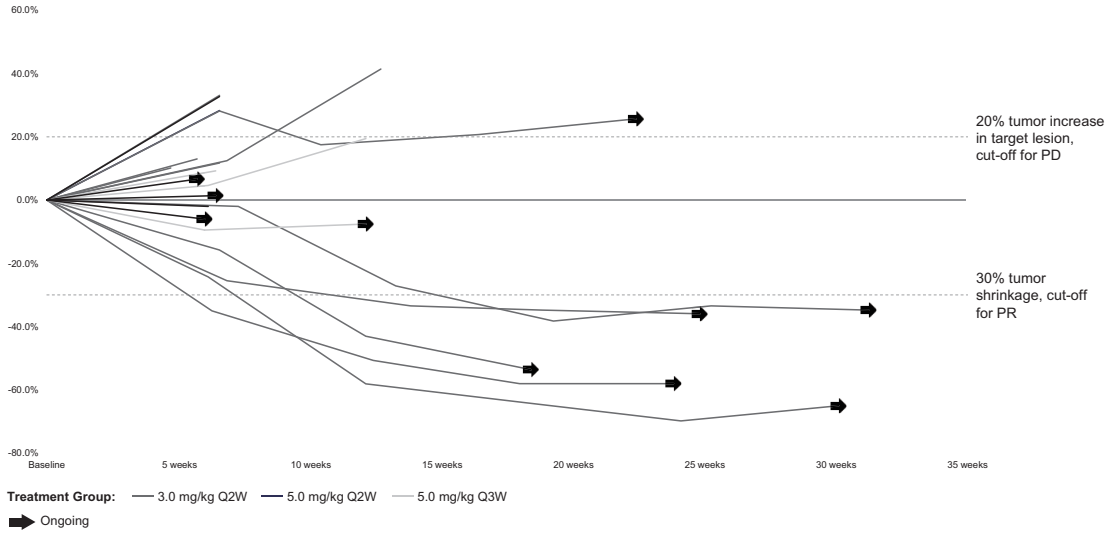
All the 20 evaluable NPC subjects received KN046 at 3.0 mg/kg or higher dose levels Q2W/Q3W, and nine had a treatment duration of at least 12 weeks. Among the nine subjects, five had confirmed PRs and two had SD. The following swimming lane graph illustrates the treatment duration and the best overall responses of the 20 evaluable NPC subjects as of the Data Cut-off Date.



Abbreviations: PR = partial response, SD = stable disease, PD = progressive disease, uPR = unconfirmed partial response, NPC = nasopharyngeal cancer.

Source: Internal clinical trial data

The following spider plot shows the change of target lesions across treatment duration of the 20 evaluable NPC subjects as of the Data Cut-off Date.



Source: Internal clinical trial data

PK profile. PK studies following the first 90 minutes of infusion and dose proportionality of KN046 have been characterized in 58 subjects in the phase Ia clinical trial. Average half-life of KN046 in the 5.0 mg/kg Q2W cohort was approximately seven days. The preliminary concentrations obtained over time and the drug clearance during the first dosing interval appear to be similar in the dose escalation study of KN046-CHN-001 trial and the KN046-AUS-001 trial.

Conclusion. KN046 showed a favorable safety profile and promising preliminary anti-tumor efficacy results especially in NPC subjects. KN046 is not sensitive to ethnic factors in terms of drug safety, tolerability and PK, as observed in the KN046-CHN-001 trial and the dose escalation study of the KN046-AUS-001 trial.

Phase II Clinical Trials

Phase II Clinical Trial for NSCLC in China (KN046-201)

KN046-201 is an on-going multi-center, open-label, single-arm phase II clinical trial in China of KN046 as a second-line or later-line monotherapy or a part of combination therapies with TKIs in patients with locally advanced unresectable or metastatic NSCLC and without EGFR or ALK mutations. As of the Data Cut-off Date, 23 subjects were enrolled in this trial and 22 subjects had received at least one dose of KN046 per treatment.

Study purpose. The primary objective of KN046-201 is to evaluate anti-tumor activities of KN046 and the secondary objectives are safety and tolerability of KN046. The primary endpoints are ORR and DOR assessed according to RECIST version 1.1. The secondary endpoints primarily include TEAEs, PK parameters, ADAs, and association of biomarkers and efficacy parameters.

Study design. KN046-201 trial designed four cohorts, which would be carried in sequence. The first two cohorts would recruit subjects who failed first-line chemotherapy and treatment naïve in PD-(L)1 inhibitors, and subjects in these cohorts would receive KN046 as a monotherapy at 3.0 mg/kg Q2W and 5.0 mg/kg Q2W, respectively. The third cohort would recruit subjects who have failed first-line chemotherapy and refractory or resistant to prior line of PD-(L)1 inhibitors. The last cohort would recruit subjects with EGFR mutant NSCLC. Dose regimen and schedule of KN046 of the last two cohorts would be determined based on the safety and efficacy results from the first two cohorts in addition to data from other KN046 studies. Safety and tolerability would be primarily assessed by monitoring TEAEs. Tumor assessments would be performed according to RECIST version 1.1.

Safety. As of the Data Cut-off Date, all 22 subjects enrolled in KN046-201 trial were included in the safety data analysis, of which 20 subjects remained on the study treatment and two subjects discontinued treatment due to poor patient compliance and disease progression. All the subjects were enrolled in the 3.0 mg/kg Q2W cohort. The results have exhibited favourable safety and tolerability profile and are consistent with the safety profile observed in the phase I clinical trials. The median duration of the exposure of KN046 was approximately eight weeks, ranging from two to 19 weeks.

As of the Data Cut-off Date, 16 (72.7%) out of the 22 subjects had experienced treatment-related TEAE of all grades and two (9.1%) had experienced treatment-related TEAEs at grade 3 or higher levels. Four (18.2%) subjects experienced treatment-related SAEs. Seven (31.8%) subjects had experienced irAEs, none of which was grade 3. Details of the TEAEs observed from all the 22 subjects are summarized in the following table.

TEAE categories[1]	Total (N=22)
	n (%)
All TEAEs	19 (86.4%)
TEAE, Grade ≥3	2 (9.1%)
Treatment-related TEAEs [2]	16 (72.7%)
Treatment-related TEAEs, Grade ≥3 [3]	2 (9.1%)
SAEs	5 (22.7%)
Treatment-related SAEs [4]	4 (18.2%)
IrAEs[5]	7 (31.8%)
IrAEs, Grade ≥3	0
TEAEs leading to permanent treatment discontinuation	1 (4.5%)
Treatment-related TEAEs leading to permanent treatment discontinuation	0
Treatment-related TEAE leading to death	0

(1) Reported under National Cancer Institute Common Terminology Criteria for Adverse Events version 4.03.

(2) The most frequent treatment-related TEAEs (n≥2) included infusion-related reaction (n=3, 13.6%), fever (n=2, 9.1%), asthenia (n=3, 13.6%), hepatic function abnormal (n=2, 9.1%), hyperglycemia (n=2, 9.1%), joint pain (n=2, 9.1%), anemia (n=3, 13.6%), alanine aminotransferase increased (n=2, 9.1%) and rash (n=2, 9.1%).

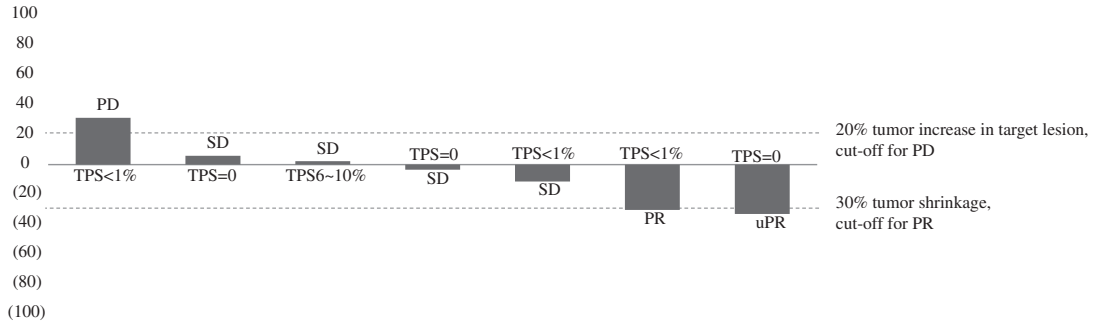
(3) Including pulmonary infection (n=1, 4.5%) and lymphangitis (n=1, 4.5%).

(4) Including asthenia (n=1, 4.5%), autoimmune hepatitis (n=1, 4.5%), pulmonary infection (n=1, 4.5%) and lymphangitis (n=1, 4.5%).

(5) Seven subjects experienced nine irAEs, including fever (n=1, 4.5%), joint pain (n=1, 4.5%), muscular tension (n=1, 4.5%), hyperthyroidism (n=1, 4.5%), mastication disorder (n=1, 4.5%), facial pain (n=1, 4.5%), rash (n=2, 9.1%), autoimmune hepatitis (n=1, 4.5%).

Efficacy. All the subjects were enrolled in the 3.0 mg/kg Q2W cohort. As of the Data Cut-off Date, there were seven evaluable subjects. The preliminary efficacy results showed that among the seven evaluable subjects, one had a confirmed PR, one had an unconfirmed PR and four had SD. The DCR was 85.7% and the ORR was 28.6% as of the same date. The following waterfall plot shows the best overall response of the seven evaluable subjects receiving KN046 at 3.0 mg/kg Q2W as measured by percentage of change of target lesions from baseline based on CT/MRI scans.

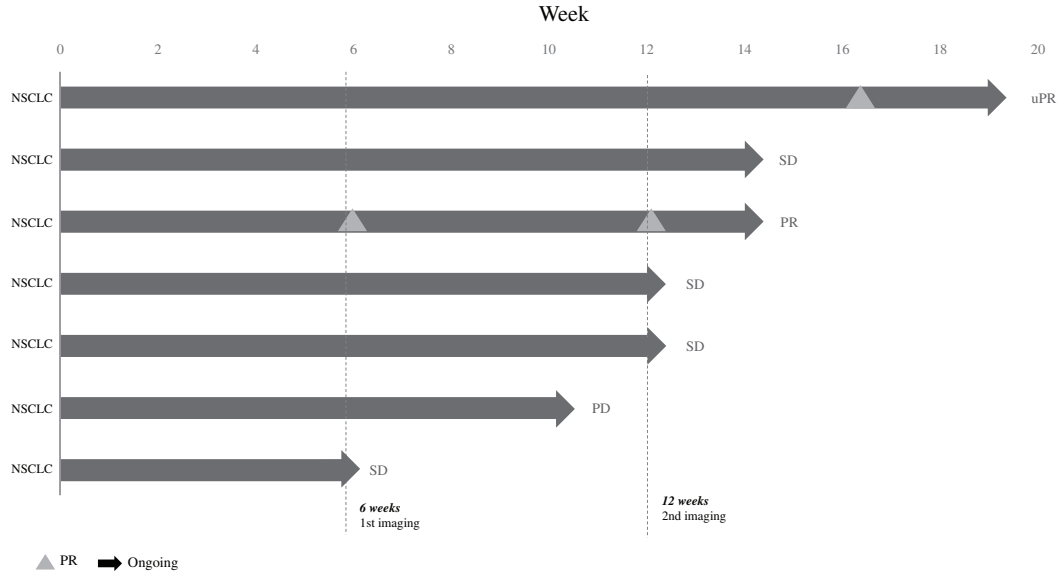
Tumor Target Lesion Shrinkage from Baseline (%)



Abbreviations: PR=partial response, SD=stable disease, PD=progressive disease, uPR=unconfirmed partial response, TPS=tumor proportion score.

Source: Internal clinical trial data

As of the Data Cut-off Date, all the seven evaluable NSCLC subjects remained on treatment, and five subjects had a treatment duration of at least 12 weeks. The following swimming lane graph illustrates the treatment duration and the best overall responses of the seven evaluable NSCLC subjects as of the Data Cut-off Date.



Abbreviations: PR=partial response, SD=stable disease, PD=progressive disease, uPR=unconfirmed partial response.

Source: Internal clinical trial data

Conclusion. In NSCLC subjects, our KN046 exhibited favorable safety profile and preliminary efficacy results, indicating promising anti-tumor activities.

Phase Ib/II Clinical Trial for TNBC in China (KN046-203)

KN046-203 is an on-going multi-center, open-label, single arm phase Ib/II clinical trial in China of KN046 as a first-line therapy combined with chemotherapy or second-line monotherapy in patients with locally advanced or metastatic TNBC. As of the Data Cut-off Date, 18 subjects were enrolled in this trial and had received at least one dose of KN046 per treatment.

Study design. KN046-203 trial consisted two parts, one second-line monotherapy evaluation and one first-line combination therapy evaluation. For the second-line monotherapy evaluation, subjects who have failed at least one prior line of systemic chemotherapy would be enrolled across two cohorts of 3 mg/kg Q2W and 5 mg/kg Q2W. For KN046 in the combination therapy evaluation, subjects who are systemic treatment naïve would be enrolled across two cohorts of 3 mg/kg Q2W and 5 mg/kg Q2W. Safety and tolerability would be primarily assessed by monitoring TEAEs. Tumor assessments would be performed according to RECIST version 1.1.

Safety. As of the Data Cut-off Date, all 18 subjects enrolled in KN046-203 trial were included in the safety data analysis, including 14 subjects enrolled in the monotherapy evaluation (nine in the 3 mg/kg Q2W cohort and five in the 5 mg/kg Q2W cohort) and four enrolled in the 3 mg/kg Q2W cohort of the combination therapy evaluation. The results have exhibited favourable safety and tolerability profile and are consistent with the safety profile observed in the phase I clinical trials. The median duration of the exposure of KN046 was five weeks, ranging from two to 14 weeks.

As of the Data Cut-off Date, nine (50%) out of the 18 subjects had experienced treatment-related TEAE of all grades and three (16.7%) had experienced treatment-related TEAEs at grade 3 or higher levels. Two (11.1%) subjects experienced treatment-related SAEs. One (5.6%) subject had experienced a grade 2 irAE. Details of the TEAEs observed from all the 18 subjects are summarized in the following table.

TEAE categories[(1)]	**Total (N=18)**
	n (%)
All TEAEs	10 (55.6%)
TEAE, Grade ≥3	5 (27.8%)
Treatment-related TEAEs[(2)]	9 (50%)
Treatment-related TEAEs, Grade ≥3[(3)]	3 (16.7%)

TEAE categories[1]	Total (N=18)
SAEs	3 (16.7%)
Treatment-related SAEs[4]	2 (11.1%)
SAEs, Grade ≥3	2 (11.1%)
Treatment-related SAEs, Grade ≥3	1 (5.6%)
IrAE[5]	1 (5.6%)
IrAE, Grade ≥3	0
TEAEs leading to permanent treatment discontinuation	2 (11.1%)
Treatment-related TEAEs leading to permanent treatment discontinuation	0
Treatment-related TEAE leading to death	0

(1) Reported under National Cancer Institute Common Terminology Criteria for Adverse Events version 5.0.

(2) The most frequent treatment-related TEAEs (n≥2) included aspartate aminotransferase increased and diarrhea (each n=3, 16.7%), white blood cell count decreased, pyrexia, chills, vomiting, alopecia, thrombocyte count decreased and absolute neutrophil count decreased (each n=2, 11.1%).

(3) Three subjects experienced seven treatment-related TEAEs at grade 3 or higher levels, including white blood cell count decreased, aspartate aminotransferase increased, absolute neutrophil count decreased, hypokalemia, fatigue and confusional state (each n=1, 5.6%).

(4) Including thrombocyte count decreased, infusion related reaction and confusional state (each n=1, 5.6%).

(5) Including one thrombocyte count decreased.

Source: Internal clinical trial data

Efficacy. As of the Data Cut-off Date, the monotherapy group had five evaluable subjects, of which two had SD and the DCR was 40.0%. As of the same date, the combination therapy group had three evaluable subjects with treatment ongoing, of which two had unconfirmed PR (one had 100% reduction of target lesion from baseline after the first assessment and a treatment duration of approximately 10.4 weeks, and the other had 51% reduction of target lesion from baseline after the first assessment and a treatment duration of approximately 10 weeks) and one had SD (with 23 % reduction of target lesion from baseline after the first assessment and a treatment duration of approximately 11.9 weeks). All the three evaluable subjects in the combination therapy group achieved disease control and the ORR was 66.7% as of the same date.

Conclusion. In TNBC subjects, our KN046 exhibited favorable safety profile and preliminary efficacy results, indicating promising anti-tumor activities.

Clinical Trial Development Plan

We are executing a comprehensive clinical trial development plan in China, Australia and the United States targeting an array of cancer indications for our KN046, including as a monotherapy and in combination with other therapies, with the purpose of supporting registration of KN046 for multiple indications in China and the United States. The table below sets forth details of the clinical development plan of our KN046.

Trial No.	Indication	Clinical trial stage	Type of therapy	Primary objectives /endpoints	Secondary objectives/ endpoints	Planned size	(Expected) trial initiation date[1]	Expected trial completion date[2]	Expected BLA submission date	Status	Location and competent authority	Current standard of care
KN046-AUS-001[3]	Metastatic or locally advanced solid tumors	Phase I	Mono	Determine the MTD or BED and/or RP2D	Evaluate preliminary anti-tumor activities and to characterize PK profile	~ 45	June 2018	February 2020	Not applicable	Phase Ia completed, phase Ib ongoing	Australia/ TGA	Not applicable
KN046-CHN-001(a)[4]	Solid tumors or hematological malignancies	Dose escalation	Mono	Determine the MTD and/or RP2D	Evaluate the preliminary anti-tumor activities and to characterize PK profile	~ 55	December, 2018	July 2019	Not applicable	Ongoing	China/ NMPA	Not applicable
KN046-CHN-001(b)[4]	≥3L unresectable/ metastatic NPC[4]	Dose expansion	Mono	Best overall response (BOR) and DOR according to RECIST 1.1	Evaluate TEAEs, PK parameters; anti-drug antibodies (ADAs); association of biomarker and efficacy parameters	~ 100	3Q 2019	1Q 2021	3Q 2021	Planning stage	China/ NMPA	Not available
	≥2L unresectable/ metastatic UC[4]					~ 30	1Q 2020	3Q 2021	1Q 2022			Not available
	≥ 2L unresectable/ metastatic melanoma[4]					~ 30	1Q 2020	3Q 2021	1Q 2022			Pembrolizumab and JS001
	≥2L extensive stage SCLC					~ 30 to 60	1Q 2020	3Q 2021	1Q 2022			Topotecan

Trial No.	Indication	Clinical trial stage	Type of therapy	Primary objectives /endpoints	Secondary objectives/ endpoints	Planned size	(Expected) trial initiation date[1]	Expected trial completion date[2]	Expected BLA submission date	Status	Location and competent authority	Current standard of care
KN046-201[5]	≥2L locally advanced unresectable or metastatic NSCLC excluding EGFR/ALK mutation (anti-PD-(L)1 treatment naïve or refractory)	Phase II	Mono or Combo (with multi-TKI)	ORR and DOR according to RECIST 1.1	Evaluate TEAEs, PK parameters, ADAs, association of biomarker and efficacy parameters	~60 to up to ~160	May 2019	3Q 2020	1Q 2023	Ongoing	China/ NMPA(US/FDA if expanded into a global trial)	Chemo or PD-1 inhibitors alone
KN046-202[6]	1L locally advanced unresectable or metastatic NSCLC excluding EGFR/ALK mutation	Phase II	Combo (with chemo)	ORR and DOR according to RECIST 1.1	Evaluate TEAEs, PK parameters, ADAs, association of biomarker and efficacy parameters	~50	September 2019	2Q 2020	1Q 2023	Ongoing	China/NMPA	Chemo in combination with PD-(L)1 inhibitors
KN046-203[7]	1L locally advanced or metastatic TNBC	Phase Ib/II	Combo (with chemo or chemo plus VEGFR)	ORR and DOR according to RECIST 1.1	Evaluate TEAEs, PK parameters, ADAs, association of biomarker and efficacy parameters	~50	May 2019	3Q 2020	1Q 2023	Ongoing	China/NMPA	Chemo
	2L locally advanced or metastatic TNBC		Mono			~60						
KN046-204[8]	2L locally advanced/recurrent or metastatic ESCC	Phase II	Mono	ORR and DOR according to RECIST 1.1	Evaluate TEAEs, PK parameters, ADAs, association of biomarker and efficacy parameters	~30	May 2019	3Q 2020	1Q 2023	Ongoing	China/NMPA	Not available

Trial No.	Indication	Clinical trial stage	Type of therapy	Primary objectives /endpoints	Secondary objectives/ endpoints	Planned size	(Expected) trial initiation date[1]	Expected trial completion date[2]	Expected BLA submission date	Status	Location and competent authority	Current standard of care
KN046-205[9]	≥2L pancreatic cancer	Phase II	Mono	ORR and DOR according to RECIST 1.1	Evaluate TEAEs, PK parameters, ADAs, association of biomarker and efficacy parameters	25	1Q 2020	3Q 2021	Not applicable	Planning stage	China/NMPA	Chemo
KN046-210[10]	≥2L locally advanced unresectable or metastatic soft tissue sarcoma[10]	Exploratory trial	Mono	ORR and DOR according to RECIST 1.1	Evaluate CBR, DCR, PFS and overall survival rates at 6 months and 12 months, TEAEs by CTCAE v5.0, PK parameters	Planning stage	4Q 2020	3Q 2022	4Q 2022	Planning stage	China/ NMPA	Chemo and TKI

Abbreviations: 1L = first-line, 2L = second-line, mono = monotherapy, combo = combination therapy, chemo = chemotherapy, NPC = nasopharyngeal cancer, UC = urothelial carcinoma, TNBC = triple negative breast cancer; VEGFR = vascular endothelial growth factor receptor, NSCLC = non-small cell lung cancer, TKI = tyrosine-kinase inhibitors, ESCC = esophageal squamous cell carcinoma, EGFR = epidermal growth factor receptor, ALK = anaplastic lymphoma kinase.

* We also use immune response criteria in solid tumors (iRECIST) to (i) assess immune-related iORR, iDCR and iPFS as exploratory efficacy endpoints in addition to primary and secondary efficacy endpoints; and (ii) allow response categories of both confirmed PD and unconfirmed PD and provide treatment guidance for post initial RECIST 1.1-based PD.

(1) Denotes the date on which first patient was enrolled.

(2) Denotes the date on which the last visit was made by the last patient.

(3) A multi-center, open-label, single arm clinical trial.

(4) Two parts of KN046-CHN-001 trial, a multi-center, open-label, single arm clinical trial.

(5) A multi-center, open-label, single arm clinical trial. If the data from this trial is positive, we may initiate a phase III clinical for this indication and expand the trial into the United States to form a global trial, subject to receiving IND approval from the FDA.

(6) A multi-center, open-label, single arm clinical trial. If the data from this trial is positive, we may initiate a phase III clinical for this indication and expand the trial into the United States to form a global trial, subject to receiving IND approval from the FDA. As of the Latest Practicable Date, we enrolled 21 subjects in this trial.

(7) A multi-center, open-label, single arm clinical trial. If the data from this trial is positive, we may initiate a phase III clinical for this indication and expand the trial into the United States to form a global trial, subject to receiving IND approval from the FDA.

(8) A multi-center, open-label, single arm trial. If the data from this trial is positive, we may initiate a phase III clinical for this indication and expand the trial into the United States to form a global trial, subject to receiving IND approval from the FDA. As of the Latest Practicable Date, we enrolled 17 subjects in this trial.

(9) A multi-center, open-label, single arm clinical trial.

(10) We plan to conduct an exploratory clinical trial for at most six subtypes of soft tissue sarcoma, namely, undifferentiated pleomorphic sarcoma, liposarcoma, alveolar soft part sarcoma, leiomyosarcoma, Kaposi's sarcoma and chondrosarcoma.

We are conducting the KN046-AUS-001 trial and the dose escalation study of the KN046-CHN-001 trial for solid tumors or hematological malignancies primarily to assess the safety and determine the RP2D for the following trials. For preliminary clinical results, see "—Summary of Clinical Results—Phase I Clinical Trials—Phase I Clinical Trial in Australia (KN046-AUS-001)" and "—Summary of Clinical Results—Phase I Clinical Trials—Phase I Clinical Trial in China (KN046-CHN-001)."

Indications Under Fast/First-to-Market Approach

Under a fast/first-to-market approach, during the dose expansion phase of the KN046-CHN-001 trial, we plan to strategically focus on late-line unresectable/metastatic NPC, urothelial cancer and melanoma. Although these indications have relatively low cancer incidences and represent a smaller fraction of the total cancer population in China compared to major cancer indications, according to the CIC Report, late-line patients with these indications have limited choices of existing therapies, which allows us to conduct single arm registration trial(s) with much smaller patient sizes compared to major indications. We plan to advance the trials for third-line or later-line NPC first, considering the early efficacy signals observed in the KN046-CHN-001 trial and no PD-(L)1 inhibitors were approved for such indication. See "—Summary of Clinical Results—Phase I Clinical Trials—Phase I Clinical Trial in China (KN046-CHN-001)—Efficacy." We expect to file the first BLA for KN046 with NMPA in 2021 for this indication.

Major Indications

To explore the market potential of our KN046, we are strategically developing KN046 for several major cancer indications, including late stage NSCLC, TNBC, ESCC and pancreatic cancer.

- *Locally advanced unresectable or metastatic NSCLC*. Lung cancer has the largest cancer incidence in China and is expected to remain the most prevalent type of cancer in the next decade. NSCLC accounts for approximately 80% to 85% of the lung cancer population. Among NSCLC patients, approximately 80% are diagnosed with locally advanced unresectable or metastatic NSCLC. In China and the United States, currently the first-line standard of care for NSCLC is chemotherapy in combination with PD-(L)1 inhibitors and the second-line standard of care is chemotherapy or PD-1 inhibitors alone. Although immune checkpoint inhibitors have significantly improved the overall survival rate of NSCLC patients form approximately 5% to 20%, there are still existing significant unmet needs.

- *Locally advanced or metastatic TNBC*. Breast cancer is one of the most common cancer types in China. When the breast cancer patients are first diagnosed, approximately 15% to 20% are determined to be TNBC in China. The current standard of care for TNBC is chemotherapy and the five-year overall survival rate is approximately 58% for early-stage TNBC and only 10 months for locally advanced unresectable or metastatic TNBC.

- *Advanced/Recurrent or metastatic ESCC*. Over 90% of esophageal cancer patients are pathologically diagnosed as ESCC, and a majority of patients do not survive due to recurrence with a five-year survival rate from approximately 15% to 25%.

- *Pancreatic cancer*. Pancreatic cancer is one of most common cancers in China and is considered as one of the most malignant tumors worldwide. Its total five-year survival rate is still less than 8% regardless of combination with chemotherapy and radiotherapy.

Combination with KN026

We plan to conduct clinical trials on GC/GEJ, urothelial cancer and ovarian cancer through combination therapies of our KN046 and KN026, which we believe have potential to improve response rate and maximize the market value of our pipeline products. See "—Anti-HER2 BsAb Candidate – KN026—Clinical Trial Development Plan."

Indications with Unmet Medical Needs

Soft tissue sarcoma has various subtypes. Metastatic lesions can be detected in approximately 10% of patients with soft tissue sarcoma at the time of diagnosis. Furthermore, 25% of patients with sarcomas develop metastatic disease after curative treatment for the primary tumor.

Competition

To date, there are no approved BsAbs targeting PD-(L)1 and CTLA-4 on the market. As of August 31, 2019, there were six BsAb candidates in total targeting two different immune checkpoints in clinical trials or later stage in China and the United States. Currently a majority of approved and clinical-stage immune checkpoint inhibitors against PD-1, PD-L1 and CTLA-4 are monospecific antibodies, studies of the combination therapies have shown the dual blockade of both PD-(L)1 and CTLA-4 checkpoints can induce stronger anti-tumor responses in certain types of cancers than a single blockade of each agent. This indicates a potentially better efficacy of anti-PD-(L)1/CTLA-4 BsAbs than the monospecific inhibitor in certain cancer indications. The only approved therapy to induce dual blockade of PD-(L)1 and CTLA-4 is the combination therapy of Opdivo and Yervoy, which has not been approved in China. See "—Current Therapy and Limitations" and "Industry Overview—Overview of the Immune Checkpoint Inhibitor Market in the PRC and United States". In addition, as of August 31, 2019, there were two and four anti-PD-(L)1/CTLA-4 combination therapy candidates in China and the United States in phase III clinical trials or later stage, respectively. The following table sets forth details of major drug candidates that may compete with our KN046 as of August 31, 2019.

Anti-PD-(L)1/CTLA-4 BsAb Candidates

Drug candidate name	Company	Immune checkpoint(s)	Indications	Clinical stage	First posted date
PRC					
KN046	Alphamab	PD-L1/CTLA-4	NSCLC	Phase II	Jan-2019
				Phase II (with chemo)	Jun-2019
			ESCC	Phase II	May-2019
			TNBC	Phase Ib/II (with chemo)	Apr-2019
			Solid tumors	Phase I	Nov-2018
AK104	Akeso Biopharma, Inc.	PD-1/CTLA-4	Solid tumors	Phase Ib/II	Dec-2018
			GC/GEJ	Phase Ib/II (with chemo)	Dec-2018
IBI-318	Innovent	PD-1/PD-L1	Malignant neoplasm	Phase I	Mar-2019
U.S.					
MEDI5752	AstraZeneca	PD-1/CTLA-4	Solid tumors	Phase I (mono or with chemo)	May-2018
XmAb20717	Xencor, Inc.	PD-1/CTLA-4	Solid tumors	Phase I	May-2018
MGD019	MacroGenics, Inc.	PD-1/CTLA-4	Solid tumors	Phase I	Dec-2018

Combination Therapy Candidates of PD-(L)1 and CTLA-4 Inhibitors (Phase III or Later Stage)

Drug candidate name	Company	Immune checkpoint(s)	Indications	Clinical stage	First posted date
PRC					
Nivolumab/ Ipilimumab	BMS	PD-1/CTLA-4	GC/GEJ	Phase III	May-2017
			SCLC	Phase III	Jul-2017
			Pleural mesothelioma	Phase III	Sep-2017
			ESCC	Phase III	Feb-2018
			RCC	Phase III	Mar-2018
			UC	Phase III	Jun-2018
			NSCLC	Phase III	Apr-2017
Durvalumab/ Tremelimumab	AstraZeneca/ MedImmune	PD-L1/CTLA-4	NSCLC	Phase III	Jan-2017
			SCLC	Phase III	May-2018
			HCC	Phase III	Jun-2018
U.S.					
Nivolumab/ Ipilimumab	BMS	PD-1/CTLA-4	Glioblastoma	Phase III	Jan-2014
			RCC	Phase III	Oct-2014
			Melanoma	Phase III	Mar-2015
			NSCLC	Phase III	Aug-2015
			HNSCC	Phase III	Aug-2016
			GC/GEJ	Phase III	Oct-2016
			Pleural mesothelioma	Phase III	Oct-2016
			UC	Phase III	Mar-2017
			Esophageal cancer	Phase III	Jun-2017
			CRC	Phase III	Jul-2019

Drug candidate name	Company	Immune checkpoint(s)	Indications	Clinical stage	First posted date
Durvalumab/ Tremelimumab	AstraZeneca/ MedImmune	PD-L1/CTLA-4	NSCLC	Phase III	Jan-2015
			HNSCC	Phase III	Sep-2015
			UC	Phase III	Nov-2015
			SCLC	Phase III	Mar-2017
			Solid tumors	Phase III	Apr-2017
			HCC	Phase III	Oct-2017
Pembrolizumab/ Ipilimumab	Merck	PD-1/CTLA-4	NSCLC	Phase III	Dec-2017
Cemiplimab/ Ipilimumab	Regeneron Pharmaceuticals, Inc./ Sanofi S.A.	PD-1/CTLA-4	NSCLC	Phase III	Mar-2018

Abbreviations: NSCLC = non-small cell lung cancer, SCLC = small cell lung cancer, ESCC = esophageal squamous cell carcinoma, TNBC = triple negative breast cancer, GC = gastric cancer, GEJ = gastroesophageal junction cancer, UC = urothelial cancer, RCC = renal cell carcinoma, HNSCC = head and neck squamous-cell carcinoma, HCC = hepatocellular carcinoma, NSCLC = non-small cell lung cancer.

Source: NMPA;FDA;CIC Report (As of August 31, 2019)

Compared with the approved combination therapy and combination therapy candidates with ipilimumab as a component, our KN046 has a potentially favorable safety profile and a broad therapeutic window, which could allow a higher and longer drug exposure. Certain combination therapy candidates select tremelimumab, an IgG2 anti-CTLA-4 antibody, which has a weakened Fc effector function profile compared with an IgG1 antibody such as our KN046. Our KN046 is the only anti-PD-L1/CTLA-4 BsAb candidate and the only anti-PD-(L)1 and CTLA-4 BsAb candidate with multiple indications in phase II clinical trials. In addition to pursuing major cancer indications with a larger patient population size in China similar to competing BsAb and combination therapy candidates, we have also selected certain small indications with relatively lower cancer incidences and representing a smaller fraction of the total cancer population in China as compared to major cancer indications.

Material Communications and Next Steps

In March 2018, Alphamab Australia received an IND approval from the TGA for the initiation of clinical trials for KN046 in Australia. In July 2018, Jiangsu Alphamab received an Umbrella IND approval from the NMPA for the initiation of clinical trials for our KN046 in China. We have consulted with the CDE of the NMPA on the safety study and dosage design of our phase Ia clinical trial, the preliminary safety and PK data of our phase Ia clinical trial, and the efficacy study and dosage design of our phase II clinical trial. The CDE expressed no concerns on the preliminary clinical results of our phase Ia trials. We have not received objections to the commencement of our phase II clinical trials as of the Latest Practicable Date.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET KN046 SUCCESSFULLY.

Anti-HER2 BsAb Candidate – KN026

Overview

Our KN026 is a BsAb that targets two different domains of HER2. Overexpression of HER2 has been observed to be a key factor in tumor formation and progression, including breast cancer. Currently, there are no approved anti-HER2 BsAbs worldwide. The only approved therapy with dual HER2 signal blockade is Roche's Herceptin (trastuzumab) in combination with Roche's Perjeta (pertuzumab) and chemotherapy. Although such combination therapy demonstrated efficacy for HER2 High cancers, it covers limited cancer indications and is ineffective against HER2 Low and HER2 Intermediate cancers.

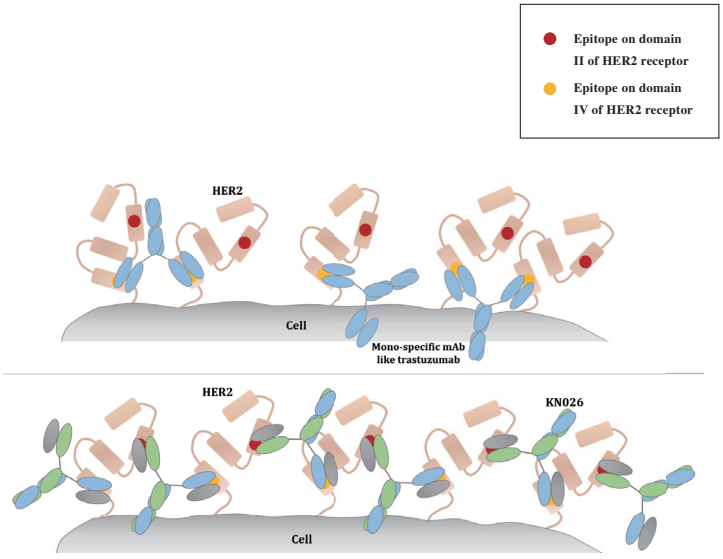
We received an Umbrella IND approval from the NMPA in March 2018 and an IND approval from the FDA in October 2018 for our KN026. We are currently conducting a phase I clinical trial in China on HER2 High breast cancer or GC/GEJ. We are also conducting a phase II clinical trial for second-line HER2-overexpressing GC/GEJ in China and a phase I clinical trial for HER2-overexpressing solid tumors, including but not limited to breast cancer and GC/GEJ, in the United States. We plan to conduct a number of clinical trials for different cancer indications with KN026 in 2019 and 2020. See "—Clinical Trial Development Plan."

Mechanism of Action

HER2 is a member of the human epidermal growth factor receptor (HER) family. The HER family interacts with a number of signaling molecules and promotes cell proliferation. Dimerization of the HER2 receptor initiates a variety of signaling pathways, leading to excessive uncontrolled cell growth and tumorigenesis. KN026 inhibits HER2 expression through the following mechanisms:

- *Dual blockade of parallel HER2-related signaling pathways*. KN026 binds two distinct epitopes of HER2 receptors which have been clinically validated by the Herceptin and Perjeta combination therapy. Such binding results in a dual blockade of two different and complementary HER2-related signaling pathways, which we believe can induce synergistic inhibition activities against HER2 overexpression and potentially reduce drug resistance and relapse;

- *Enhanced multiple HER2 receptor binding*. Binding of bispecific antibodies can connect multiple HER2 receptors on the cell surface and promote HER2 receptor clustering, which can (i) strengthen binding to HER2 receptors, which translates to stronger inhibition; (ii) induce internalization of HER2 receptors to reduce HER2 proteins on the cell surface, leading to reduced HER2 signaling; and (iii) increase presence of antibodies on the surface of tumor cells. The following diagram illustrates the difference in HER2 binding activities of monospecific anti-HER2 antibodies and our KN026 due to HER2 clustering;



* Our KN026 binds both domain II and domain IV of HER2 receptors, and monospecific antibodies such as trastuzumab or pertuzumab only bind domain IV or domain II of HER2 receptors, respectively. In comparing the binding mode of KN026 and monospecific antibodies, it has been shown that (i) more KN026 are bound to the cell surface with the same intensity of HER2 receptors; (ii) KN026 can connect HER2 receptors together to form clusters.

- *Fc-based BsAb with full effector functions*. Our KN026 preserves the full Fc-mediated effector functions, which is critical to recruiting immune cells to destroy HER2-overexpressing target cells. In addition, the increased presence of KN026 on tumor cells leads to increased tumor killing by effector functions.

We believe the combination of these mechanisms enables our KN026 to be a potential next-generation HER2-targeted therapy, due to the potential advantages exhibited in pre-clinical and clinical studies. See "—Anti-HER2 BsAb Candidate – KN026—Potential Advantages of KN026" below.

Current Anti-HER2 Antibody Drugs and Limitations

To date, there are no approved anti-HER2 BsAbs worldwide. There are three approved anti-HER2 antibody drugs on the global market, including two monospecific antibodies, namely, trastuzumab (sold primarily under the trade name Herceptin) and pertuzumab (sold under the trade name Perjeta and only approved in combination usage with trastuzumab), and an ADC that attaches trastuzumab with a chemical linker to the chemotherapy DM1, namely, T-DM1 (sold under the trade name Kadcyla), according to the CIC Report. With respect to the ADC, however, the small molecule toxin in such ADC differentiates its safety profile from other antibody drugs and therefore we do not consider it as a potential competitor for KN026. All of these therapies are approved in the United States, and trastuzumab and pertuzumab are approved in China.

Trastuzumab is the only antibody approved for combination and/or standalone treatments and the only approved antibody globally for HER2 High breast cancer and for HER2 High metastatic GC/GEJ. It has been a global top-selling oncology drug for decades. Pertuzumab is approved (i) as a part of a combination therapy with trastuzumab plus chemotherapy for HER2 High metastatic breast cancer, or (ii) as neoadjuvant/adjuvant treatments for HER2 High early breast cancer in the United States, of which only the adjuvant treatment is approved in China. Such combination therapies successfully verify the dual blockade mechanism of trastuzumab and pertuzumab and have demonstrated improved treatment efficacy over trastuzumab as a monotherapy. With superior efficacy over trastuzumab, the combination therapy of trastuzumab, pertuzumab and chemotherapy using docetaxel has become the first-line standard-of-care treatment for HER2 High metastatic breast cancer in the United States. In a phase III trial of trastuzumab (NCT:00567190), the combination of trastuzumab, pertuzumab and chemotherapy using docetaxel results in an average overall survival benefit of 56.5 months, a PFS of 18.5 months and an ORR of 80.2%, which is better than the overall survival benefit of 40.8 months, PFS of 12.4 months and ORR of 69.3% induced by trastuzumab plus chemotherapy. After the advent of these two antibody drugs, the treatment efficacy in patients with breast cancer and metastatic GC/GEJ, especially their overall survival benefit, improved significantly.

Despite the clinical benefits achieved by current antibody drugs, they are only approved for HER2 High breast cancer and metastatic GC/GEJ, and are not approved for a number of other major cancer indications closely associated with HER2 High overexpression, such as colorectal cancer, urothelial cancer, ovarian cancer and gallbladder cancer. In addition, approximately 66% of breast cancer and over 24% of GC/GEJ express low to intermediate levels of HER2, and it is believed that other cancer types also express HER2 at varying levels, including low to intermediate levels. All of these HER2 Low or Intermediate cancer patients are ineligible for current anti-HER2 antibody therapies and these patients could potentially benefit from our KN026.

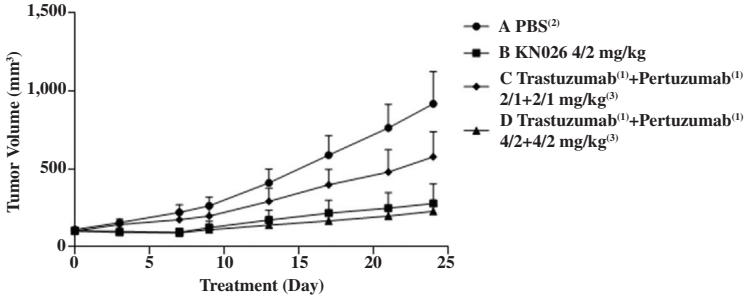
Potential Advantages of KN026

Compared with current anti-HER2 antibody drugs, we believe our KN026 has the following potential advantages, as observed in our clinical and pre-clinical studies:

- *Efficacy for HER2 High breast cancer that failed prior HER2-targeted treatment(s).* According to the preliminary efficacy results of the phase I clinical study in China, KN026 had shown a meaningful clinical benefit in breast cancer patients who had received at least one prior HER2-targeted treatment. As of September 20, 2019, the data cut-off date of our phase I clinical study, we had six PRs (one confirmed and five unconfirmed) who had previously received one to four lines of HER2-targeted treatments, five SD subjects who had previously received one to two lines of HER2-targeted treatments, and four SD subjects who had previously been heavily treated with three to six lines of HER2-targeted treatments, indicating that our KN026 has efficacy for patients with HER2 High breast cancer after numerous prior treatments, including trastuzumab, two targeted small molecule drugs, namely lapatinib and pyrotinib, and an investigational ADC drug candidate. See "—Summary of Clinical Results—Phase I Clinical Trial in China (KN026-CHN-001)—Efficacy." Our pre-clinical studies also exhibited efficacy of KN026 against a trastuzumab-resistant cancer cell line.

- *Better potency than trastuzumab plus pertuzumab against HER2 High cancers*

  - *In vivo studies against HER2 High NSCLC.* In *in vivo* studies of each of KN026 and the trastuzumab plus pertuzumab combination in human HER2 High NSCLC Calu-3 cells transplanted in mice, the results showed that KN026 induced (i) a higher tumor growth inhibitory rate at a 4.0/2.0 mg/kg dose level than the trastuzumab plus pertuzumab combination at an equal drug concentration in terms of total molar mass (trastuzumab at 2.0/1.0 mg/kg and pertuzumab at 2.0/1.0 mg/kg); and (ii) a comparable tumor growth inhibitory rate at a 4.0/2.0 mg/kg dose level than the combination at a two-fold higher dose level in terms of total molar mass (trastuzumab at 4.0/2.0 mg/kg and pertuzumab at 4.0/2.0 mg/kg). See "—Pre-clinical Studies—Xenograft Tumor Model against HER2 High Cell Line." The following graph illustrates tumor volume changes after injection of KN026, and trastuzumab plus pertuzumab combination in the NSCLC cell line.



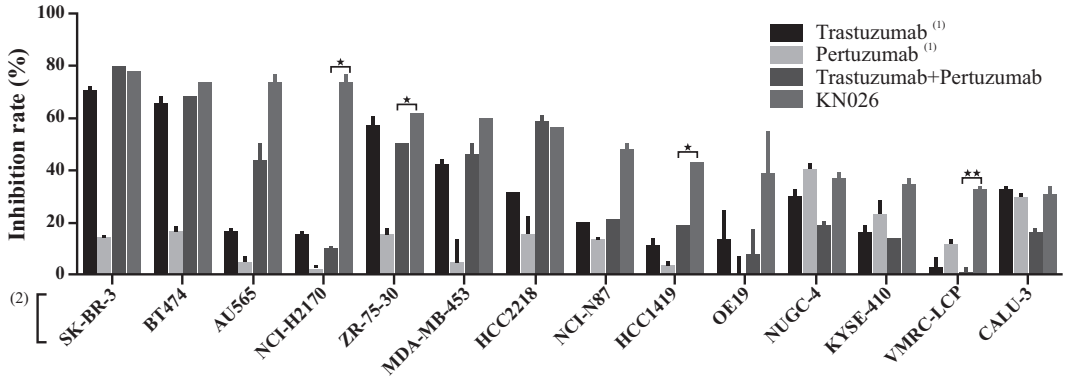
(1) Trastuzumab was Herceptin purchased from Roche. Pertuzumab was a biosimilar to Perjeta produced by us in-house.

(2) The group receiving PBS was a negative control group.

(3) The trastuzumab plus pertuzumab combination was given at two dose levels, including (i) 2.0/1.0 mg/kg and 2.0/1.0 mg/kg (equal to KN026 at 4.0/2.0 mg/kg in terms of total molar mass); and (ii) 4.0/2.0 mg/kg and 4.0/2.0 mg/kg (a two-fold higher dose level than KN026 at 4.0/2.0 mg/kg in terms of total molar mass). The first number of each dose level is the first dosage amount and the second number of each dose level is the maintenance dosage amount after the first dose. The first dosage doubles the dosage of the maintenance dosage in order to reach high drug concentration at the initial stage.

Source: Internal clinical trial data

○ *In vitro studies against different HER2 High cancers*. In an *in vitro* cell viability study on a panel of 14 HER2 High cancer cell lines, our KN026 showed (i) comparable or stronger tumor growth inhibition effects than the trastuzumab plus pertuzumab combination in all the 14 HER2 High cell lines, including significant differences in two breast cancer cell lines and two lung cancer cell lines; and (ii) comparable or stronger tumor growth inhibition effects than either trastuzumab or pertuzumab in all the 14 cell lines. See "—Pre-clinical Studies—Cell Proliferation Assays in HER2-overexpressing Cancers." The following graph illustrates the tumor growth inhibition rates against the 14 cell lines in the *in vitro* study.



★ indicates statistically significant difference (P<0.05).

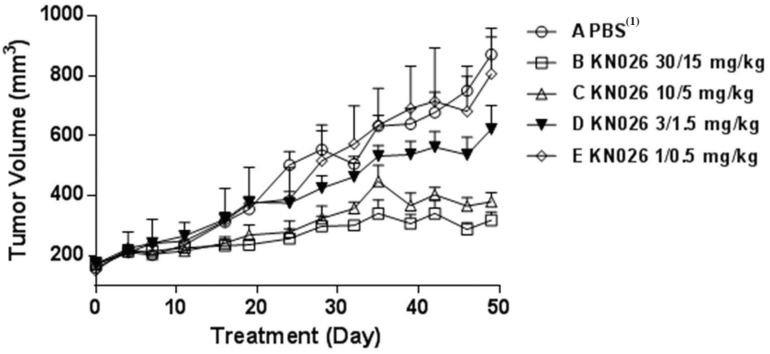
★★ Indicates strongly statistically significant difference (P<0.01).

(1) Trastuzumab was Herceptin purchased from Roche. Pertuzumab was a biosimilar to Perjeta produced by us in-house.

(2) SK-BR-3 cell line, BT474 cell line, AU565 cell line, ZR-75-30 cell line, MDA-MB-453 cell line, HCC2218 cell line and HCC1419 cell line are breast cancer cell lines; NCI-H2170 cell line, VMRC-LCP cell line and CALU-3 cell line are lung cancer cell lines; NCI-N87 cell line and NUGC-4 cell line are gastric cancer cell lines; KYSE-410 cell line and OE19 cell line are esophageal cancer cell lines.

Source: Wei H, Cai H, Jin Y, et al. Structural basis of a novel heterodimeric Fc for bispecific antibody production. Oncotarget 2017, 8(31): 51037. DOI: http://www.alphamabonc.com/uploads/2018/10/091612103465.pdf

- *Inhibition activities for HER2 Low lung cancer.* For HER2 cancers with low or intermediate expression levels, our KN026 demonstrated a dose-dependent tumor growth inhibition on a HER2 Low NSCLC NCI-H522 cell line. The study showed that KN026 at 30.0/15.0 mg/kg and 10.0/5.0 mg/kg significantly reduced tumor volume during the period from day 24 to day 49. See "—Pre-clinical Studies—Xenograft Tumor Model against HER2 Low Cell Line." The following graph illustrates the dose-dependent inhibitory effect on tumor growth on the NSCLC NCI-H522 cell line.



(1) The group receiving PBS was a negative control group.

Source: Internal clinical trial data

Pre-clinical Studies

Xenograft Tumor Model Against HER2 High Cell Line

The purpose of this study was to compare the tumor growth inhibition effect of our KN026 and the trastuzumab plus pertuzumab combination in a xenograft tumor model using a NSCLC Calu-3 cell line. To initiate the tumor xenografts, 24 mice were subcutaneously administered with HER2 High NSCLC Calu-3 cells. When the average volume of the xenograft tumors reached approximately 100 mm^3, these tumor-bearing mice were randomly divided into four groups with six mice in each group. One negative control group received PBS, the three other groups received intraperitoneal injections of our KN026 at 4.0/2.0 mg/kg, trastuzumab at 2.0/1.0 mg/kg in combination with pertuzumab at 2.0/1.0 mg/kg, or trastuzumab at 4.0/2.0 mg/kg in combination with pertuzumab at 4.0/2.0 mg/kg. The combination therapy with each agent at 2.0/1.0 mg/kg is equivalent to the dose level of KN026 at 4.0/2.0 mg/kg in terms of total molar mass. The combination therapy with each agent at 4.0/2.0 mg/kg is equivalent to two-fold the dose level of KN026 at 4.0/2.0 mg/kg in terms of total molar mass. Mice in the treatment group receiving KN026 and mice in the combination treatment (4.0/2.0 mg/kg plus 4.0/2.0 mg/kg) group had significantly reduced tumor volumes. KN026 at the 4.0/2.0 mg/kg dose level demonstrated a better tumor growth inhibition effect than the combination at 2.0/1.0 mg/kg plus 2.0/1.0 mg/kg. See "—Potential Advantages of KN026—Better potency than trastuzumab plus pertuzumab against HER2 High cancers—*In vivo* studies against HER2 High NSCLC."

Xenograft Tumor Model Against HER2 Low Cell Line

The purpose of this study was to determine the anti-tumor activities of our KN026 in a xenograft tumor model using a NSCLC NCI-H522 cell line that expresses low levels of HER2. The tumor model was developed by subcutaneous inoculation of NCI-H522 tumor cells into 30 male mice. When the average volume of the xenograft tumors reached approximately 170 mm^3, these tumor-bearing mice were randomly divided into five groups, with six mice in each group. Four groups received intraperitoneal injections of KN026 at 30.0/15.0 mg/kg, 10.0/5.0 mg/kg, 3.0/1.5 mg/kg and 1.0/0.5 mg/kg once per week for a total of eight times. One group was given PBS as a negative control group. The results showed that our KN026 had a dose-dependent inhibitory effect on the HER2 Low NSCLC NCI-H522 tumor growth. See "—Potential Advantages of KN026—Inhibition activities for HER2 Low lung cancer."

Cell Proliferation Assays in HER2-overexpressing Cancers

The purpose of this study was to assess the anti-tumor activities of our KN026 in various HER2 High cell lines for different cancers. 14 types of exponentially growing cells were plated into 96-well plates at 1×10^4 cells per well. KN026, trastuzumab, pertuzumab and the trastuzumab plus pertuzumab combination were then added after four hours at different concentrations. After six days of treatment, cell viabilities were determined using a cell viability assay, and the intensity was measured by a SpectraMax M5 plate reader. Raw values were calculated to evaluate the proliferation inhibition rates of the antibodies. Among the 14 cell lines, SK-BE-3 cell line, BT474 cell line, AU565 cell line, ZR-75-30 cell line, MDA-MB-453 cell line, HCC2218 cell line and HCC1419 cell line are breast cancer cell lines; NCI-H2170 cell line, VMRC-LCP cell line and CALU-3 cell line are lung cancer cell lines; NCI-N87 cell line and NUGC-4 cell line are GC cell lines; and KYSE-410 cell line and OE19 cell line are esophageal cancer cell lines. The results showed that our KN026 has (i) comparable or stronger tumour inhibition effects than the trastuzumab plus pertuzumab combination in all the 14 HER2 cell lines, including stronger inhibition effects on two breast cancer cell lines and two lung cancer cell lines with statistically significant difference; and (ii) comparable or stronger tumor growth inhibition effects than either trastuzumab or pertuzumab in all the 14 cell lines. See "—Potential Advantages of KN026—Better potency than trastuzumab plus pertuzumab against HER2 High cancers—*In vitro* studies against different HER2 High cancers."

Summary of Clinical Results

Phase I Clinical Trial in China (KN026-CHN-001)

We are conducting a first-in-human, open-label, phase I clinical trial of our KN026 as a single agent in China, consisting of a dose escalation phase Ia study and a dose expansion phase Ib study. The phase I study was initiated in September 2018 and is being conducted on adult subjects with (i) HER2 High; (ii) locally advanced or metastatic; and (iii) breast cancer or GC/GEJ, treatment naïve or progressed after at least one prior HER2-targeted therapy. As of September 20, 2019, 32 subjects were enrolled in the KN026-CHN-001 trial and had received at least one dose of KN026 per treatment. As of the Latest Practicable Date, the enrollment of the phase Ia study was completed and the enrollment of the phase Ib study was ongoing.

Study purpose. The purpose of the KN026-CHN-001 clinical trial is to evaluate the safety, tolerability and PK of KN026 monotherapy in adult subjects with HER2 High locally advanced or metastatic breast cancer and GC/GEJ in China. The primary objectives are to evaluate the safety, tolerability and determine the MTD and/or RP2D. The secondary objectives are to characterize the PK profile and to evaluate the preliminary efficacy of our KN026 as monotherapy.

Study design. The phase Ia dose escalation study has a classic "3+3" design. Subjects are receiving KN026 across four cohorts, including 5.0 mg/kg and 10.0 mg/kg QW, 20.0 mg/kg Q2W, and 30.0 mg/kg Q2W or Q3W. The phase Ib dose expansion study would be conducted based on the RP2Ds determined in the phase Ia study, which were 20 mg/kg Q2W and 30 mg/kg Q3W. Safety and tolerability will be assessed by monitoring TEAEs. Tumor assessments will be performed based on RECIST version 1.1.

Safety. As of September 20, 2019, all 32 subjects enrolled in the KN026-CHN-001 trial had breast cancer and were included in the safety data analysis. 23 subjects remained on the study treatment. Nine subjects had discontinued treatment, including eight due to disease progression and one due to treatment-related TEAE (one grade 3 ventricular arrhythmia). The median duration of exposure of KN026 was eight weeks, ranging from two weeks to 46 weeks. No subject had experienced DLTs.

As of September 20, 2019, 26 (81.3%) out of the 32 subjects had experienced treatment-related TEAEs. Three (9.4%) subjects had grade 3 or higher grade TEAEs. Three (9.4%) subjects had experienced treatment-related SAEs. One (3.1%) subject had experienced a TEAE leading to treatment discontinuation. Details of the TEAEs observed from all 32 subjects are summarized in the following table.

TEAE categories[1]	5.0 mg/kg QW (N=3)	10.0 mg/kg QW (N=3)	20.0 mg/kg Q2W (N=23)	30.0 mg/kg Q3W (N=3)	Total (N=32)
			n (%)		
All TEAEs	3 (100%)	2 (66.7%)	20 (87.0%)	2 (66.7%)	27 (84.4%)
TEAE, Grade ≥ 3	0	0	3 (13.0%)	0	3 (9.4%)
Treatment-related TEAEs	3 (100%)	2 (66.7%)	19 (82.6%)	2 (66.7%)	26 (81.3%)
Treatment-related TEAE, Grade ≥ 3	0	0	2 (8.7%)	0	2 (6.3%)
SAE	0	0	3 (13.0%)	0	3 (9.4%)
Treatment-related SAE[2]	0	0	3 (13.0%)	0	3 (9.4%)
TEAEs leading to permanent treatment discontinuation	0	0	1 (4.3%)	0	1 (3.1%)
Treatment-related TEAE leading to permanent treatment discontinuation	0	0	1 (4.3%)	0	1 (3.1%)
Treatment-related TEAE leading to death	0	0	0	0	0

(1) Reported under National Cancer Institute Common Terminology Criteria for Adverse Events version 4.03.

(2) Including one grade 2 interstitial pneumonitis, one grade 3 ventricular arrhythmia and one grade 3 transaminase increased occurred in three subjects from the 20.0 mg/kg Q2W cohort, respectively.

Source: Internal clinical trial data

The table below summarizes the most frequent treatment-related TEAEs in the KN026-CHN-001 trial as of September 20, 2019 (all grades ≥ 10%, or any ≥ grade 3).

Treatment-related TEAEs by Preferred Term[1]	5.0 mg/kg QW (N=3)		10.0 mg/kg QW (N=3)		20.0 mg/kg Q2W (N=23)		30.0 mg/kg Q3W (N=2)		Total (N=32)	
	All grades	Grade ≥ 3	All grades	Grade ≥ 3	All grades	Grade ≥ 3	All grades	Grade ≥ 3	All grades	Grade ≥ 3
					n (%)					
Fever	1 (33.3%)	0	1 (33.3%)	0	7 (30.4%)	0	1 (33.3%)	0	10 (31.3%)	0
Diarrhoea	1 (33.3%)	0	1 (33.3%)	0	2 (8.7%)	0	1 (33.3%)	0	5 (15.6%)	0
Aspartate aminotransferase increased	0	0	0	0	4 (17.4%)	0	1 (33.3%)	0	5 (15.6%)	0
Alanine aminotransferase increased	0	0	0	0	4 (17.4%)	0	0	0	4 (12.5%)	0
Hypokalemia	2 (66.7%)	0	1 (33.3%)	0	1 (4.3%)	0	0	0	4 (12.5%)	0
Blood creatinine increased	2 (66.7%)	0	1 (33.3%)	0	1 (4.3%)	0	0	0	4 (12.5%)	0
Ventricular arrhythmia	0	0	0	0	1 (4.3%)	1 (4.3%)	0	0	1 (3.1%)	1 (3.1%)
Transaminase increased	0	0	0	0	1 (4.3%)	1 (4.3%)	0	0	1 (3.1%)	1 (3.1%)

(1) Under Medical Dictionary for Regulatory Activities Preferred Terms.

Source: Internal clinical trial data

Efficacy. All 32 subjects enrolled in this KN026-CHN-001 trial are breast cancer patients that have received prior treatments including Herceptin. As of September 20, 2019, 21 subjects were evaluable subjects, and the preliminary efficacy analysis showed that one evaluable subject had a confirmed PR, five had unconfirmed PRs and nine had SD. 13 of the evaluable subjects remained on the study treatment. 11 subjects who had not reached the first post-baseline tumor assessment were excluded. The table below summarizes the best overall response in the efficacy analysis of the KN026-CHN-001 trial as of September 20, 2019.

Response	5.0 mg/kg QW (N=3)	10.0 mg/kg QW (N=3)	20.0 mg/kg Q2W (N=12)	30.0 mg/kg Q3W (N=3)	Total (N=21)	20.0 mg/kg Q2W and 30.0 mg/kg Q3W (N=15)
	n (%)					
Confirmed CR	0	0	0	0	0	0
Unconfirmed CR	0	0	0	0	0	0
Confirmed PR	0	0	1 (8.3%)	0	1 (4.8%)	1 (6.7%)
Unconfirmed PR	0	0	3 (25.0%)	2 (66.7%)	5 (23.8%)	5 (33.3%)
SD	2 (66.7%)	1 (33.3%)	5 (41.7%)	1 (33.3%)	9 (42.9%)	6 (40.0%)
PD	1 (33.3%)	2 (66.7%)	3 (25.0%)	0	6 (28.6%)	3 (20.0%)
$CR^{(1)}+PR^{(1)}$	0	0	4 (33.3%)	2 (66.7%)	6 (28.6%)	6 (40.0%)
DCR ($CR^{(1)}+PR^{(1)}+SD^{(2)}$)	2 (66.7%)	1 (33.3%)	9 (75.0%)	3 (100%)	15 (71.4%)	12 (80.0%)
Target Lesion Shrinkage	3 (100%)	2 (66.7%)	11 (91.7%)	3 (100%)	19 (90.5%)	14 (93.3%)

Abbreviations: CR=complete response, PR=partial response, SD=stable disease, PD=progressive disease, DCR=disease control rate.

(1) Including confirmed and unconfirmed responses.

(2) Lasting for at least six weeks.

Source: Internal clinical trial data

The following table further sets forth details of the best overall response at various scans and number of lines of prior treatment received of the 21 evaluable subjects as of September 20, 2019.

Patient No.	Classified response (as of September 20, 2019)	Change of target lesions from baseline (%)	Duration of treatments (days)	End of patient treatment (Yes/No)	Change of target lesions from baseline at respective tumor assessment cycle (%)										Cohort	Number of lines of prior HER2 targeted treatment[1]	Number of lines of prior treatment including chemo regimen
					1		2		3		4		5				
1	PR	(100%)	168	N	PR	(100%)	PR	(100%)	PR	(100%)	–	–	–	–	20.0 mg/kg Q2W	2	3
2	uPR	(61%)	105	N	SD	(24%)	PR	(61%)	–	–	–	–	–	–	30.0 mg/kg Q3W	2	2
3	uPR	(37%)	56	N	PR	(37%)	–	–	–	–	–	–	–	–	20.0 mg/kg Q2W	1	1
4	uPR	(35%)	105	N	SD	(21%)	PR	(35%)	–	–	–	–	–	–	30.0 mg/kg Q3W	2	5
5	uPR	(33%)	56	N	PR	(33%)	–	–	–	–	–	–	–	–	20.0 mg/kg Q2W	4	4
6	uPR	(32%)	84	N	PR	(32%)	–	–	–	–	–	–	–	–	20.0 mg/kg Q2W	2	4
7	SD	(26%)	105	N	SD	(19%)	SD	(26%)	–	–	–	–	–	–	30.0 mg/kg Q3W	2	4
8	SD	(25%)	84	N	SD	(25%)	–	–	–	–	–	–	–	–	20.0 mg/kg Q2W	2	3
9	SD	(24%)	56	N	SD	(24%)	–	–	–	–	–	–	–	–	20.0 mg/kg Q2W	1	1
10	SD	(23%)	170	Y	SD	(23%)	SD	(23%)	SD	(19%)	PD[2]	7%	–	–	20.0 mg/kg Q2W	6	6
11	PD	(23%)	84	Y	SD	(23%)	PD[2]	11%	–	–	–	–	–	–	5.0 mg/kg QW	11	14
12	SD	(21%)	69	N	SD	(21%)	–	–	–	–	–	–	–	–	20.0 mg/kg Q2W	2	2
13	SD	(14%)	130	Y	SD	(2%)	SD	(14%)	PD[2]	10%	–	–	–	–	5.0 mg/kg QW	3	4
14	PD[3]	(13%)	42	Y	SD	(13%)	–	–	–	–	–	–	–	–	10.0 mg/kg QW	2	2
15	PD	(12%)	84	N	SD	(12%)	PD	59%	–	–	–	–	–	–	20.0 mg/kg Q2W	3	3
16	SD	(7%)	126	Y	SD	(1%)	SD	(7%)	SD[4]	(1%)	–	–	–	–	10.0 mg/kg QW	2	3
17	PD	(5%)	42	Y	PD	(5%)	–	–	–	–	–	–	–	–	20.0 mg/kg Q2W	3	3
18	SD	(5%)	56	N	SD	(5%)	–	–	–	–	–	–	–	–	20.0 mg/kg Q2W	4	4
19	SD	(1%)	323	N	SD	(1%)	SD	12%	SD	13%	SD	12%	SD	10%	5.0 mg/kg QW	6	7
20	PD	22%	42	Y	PD	22%	–	–	–	–	–	–	–	–	20.0 mg/kg Q2W	3	6
21	PD	27%	42	Y	PD	27%	–	–	–	–	–	–	–	–	10.0 mg/kg QW	12	15

Abbreviations: PR=partial response, uPR=unconfirmed partial response, SD=stable disease, PD=progressive disease.

(1) HER2 targeted treatments include trastuzumab, lapatinib, HER2 ADC, and pyrotinib.

(2) Target lesion is considered as PD, taking the smallest sum on study as reference according to RECIST 1.1. However, % reduction in target lesion shown represents comparison with initial tumor baseline.

(3) This subject had PD despite reduction of target lesion, due to both non-target lesion unequivocal progression and development of new lesion.

(4) This subject developed new lesion on the third assessment cycle.

Source: Internal clinical trial data

All of the evaluable enrolled subjects had received multiple lines of prior treatments with HER2 targeted therapies. Key findings include:

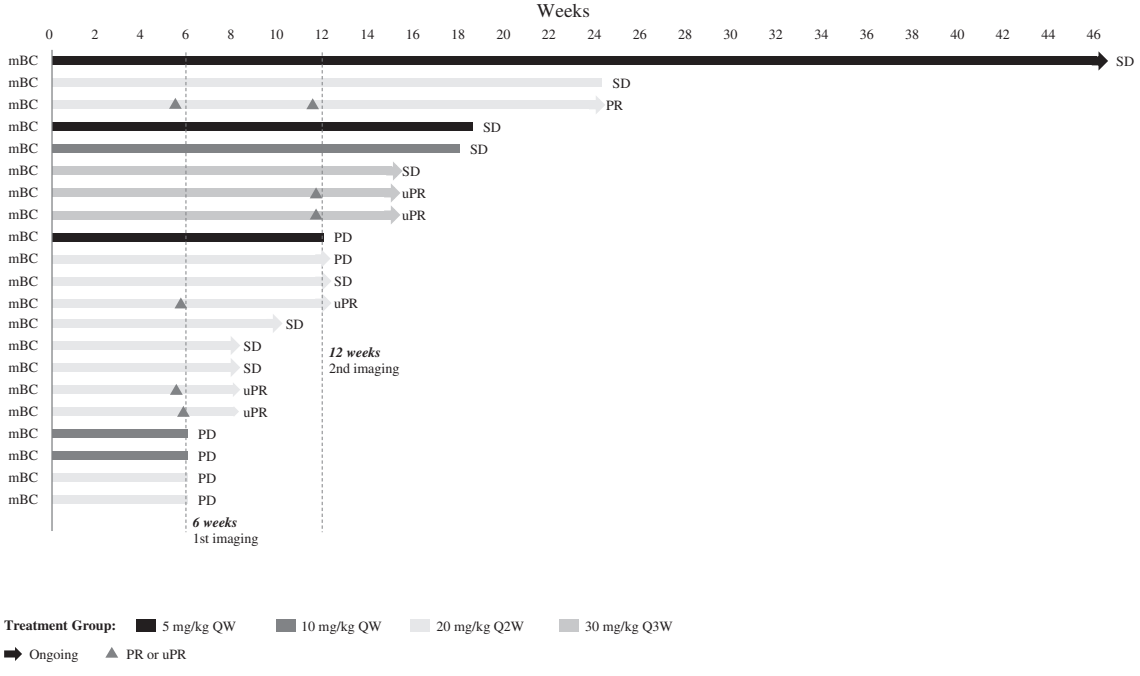
- The breast cancer patient with a confirmed PR failed a prior first-line treatment with Herceptin and a second-line treatment with lapatinib;

- Five subjects achieved unconfirmed PRs, with trends of improving tumor reduction effect in two subjects that were assessed through two scans; and

- Among the nine breast cancer patients with SD, we had one SD subject who had received one prior line of HER2-targeted treatment, four SD subjects who had received two prior lines of HER2-targeted treatments, and four SD subjects who had previously been heavily treated with three to six lines of HER2-targeted treatments.

Among the 21 evaluable subjects, 12 subjects had a treatment duration of at least 12 weeks, out of which eight subjects remained on the study treatment. The following swimming lane graph illustrates the treatment duration and the best overall responses of all the enrolled subjects in the phase I clinical trial in China as of September 20, 2019.

KN026-CHN-001

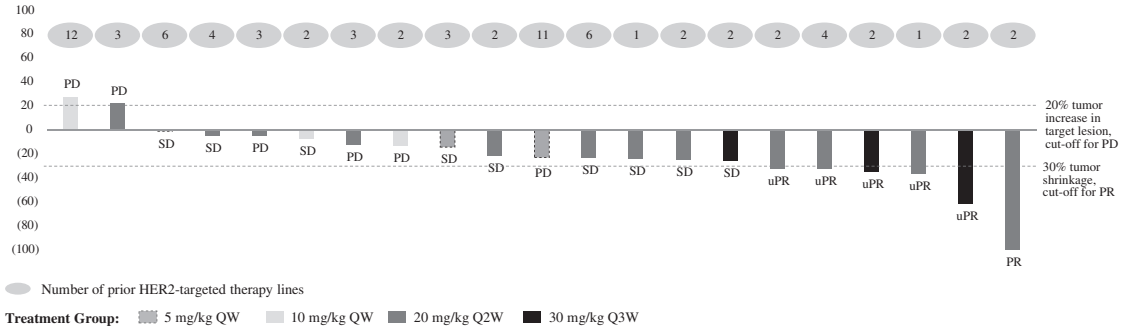


Abbreviations: PR=partial response, uPR=unconfirmed partial response, SD=stable disease, PD=progressive disease.

Source: Internal clinical trial data

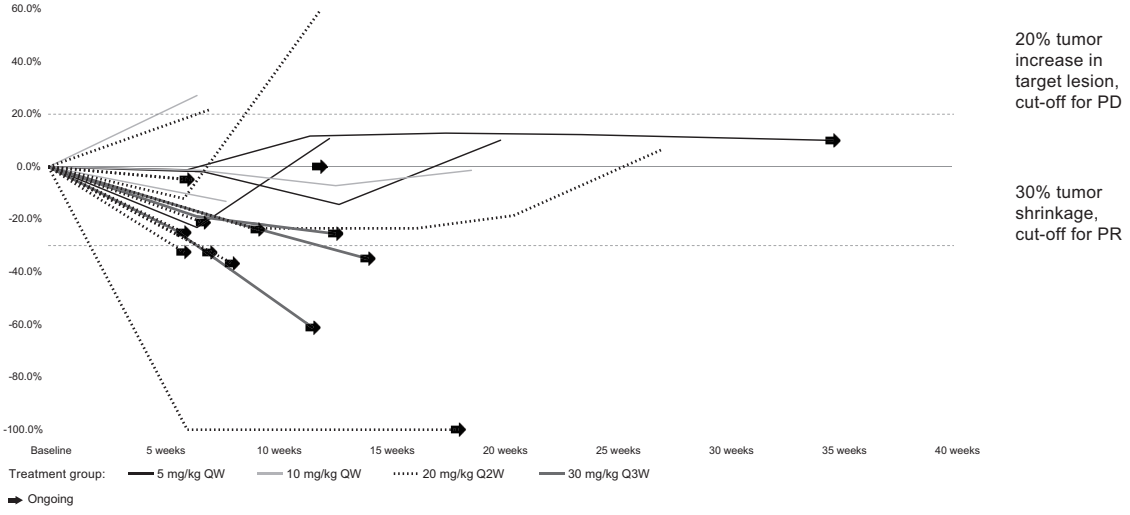
Among the 21 evaluable subjects, tumor reduction was observed in 14 out of 15 subjects receiving 20.0 mg/kg Q2W or 30.0 mg/kg Q3W (RP2Ds). The following waterfall plot shows the best overall response of the 21 breast cancer patients receiving KN026 as measured by percentage of change of target lesions from baseline based on CT/MRI scans.

Tumor Target Lesion Shrinkage from Baseline (%)



Abbreviations: PR=partial response, SD=stable disease, PD=progressive disease, uPR=unconfirmed partial response.
Source: Internal clinical trial data

The following spider plot shows the change of target lesions across treatment duration of the 21 evaluable subjects receiving KN026 as of September 20, 2019. The spider plot demonstrated a trend of pronounced tumor control with longer treatment duration for some subjects.



Abbreviations: PR=partial response, SD=stable disease, PD=progressive disease, uPR=unconfirmed partial response.
Source: Internal clinical trial data

PK profile. The PK profile was evaluated after the first dose of KN026. As of September 20, 2019, a total of 11 subjects were included in the PK characterization. Mean KN026 C_{max} and AUC_{0-t} increased approximately linearly with increasing dose level. The volumes of distribution and clearance were similar across doses. Average half-life of KN026 was approximately four days to nine days.

Ctrough (trough concentration) is the lowest concentration reached by a drug before the next dose is administered, which should be measured before the next dose in order to avoid overdosing. Ctrough of KN026 at day 22 well exceeded steady-state trough serum concentrations at proposed clinical dose levels of trastuzumab. Average Ctrough of KN026 at day 22 was 57 to 104 ug/ml at 5.0 mg/kg and 10.0 mg/kg and higher than the steady state Ctrough level of trastuzumab of 47.4 to 66.1 ug/ml at proposed clinical dose.

Conclusion. In the preliminary results of the KN026-CHN-001 trial, KN026 exhibited a favorable safety profile in subjects with HER2 High locally advanced breast cancer and preliminary efficacy results demonstrated promising anti-tumor activities.

Clinical Trial Development Plan

We are executing a comprehensive clinical trial development plan in China and the United States targeting an array of HER2-overexpressing cancer indications for our KN026, including as a monotherapy and in combination with other therapies, with the purpose of supporting the registration of KN026 for multiple HER2-overexpressing indications in China and the United States. The table below sets forth the details of the clinical trial development plan for our KN026.

Trial No.	Indication	Planned trial stage	Type of therapy	Primary objectives/ endpoints	Secondary objectives/ endpoints	Planned size	(Expected) trial initiation date[1]	Expected trial completion date[2]	Expected BLA submission date	Status	Location and competent authority	Current standard of care
KN026-CHN-001(a)[3]	HER2 High locally advanced or metastatic breast cancer and GC/GEJ	Phase Ia	Mono	Evaluate the safety, tolerability and determine MTD and RP2D	Characterize the PK profile and evaluate the preliminary efficacy	~12-24	September 2018	4Q 2019	Not applicable	Ongoing	China/NMPA	Chemo and trastuzumab
KN026-CHN-001(b)[3]	HER2 High locally advanced breast cancer and GC/GEJ (progressed after at least one prior HER2-targeted therapy)	Phase Ib	Mono			~12-24	June 2019	2Q 2020	Not applicable	Ongoing	China/NMPA	Chemo and trastuzumab

Trial No.	Indication	Planned trial stage	Type of therapy	Primary objectives/ endpoints	Secondary objectives/ endpoints	Planned size	(Expected) trial initiation date[1]	Expected trial completion date[2]	Expected BLA submission date	Status	Location and competent authority	Current standard of care
KN026-US-001[4]	HER2-overexpressing solid tumors, including but not limited to locally advanced or metastatic breast cancer or GC/GEJ	Phase I	Mono	Evaluate the safety, tolerability and determine MTD and RP2D	Characterize the PK profile and evaluate the preliminary efficacy	~72-84	June 2019	3Q 2021	Not applicable	Ongoing	US/FDA	Trastuzumab, pertuzumab and chemo for breast cancer; trastuzumab and chemo for GC
KN026-CHN-202[5]	2L HER2-overexpressing GC/GEJ	Phase II	Mono	BOR and DOR according to RECIST 1.1	Evaluate TEAEs, PK parameters and ADAs	~ 40	June 2019	3Q 2021	Not applicable	Ongoing	China/NMPA	Not available
KN026-CHN-301[6]	1L HER2 High metastatic breast cancer	Phase III	Combo (with chemo)	PFS	Evaluate overall survival, BOR, TEAEs, PK parameters and ADAs	Not yet available	2Q 2020	4Q 2023	2Q 2024	Planning stage	China/NMPA	Chemo and trastuzumab
KN026-CHN-004[7]	≥2L HER2 High urothelial cancer ≥2L HER2 High ovarian cancer ≥2L HER2 High locally advanced unresectable or metastatic GC ≥2L HER2 High non-GC gastrointestinal cancer	Phase II	Combo (with KN046)	BOR and DOR according to RECIST 1.1	Evaluate TEAEs, PK parameters and ADAs	Not yet available	3Q 2020	2Q 2022	4Q 2022	Planning stage	China/NMPA	Not available

Abbreviations: 1L=first-line, 2L=second-line, mono=monotherapy, combo=combination therapy, chemo=chemotherapy, GC=gastric cancer, GEJ=gastroesophageal junction cancer.

(1) Denotes the date on which the first patient was enrolled.

(2) Denotes the date on which the last visit was made by the patient.

(3) Two parts of KN026-CHN-001 trial, a multi-center, open-label, single arm clinical trial.

(4) A multi-center, open-label, single arm clinical trial. Depending on clinical data from the KN026-CHN-001 trial and KN026-US-001 trial, we are exploring the possibility of initiating a pivotal trial for the third line or late line treatments of breast cancer. As of the Latest Practicable Date, we enrolled six subjects in this trial.

(5) A multi-center, open-label, single arm clinical trial. As of the Latest Practicable Date, we enrolled seven subjects in this trial.

(6) A multi-center, randomized, active controlled clinical trial.

(7) A multi-center, open-label, single arm clinical trial. If promising efficacy signals are observed in a majority of the selected indications, we plan to expand the basket trial into a pivotal trial.

As HER2 High cancers are expected to be the most responsive to anti-HER2 antibody drugs, we plan to strategically focus on HER2 High cancers in our KN026 clinical development plan. In addition, considering the efficacy in HER2 Low cancers exhibited by our KN026 in pre-clinical studies, we also plan to explore the efficacy of KN026 in cancers with low to intermediate expression levels. We have selected breast cancer and GC/GEJ, two proven and major indications sensitive to anti-HER2 antibody drugs for near-term development:

- *Metastatic breast cancer (mBC)*. In China, approximately 40% of breast cancers are metastatic and the combination therapy of trastuzumab, pertuzumab and chemotherapy, the first-line standard of care in the United States, is not approved China.

- *Gastric/gastroesophageal junction cancers (GC/GEJ)*. GC/GEJ are among the most common cancers in China. The five-year survival rates for such cancers range from 25% to 35%.

With the expectation to further improve response rates and maximize the market value of our pipeline products, we plan to apply the combination therapy of our KN026 and KN046 on HER2 High gastric cancer and other gastrointestinal cancers, urothelial cancer and ovarian cancer, a group of cancers that are prevalent in China. In addition, studies have suggested that the trastuzumab and pertuzumab combination therapy reached an ORR of 33.3% in urothelial cancer patients. Therefore, we believe that the KN026/KN046 combination can potentially offer a superior ORR and DOR, which may translate into a further improved overall survival benefit and enable a chemotherapy-free first-line therapy for urothelial cancer. If promising efficacy signals are observed in a majority of the selected indications, we plan to expand the basket trial into a pivotal trial.

Competition

To date, there are no approved anti-HER2 BsAbs on the global market. As of August 31, 2019, there were three and seven anti-HER2 BsAb candidates in clinical trials in China and the United States, respectively. A total of three out of these BsAb drug candidates have a dual HER2/HER2 blockade, including our KN026, Mabwork's MBS301 and Zymeworks's ZW25.

To date, the two most widely prescribed anti-HER2 mAbs on the market are trastuzumab and pertuzumab. The combination therapy of trastuzumab, pertuzumab and chemotherapy is the only approved HER2/HER2 dual blockade therapy and has demonstrated improved treatment efficacy over trastuzumab in combination with chemotherapy. The combination therapy of trastuzumab, pertuzumab and chemotherapy is approved for HER2 High metastatic breast cancer and as neoadjuvant/adjuvant treatments for HER2 High early breast cancer in the United States. In China, this combination therapy is approved only as the adjuvant or neoadjuvant treatment for HER2 High early breast cancer and is currently in phase III clinical trials for the treatment for HER2 High metastatic breast cancer. For approved anti-HER2 monospecific antibodies, see "—Current Anti-HER2 Antibody Drugs and Limitations." There are also a number of anti-HER2 monospecific antibody candidates in clinical trials or later stage, including certain biosimilar candidates of trastuzumab and pertuzumab in China and the United States.

Details of anti-HER2 BsAb drug candidates and major late-stage monospecific antibody candidates as of August 31, 2019 that may compete with our KN026 in China and the United States are set out in the following table.

Anti-HER2 BsAb Candidates

Drug candidate names	Company	Target(s)	Indications	Clinical stage	First posted date
PRC					
KN026	Alphamab	HER2/HER2	HER2-overexpressing GC/GEJ	Phase II	May-2019
			HER2 High breast cancer, GC/GEJ	Phase I	Aug-2018
MBS301	Beijing Mabworks Biotech Co., Ltd.	HER2/HER2	HER2 High breast cancer, GC	Phase I	Mar-2019
M802	Wuhan YZY Biopharma Co., Ltd.	HER2/CD3	HER2 High solid tumors	Phase I	Jul-2018
U.S.					
ZW25	Zymeworks	HER2/HER2	HER2 High GEJ	Phase II	Apr-2019
			HER2 High cancer	Phase I	Sep-2016
KN026	Alphamab	HER2/HER2	HER2 High breast cancer, GC/GEJ	Phase I	Feb-2019
MCLA-128	Merus	HER2/HR3	Breast cancer	Phase II (with trastuzumab)	Oct-2017
HER2 BATs	Merck	HER2/CD3	Breast cancer	Phase I/II (with pembrolizumab)	Sep-2016
PRS-343	Pieris Pharmaceuticals	HER2/CD137	HER2 High breast cancer, GC, bladder cancer, solid tumors	Phase I (with atezolizumab)	Aug-2018
			HER2 High breast cancer, GC, bladder cancer, solid tumors	Phase I	Nov-2017
GBR 1302	Glenmark Pharmaceuticals, Ltd	HER2/CD3	Breast cancer	Phase I/II	Jun-2019
			HER2 High solid tumors	Phase I	Jul-2016
BTRC4017A	Roche	HER2/CD3	Solid tumors	Phase I	Feb-2018

Anti-HER2 Monospecific Antibody Candidates[3] (Phase III or Later stage)

Drug candidate names	Company	Target(s)	Indications	Clinical stage	First posted date
PRC					
Perjeta (pertuzumab)/ Trastuzumab[1]	Roche	HER2/HER2	HER2 High GC	Phase III	Apr-2014
			HER2 High GC/GEJ	Phase III	Apr-2014
			HER2 High breast cancer	Phase III	Mar-2015
Herceptin (trastuzumab)/ Pertuzumab[2]		HER2/HER2	HER2 High breast cancer	Phase III	Feb-2016
Perjeta (pertuzumab)		HER2	HER2 High breast cancer	Phase III	Jan-2015
U.S.					
Perjeta (pertuzumab)/ Trastuzumab[1]	Roche	HER2/HER2	HER2 High breast cancer	Phase III	Dec-2007
			HER2 High GC/GEJ	Phase III	Jan-2013
MGAH22 (Margetuximab)	MacroGenics, Inc.	HER2	HER2 High breast cancer	Phase III	Jul-2015

Abbreviations: GC = gastric cancer, GEJ = gastroesophageal junction cancer.
(1) Including trials of Perjeta in combination with any drugs with the generic name of trastuzumab.
(2) Including trials of Herceptin in combination with any drugs with the generic name of pertuzumab.
(3) This table does not include biosimilar candidates of trastuzumab or pertuzumab.
Source: FDA; NMPA; CIC Report (As of August 31, 2019)

Compared with the combination of trastuzumab and pertuzumab, our KN026 has demonstrated a better potency against HER2 High cancers in pre-clinical studies. See "—Potential Advantages of KN026—Better potency than trastuzumab plus pertuzumab against HER2 High cancers." In addition, our KN026 has shown efficacy in other HER2-overexpressing cancers in addition to breast cancer and GC/GEJ.

Material Communications and Next Steps

We received an Umbrella IND approval for KN026 from the NMPA and an IND approval from the FDA in March 2018 and October 2018, respectively. We plan to conduct a number of clinical trials for different cancer indications in 2019 and 2020. To date, none of these authorities have raised any objections or material concerns with respect to the development of KN026.

CTLA-4 Fusion Protein Candidate – KN019

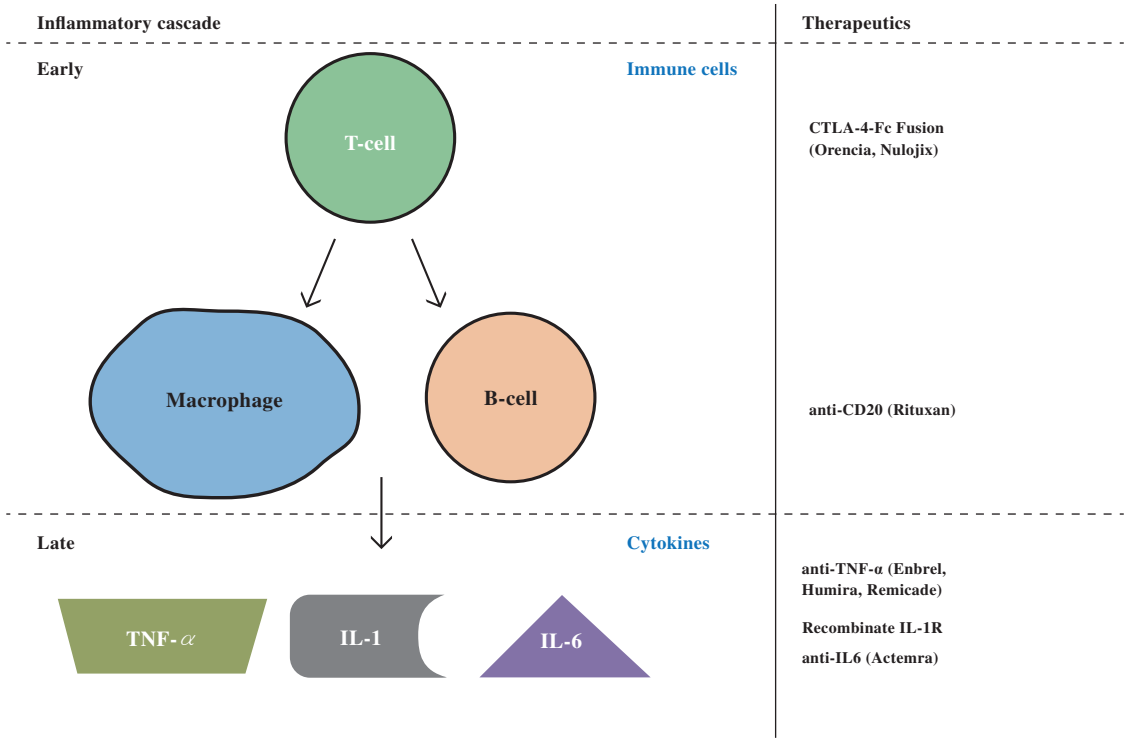
Overview

We are developing KN019, a CTLA-4-based immunosuppressant fusion protein drug candidate. KN019 functions at the early stage of T-cell activation and therefore may lead to efficient global downregulation of unwanted immune responses. Globally, the only two approved CTLA-4-Fc fusion proteins are Nulojix (belatacept) and Orencia (abatacept). Orencia is approved for RA, idiopathic arthritis and psoriatic arthritis with global sales of US$2.7 billion in 2018. Nulojix is an improved version of Orencia with higher potency and is approved for post-transplant kidney rejection. Our KN019 has the same amino acid sequence as belatacept. Belatacept has not been approved for marketing in China and we plan to develop

KN019 under the new drug pathway according to the NMPA regulations. Considering the immunosuppressant properties of KN019, it has potential broad applications in both autoimmune diseases and oncology treatment-induced immune disorders. We plan to start phase II trial of RA in August of 2019 and expand to oncology treatment-induced immune disorder indications in the future.

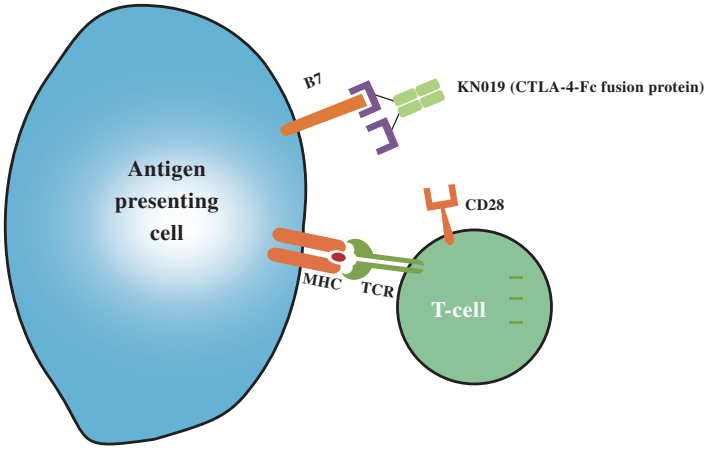
Mechanism of Action

Immunosuppressant drugs are a class of drugs that suppress or reduce the strength of the body's immune system to prevent it from attacking normal cells. Immunosuppression can be achieved by depleting immune cells, diverting immune cell traffic, or blocking immune response pathways. T-cells, a major type of immune cells, affect the upstream immune response process. The following diagram illustrates the different major lymphocytes and signals for activation and maintenance of immune responses.



Source: CIC Report

Our KN019 is a CTLA-4-Fc fusion protein, a biological immunosuppressant agent that blocks the T-cell response pathway. The stimulation of immunological response requires participation of signaling through the binding of B7 on APCs to CD28 on T-cells. CTLA-4 can compete with CD28 in binding to B7. Binding of B7 receptors to CTLA-4 results in an inhibitory signal to T-cells. KN019 blocks the specific interaction of B7 receptors to CD28, thereby prevents over-activation of the immune system. The following diagram illustrates the mechanism of action of our KN019 as an immunosuppressant.



* CTLA-4 can compete with CD28 in binding to B7. Binding of B7 receptors to CTLA-4 inhibits T-cell activation. KN019, as a CTLA-4-Fc fusion protein, binds to B7 to prevent over-activation of the immune system.

Positioning of KN019

With a focus on oncology biologics, we intend to develop KN019 into a supportive therapy to oncology treatments, especially immuno-oncology treatments. Oncology treatments may induce immune disorders, such as severe irAEs, GvHD and CRS, which can become life-threatening if not managed appropriately. KN019, as a CTLA-4-Fc fusion protein abrogating T-cell co-stimulation, could be an option for managing these conditions. Compared with certain immunosuppressant drugs that function at later stages of immune responses, KN019 functions at the early stage of T-cell activation and therefore may lead to efficient global downregulation of unwanted immune responses. KN019 specifically reverses the CTLA-4 pathway activated by immune checkpoint inhibition, and therefore we believe it has potential to reduce off-target side effects and achieve effective immunosuppression.

BMS's Orencia (abatacept) and Nulojix (belatacept) are the only two approved CTLA-4-Fc fusion proteins acting as T-cell immunosuppressant drugs worldwide. Currently, Nulojix (belatacept) is approved for prophylaxis of organ rejection in adults receiving a kidney transplant and Orencia (abatacept) is approved for RA, idiopathic arthritis and psoriatic arthritis. Our KN019 has the same amino acid sequence as Nulojix, an improved version of Orencia with higher potency. Therefore, considering the immunosuppressant properties of KN019, we plan to formulate a two-prong clinical strategy focusing on (i) RA indications such as RA and prophylaxis of post-transplant kidney rejection in the near term, and (ii) oncology treatment-induced immune disorders in the longer term. More specifically, we intend to develop KN019 drug into an oncology supportive therapy to treat oncology treatment-induced immune disorders, such as severe irAEs, GvHD and CRS.

Current Therapies of KN019's Indications in China

TNF-α Inhibitor Refractory RA

On the global market, different types of biologics can be used in RA patients previously treated with TNF-α inhibitors, including Orencia (abatacept, a CTLA-4-Fc fusion protein), Actemra (IL-6 inhibitor), Rituxan (CD20 inhibitor) and Kineret (IL-1 inhibitor). They have different mechanisms of action and no head-to-head comparisons have been made. In China, currently only Actemra is approved for TNF-α refractory RA treatment.

Indication for Post-transplant Kidney Rejection

In China, the current primary treatment for suppression of post-transplant kidney rejection are CNI drugs, such as cyclosporine regimens. However, CNI-based regimens may not adequately preserve the allograft function for an extended period due to side effects caused by long-term use.

Advantages of KN019

KN019 functions at the early stage of T-cell activation and enables efficient global downregulation of T-cell-mediated immune responses. Unlike broad-spectrum immunosuppressants which affect many types of immune cells and are associated with numerous adverse events, KN019 specifically inhibits the CD28-B7 pathway activated by immune checkpoint inhibitors, thus reversing adverse immune disorders triggered by immune checkpoint inhibitors, with limited off-target effects.

TNF-α Inhibitor Refractory RA

KN019 is an improved version of Orencia, a CTLA-4 fusion protein developed by BMS for the treatment of TNF-α inhibitor refractory RA. Compared with IL-6 inhibitors, we believe KN019 potentially has better efficacy because, unlike IL-6 inhibitors which only inhibit downstream signaling of IL-6, KN019 inhibits T-cell activation at early stages in the pathogenic cascade of RA.

Indication for Prophylaxis of Post-transplant Kidney Rejection

Belatacept has been approved for the treatment of post-transplant kidney rejection in the United States. A BMS study has shown that patients treated with belatacept have significantly higher long-term patient and graft survival than those treated with cyclosporine. In light of the high similarity of KN019 to belatacept, we believe KN019 can achieve comparable safety and efficacy.

CMC and Analytical Characterization

Our KN019 has an identical amino acid sequence to Nulojix (belatacept) of BMS. KN019 is a CTLA-4-Fc fusion protein candidate with complicated glycolysation. Certain important properties of belatacept, including pharmacokinetics, immunogenicity and stability are closely associated with the post-translational structure of proteins. Therefore, we have performed extensive analyses to confirm the comparability of KN019 and Nulojix with respect to their physicochemical and biological properties, including the following analyses.

Amino Acid Structure

The amino acid sequences and disulphide bonds are the core structure of a protein, and it is a fundamental aspect in demonstrating biosimilarity. We have conducted peptide mapping to compare the amino acid sequence and disulphide bonds of KN019 and belatacept (three lots of each). The highly similar spectra patterns indicate that KN019 has the same amino acid sequence and disulphide bond as belatacept.

Post Translational Modification

Protein glycosylation is a post-translational modification process that directly affects protein function. The presence of glycans can modify the structure (protein folding or accessibility to enzymes) or function directly. KN019 has glycosylation sites in both the CTLA-4 domain and the Fc region, and the glycosylation sites are occupied with complex mixture of different glycans. We released a mixture of glycans from each of KN019 and belatacept (three lots for each) enzymatically. The three lots of KN019 demonstrated similar patterns to the three lots of belatacept, in terms of types and content of glycans.

Pre-clinical Studies

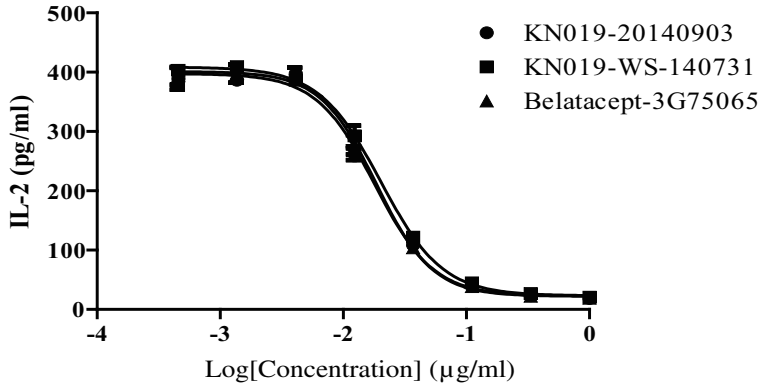
We have performed comprehensive pre-clinical studies on KN019 and the results indicated that KN019 is highly similar to Nulojix in bioactivity and PK.

Inhibition of Secretion of IL-2

Study purpose. The purpose of this study was to compare the inhibition effect on the T-cell activation by KN019 and belatacept in the Jurkat T-cell/Raji cell mixed lymphocytes reactions.

Study design. CTLA-4 binding to B7 inhibits proliferation and accumulation of the primary T-cell growth factor, IL-2. Jurkat T-cells were pre-incubated in the presence of anti-human CD3 in a plate. Two lots of KN019 and one lot of belatacept with various concentrations with a fixed concentration of Raji cell were added to Jurkat T-cells. After 24 hours, the secretion level of IL-2 was assessed. The inhibition activity of IL-2 was assessed in terms of EC_{50}.

Results. Both KN019 and belatacept had dose-dependent inhibition of secretion of IL-2. The inhibitory effect of KN019 was comparable to that of belatacept. The following graph shows the levels of IL-2 after administration of KN019 and belatacept.



(1) KN019-20140903 and KN019-WS-140731 are two lots of KN019 produced by us in-house. Belatacept is Nulojix purchased from BMS.

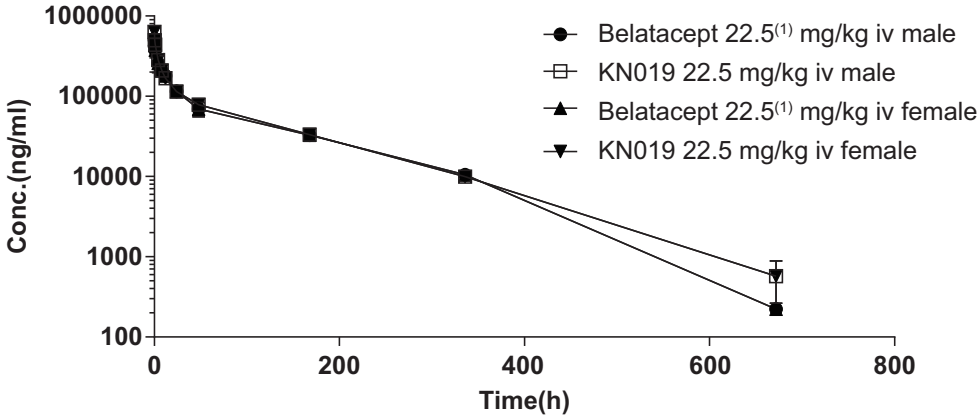
Source: IND Application File to NMPA

PK Profile

Study purpose. The purpose of this study was to determine the similarity in the PK profiles between KN019 and belatacept.

Study design. Four groups of cynomolgus monkeys were included in this study, each group had three females and three males. One group received a single dose of KN019 at 22.5 mg/kg, and another group received a single dose of belatacept at the same dosage. Blood sampling was performed at different time points up to 45 days after the dosage.

Results. The PK profiles in the pre-clinical study on cynomolgus monkeys of KN019 and belatacept were highly similar at the same dose level with no differences by gender. As illustrated in the graph below, after receiving a single dose at 22.5 mg/kg, there were no apparent differences in drug concentration between KN019 and belatacept at the same timing points throughout the study in female and male cynomolgus monkeys.



(1) Belatacept was Nulojix purchased from BMS.

Source: IND Application File to NMPA

Summary of Clinical Results

Phase I Clinical Trial Results (KN019-001)

We completed a phase I clinical trial of our KN019 as a single agent in healthy Chinese subjects in China (KN019-001) in January 2019.

Study purpose. The purpose of the phase I clinical trial was to evaluate the safety, tolerability and PK profile of KN019 in healthy subjects.

Study design. The phase I clinical trial was a double-blinded, placebo-controlled dose-escalation study. Subjects were randomly assigned into a KN019 group and a placebo control group at a ratio of approximately 4:1. The KN019 group received a single intravenous infusion of KN019 across five cohorts, including 0.5 mg/kg, 2.0 mg/kg, 5.0 mg/kg, 10.0 mg/kg and 20.0 mg/kg. The placebo control group received no drug. Safety was assessed by monitoring TEAEs.

Safety. The results showed that KN019 was generally safe and well tolerated in healthy subjects after a single intravenous infusion, and no relationship between the number of AEs and dose escalation was observed. 34 subjects were enrolled in the KN019-001 trial, with 27 subjects receiving KN019 across five cohorts and seven subjects assigned into the placebo control group. No infusion-related reactions or severe infection events were observed. Nine subjects experienced 17 drug-related AEs, all of which were grade 1. The most frequent drug-related AEs, were cough, white blood cells urine positive, and headache. No serious AEs were reported. There were no AEs causing subjects to withdraw from the study. Details of the AEs observed from all the 27 subjects receiving KN019 in the phase I clinical trial are summarized in the following table.

	KN019 Group						Placebo
AE categories[1]	**0.5 mg/kg (N=2)**	**2.0 mg/kg (N=3)**	**5.0 mg/kg (N=8)**	**10.0 mg/kg (N=8)**	**20.0 mg/kg (N=6)**	**Total (N=27)**	**group (N=7)**
				n (%)			
All AEs	0	2 (66.7%)	1 (12.5%)	3 (37.5%)	3 (37.5%)	9 (33.3%)	1 (14.3%)
AE, Grade ≥ 3	0	0	0	0	0	0	0
Drug-related AEs[2]	0	2 (66.7%)	1 (12.5%)	3 (37.5%)	3 (37.5%)	9 (33.3%)	1 (14.3%)
Drug-related AE, Grade ≥ 3	0	0	0	0	0	0	0
SAE	0	0	0	0	0	0	0
Drug-related SAE	0	0	0	0	0	0	0
Drug-related AE leading to death	0	0	0	0	0	0	0

(1) Reported under National Cancer Institute Common Terminology Criteria for Adverse Events version 4.03.

(2) The most frequent drug-related AEs (≥10%) were respiratory, thoracic, and mediastinal disorders (n=3, 11.1%), including cough, phlegmy cough and nasal congestion.

Source: Internal clinical trial data

PK/PD analysis. This trial analyzed receptor occupancy to see how KN019 binds to B7 and at which dose level this binding is optimal. The results showed B7 binding was inhibited by 50% with approximately 0.7 μg/ml of KN019. Additionally, maximum occupancy of B7 was achieved at approximately 70 μg/ml of KN019. The PK/PD analysis supports a Q4W dosing schedule.

PK profile. Linear PK was observed across dose levels between 2.0 mg/kg to 20.0 mg/kg, indicating that the PK profile of KN019 is dose-proportional. There were no characteristics or evidence of target-mediated drug disposition at lower serum antibody concentrations.

Conclusion. Our KN019 exhibited favorable safety and PK profiles and indicated good pharmacological effects in the phase I clinical trial in healthy subjects.

Clinical Trial Development Plan

The table below sets forth the details of our clinical trial development plan for our target indications of our KN019 for RA and post-transplant kidney rejection in China.

Trial No.	Indication	Planned trial stage	Type of therapy	Primary objectives/ endpoints	Secondary objectives/ endpoints	Planned size	(Expected) trial initiation date[1]	(Expected) trial completion date[2]	Expected BLA submission date	Status	Standard of care
KN019-001[3]	Not applicable	Phase I	Mono, intravenous formulation	Safety and tolerability	Evaluate PK and immunogenicity	27	December 2017	January 2019	Not applicable	Completed	Not applicable
KN019-201[4]	RA (targeting non-responders to TNF-α inhibitors)	Phase II	Mono, intravenous formulation	American college of rheumatology (ACR) criteria (standard criteria to evaluate the effectiveness of arthritis medications) at 24 weeks	Evaluate ACR criteria, HAQ-DI, DAS28-CRP, PK, immunogenicity, safety and tolerability	141	4Q 2019	August 2021	Not applicable	Preparation for initiation	Glucocorticoid, TNF-α inhibitors
KN019-002[5]	Not applicable	Bioavailability study	Mono, intravenous and subcutaneous formulation	PK	Evaluate safety and tolerability, and immunogenicity	32	1Q 2020	3Q 2020	Not applicable	Planning stage	Not applicable

Abbreviations: mono = monotherapy, HAQ-DI = Health Assessment Questionnaire – Disability Index, DAS28-CRP = Disease Activity Score 28-joint count C reactive protein.

(1) Denotes the date on which the first patient was enrolled.

(2) Denotes the date on which the last visit was made by the patient.

(3) A double-blinded, placebo-controlled dose-escalation trial in healthy subjects.

(4) A multi-center, open-label, single arm clinical trial.

(5) A bioavailability study in healthy subjects to switch the administration of KN019 from intravenous formulation to subcutaneous formulation.

We plan to register our KN019 for RA and post-transplant kidney rejection. For the RA indication, from the marketing perspective, our KN019 would primarily focus on patients with TNF-α refractory. See "—Positioning of KN019."

We have completed the KN019-001 trial in China. KN019 exhibited favorable safety and PK profile in this trial. See "—Summary of Clinical Results—Phase I Clinical Trial Results (KN019-001)." We plan to initiate a phase II clinical trial (KN019-201) in patients with RA through intravenous infusion commencing in the fourth quarter of 2019. As RA is a chronic autoimmune disease, the subcutaneous formulation is more convenient than intravenous administration for RA patients during a long-term treatment regimen, and can improve patient compliance and pharmacoeconomics benefits. In parallel with this phase II trial, we plan to conduct a bioavailability study (KN019-002) in healthy subjects in the first quarter of 2020 to switch the intravenous formulation to subcutaneous formulation for KN019 in preparation for the following trials for RA treatment and post-transplant kidney rejection, which are still in the planning stages.

Competition

There is no approved CTLA-4-Fc fusion protein for autoimmune diseases in China. Currently, KN019 and abatacept are the only two CTLA-4-Fc fusion protein candidates in the registration process in China. The following table sets forth the details of these two drug candidates.

Name	Developer	Development stage	Start of current stage	Indications	Route of entry
KN019	Alphamab	Phase I (completed)	January 2018	RA[(1)], post-transplant kidney rejection	Intravenous/ subcutaneous[(2)]
Abatacept	Jiangsu Simcere Pharmaceutical Co., Ltd./BMS	BLA	July 2018	RA	Subcutaneous

(1) Primarily focus on RA patients inadequately addressed by TNF-α inhibitors.

(2) Subcutaneous formulation will be applied in phase III clinical trials of KN019.

Source: NMPA; CIC Report (as of August 31, 2019)

For the RA indication, we expect our KN019 to have the same advantages of belatacept over abatacept. BMS conducted a pilot study to evaluate the safety, preliminary clinical activity and immunogenicity of multiple doses of abatacept and belatacept in subjects with RA. The study results showed that belatacept had a superior efficacy and safety profile for the RA indication compared to abatacept, especially in relatively lower dosages. KN019, with potentially comparable efficacy and safety profiles to belatacept, may have similar advantages over abatacept.

Indication for RA

In addition to abatacept, there are a number of approved drugs or drug candidates under development with indications covering TNF-α refractory RA. These drugs and drug candidates are differentiated by their targets, with each target representing a specific mechanism of action and potential advantages in addressing a specific cohort of RA patients. There have been no head-to-head comparisons made for these drugs. The following table sets forth information on these approved drugs and drug candidates as of August 31, 2019.

Approved Biologics for TNF-α Inhibitor Refractory RA in the PRC

Trade name (Generic name)	Company	Target	Route of entry	Date of approval
Actemra (tocilizumab)	Roche	IL-6	Intravenous	Mar-2013

Biologics Candidates for TNF-α Inhibitor Refractory RA in the PRC (Phase III or Later Stage)

Drug candidate name	Company	Target	Development stage	Route of entry	First posted date
Abatacept	Jiangsu Simcere Pharmaceutical Co., Ltd./BMS	B7	BLA	Subcutaneous	Jul-2018
RC18	RemeGen, Ltd.	BLyS/APRIL	Phase III	Subcutaneous	Nov-2016
Tocilizumab	Roche	IL-6	Phase III	Subcutaneous	Mar-2017
SM03	LonnRyonn Pharma Ltd.	CD22	Phase III	Intravenous	Dec-2017
HLX01	Shanghai Henlius Biotech, Inc.	CD20	Phase III	Intravenous	Aug-2018
BAT1806	Bio-Thera Solutions, Ltd	IL-6	Phase III	Intravenous	Feb-2019
CMAB806	Jinyu Bio-technology Co., Ltd.	IL-6	Phase III	Intravenous	Apr-2019
rhIL-1Ra	Changchun Institute of Biological Products Co., Ltd.	IL-1	Phase III	Intravenous	Apr-2019
LZM008	Livzon Biologics, Ltd.	IL-6	Phase III	Intravenous	May-2019

Source: NMPA; CIC Report (as of August 31, 2019)

Indication for Post-transplant Kidney Rejection

In addition to RA, we intend to pursue an indication for KN019 for post-transplant kidney rejection. There is no other T-cell suppressant CTLA-4 fusion protein approved or in the registration process for this indication in China except for KN019. Compared with CNI drugs, the current primary treatment, we expect our KN019 can potentially have better safety and efficacy results. See "—Advantages of KN019."

Material Communications and Next Steps

We received two IND approvals from the NMPA for KN019 for post-transplant kidney rejection and RA in June 2017 and September 2017, respectively. We are executing a comprehensive clinical trial development plan. To date, the NMPA has not raised any objections or material concerns with respect to KN019.

Anti-PD-L1 sdAb Candidate – KN035

Overview

We invented KN035 and currently are jointly developing it with 3DMed. KN035 is potentially the first subcutaneously injectable PD-L1 inhibitor worldwide. KN035 is being evaluated as a monotherapy and potentially in combination with other therapies in a number of clinical trials in China and overseas for an array of indications, including a phase II pivotal clinical trial for dMMR/MSI-H solid tumors and a phase III pivotal trial for BTC in China. The first BLA for KN035 is expected to be filed by the end of 2020 for dMMR/MSI-H solid tumors.

Under our partnership with 3DMed, 3DMed is responsible for clinical trials of KN035. We own the rights to manufacture and supply KN035 to 3DMed and are entitled to share the profits generated from KN035's global sales after its commercialization. See "—Our Collaboration Arrangements—Co-development Agreements with 3DMed."

Mechanism of Action

KN035 binds to PD-L1 and blocks it from binding to PD-1. For details of the PD-1/PD-L1 pathway and the blockade function, see "—Anti-PD-L1/CTLA-4 BsAb Candidate – KN046—Mechanism of Action."

KN035 is a monospecific antibody consisting of a sdAb and an Fc region. Due to the sdAb format, KN035 has half the molecular weight as compared to a full antibody, which enables it to have enhanced penetrability while possessing a full antigen-binding capacity. As such, we believe KN035 is an ideal building block for designing and producing multi-functional antibodies such as BsAbs. See "—Research and Development—Proprietary Platforms and Expertise—Single Domain Antibodies Used as an Alternative Scaffold." In addition, the Fc-mediated effector functions are muted in KN035 to limit its exposure to the immune system and avoid unwanted adverse immune responses.

Current Drugs and Limitations

As of the Latest Practicable Date, there were a total of six immune checkpoint inhibitors against PD-(L)1 in the global market, of which three target PD-1 and three target PD-L1. All six are monospecific antibodies. The three PD-1 inhibitors are BMS's Opdivo (nivolumab), Merck's Keytruda (pembrolizumab), and Sanofi S.A. and Regeneron Pharmaceuticals, Inc.'s Libtayo (cemiplimab). The three PD-L1 inhibitors are Roche's Tecentriq (atezolizumab),

Merck KGaA and Pfizer's Bavencio (avelumab) and AstraZeneca and MedImmune's Imfinzi (durvalumab). As of the same date, in China, there were five approved PD-(L)1 inhibitors, namely, BMS's Opdivo, Merck's Keytruda, Junshi's toripalimab, Innovent's Tyvyt (sintilimab) and Hengrui's camrelizumab. See "—Anti-PD-L1/CTLA-4 BsAb Candidate – KN046—Current Drugs and Limitations" and "Industry Overview—Overview of the Immune Checkpoint Inhibitor Market in the PRC and United States—Overview of PD-(L)1 Inhibitor Market in the PRC and United States—Competitive Landscape" for details.

All of these PD-(L)1 inhibitors are required to be administered intravenously. However, intravenous formulation is inconvenient for patients because it requires frequent infusion services. In addition, certain cancer patients may not be eligible for intravenous formulation due to limited vein access caused by long-term and numerous drug treatments. Moreover, intravenous formulation of macromolecule can cause a high plasma-drug concentration, which, although lasting a short period, can increase the risk of infusion-related reactions.

Subcutaneous formulation is currently not available for PD-(L)1 inhibitors due to difficulties in formulation development. For subcutaneous formulation, the volume for each injection is typically under 2ml, because otherwise patients may experience absorption issues and require auxiliary medication. In order to achieve a safe subcutaneous administration, the concentration of PD-(L)1 inhibitors should ideally be over 150.0 mg/ml, which is technically challenging. In addition, the subcutaneous formulation of macromolecule drugs generally result in relatively low bioavailability.

Advantages of KN035

Benefitting from the sdAb format, KN035 has half the molecular weight as compared to a full antibody with better stability and high solubility, which enables the development of high concentration formulation injections suitable for subcutaneous injection. As a result, compared with approved PD-(L)1 inhibitors, our KN035 potentially has the following advantages:

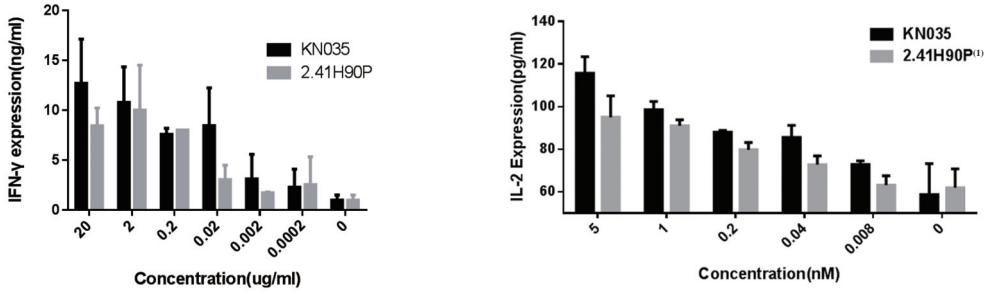
- *Better patient compliance with increased convenience*. Subcutaneous formulation enables quicker administration and self-injection, which is more convenient for patients in long-term care and enables better patient compliance with the treatment regimen;

- *Wider patient coverage*. Our KN035 could be used in patients who are not eligible for intravenous administration, such as elderly patients who are vulnerable to complications of intravenous fluid overload, patients who are heavily treated with chemotherapy resulting in vein shrinkage, and NSCLC/ESCC patients who are not suitable for intravenous administration shortly after radiotherapy; and

- *Relatively stable plasma-drug concentration*. The plasma-drug concentration of KN035 is relatively stable without significant fluctuations due to the nature of subcutaneous administration. Its different PK profile compared with intravenous formulation may lower risks to patients.

In addition, in pre-clinical studies, we compared our KN035 with durvalumab, the only approved PD-L1 inhibitor at the time, and KN035 showed the following potential advantages:

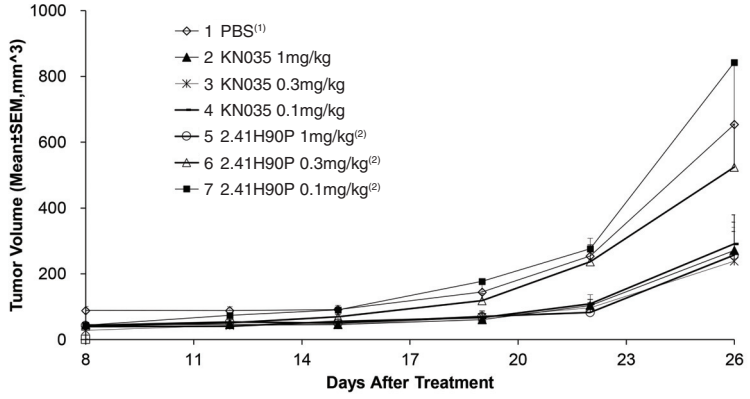
- *Stronger T-cell activation effect.* The level of T-cell activation can be measured by the secretion levels of IFN-γ and IL-2. Higher secretion levels are generally associated with stronger T-cell activation. In pre-clinical studies, our KN035 had a better stimulatory effect on IFN-γ and IL-2 secretion compared to durvalumab. See "—Pre-clinical Studies—^{89}Zr-KN035 Tumor Targeting and Biological Distribution in Tumor-bearing Mice." The following graphs illustrate the secretion levels of IFN-γ and IL-2 stimulated by KN035 and durvalumab.



(1) 2.41H90P was an in-house produced durvalumab with the same amino acid sequence as MedImmune's Imfinzi (durvalumab), and cloned using the 2.14H9 method.

Source: Investigator's Brochure (v.4.0) on KN035

- *Higher anti-tumor efficacy.* Each of KN035 and durvalumab was injected intraperitoneally in mice at 0.1 mg/kg, 0.3 mg/kg and 1.0 mg/kg dose levels. As illustrated in the following graph, our KN035 drug candidate showed stronger tumor growth inhibition effects than that of durvalumab at 0.3 mg/kg and 0.1 mg/kg.



(1) The control group was given PBS alone.

(2) 2.41H90P was an in-house produced durvalumab with the same amino acid sequence as MedImmune's Imfinzi (durvalumab), and cloned using the 2.14H9 method.

Source: Investigator's Brochure (v.4.0) on KN035

- *Quicker tumor penetration*. After injection of KN035 and durvalumab in tumor-bearing nude mice, tumor radioactivity signal was consistently higher in the KN035 group than the durvalumab group up to 52 hours post injection. The tumor radioactivity signal in the KN035 group at 1 hour and 2.5 hours was statistically significantly higher than that of durvalumab, which translates to potentially better biological distribution of KN035. See "—Pre-clinical Studies—^{89}Zr-KN035 Tumor Targeting and Biological Distribution in Tumor-bearing Mice."

Pre-clinical Studies

^{89}Zr-KN035 Tumor Targeting and Biological Distribution in Tumor-bearing Mice

The aim of this study was to investigate the *in vivo* bio-distributions of ^{89}Zr-KN035 and ^{89}Zr-durvalumab in melanoma-xenografted mouse models. A375-hPD-L1 was inoculated into mice subcutaneously. When the tumor size was larger than 100 mm^3, ^{89}Zr-KN035 (10.0 mg/kg) was injected through the tail vein into the transformed mice. At various time points post injection, whole body CT/MRI scans were performed on the mice, and the scan data were analyzed and used to calculate the uptake values of the radioactive material in each region of interest (ROI) on the mice. The tumor, heart, liver, kidney, brain and other organs were considered as ROI, and the distribution of ^{89}Zr-labeled durvalumab was also investigated side by side with KN035 for comparison. The injection amount of durvalumab was 18.4 mg/kg, the same molar amount as KN035. The results showed that following the injection of ^{89}Zr-KN035 and ^{89}Zr-durvalumab, the uptake value of radioactive material by the tumor increased. At all measured time points between 1 to 52 hours, the radioactive signals were higher in the KN035 group than in the durvalumab group, and the signals showed a significant difference between 1 to 2.5 hours. See "—Advantages of KN035—Quicker tumor penetration." We also have done other pre-clinical studies to evaluate safety and efficacy profiles of KN035, and KN035 exhibited comparable results to durvalumab.

Summary of Clinical Results

Phase I Dose Escalation Clinical Trial in China

An open-label, single-arm phase I dose escalation clinical trial of our KN035 has been completed in China. The safety and efficacy data of this trial was presented at the 2019 American Society of Clinical Oncology (ASCO) Annual Meeting in June 2019. Based on the data presented in the ASCO Annual Meeting ("**ASCO Presentation**"), 17 subjects were enrolled in this trial as of May 1, 2019.

Study purpose. The primary objectives of the phase I dose escalation clinical trial were to assess safety and tolerability profile and MTD of single agent KN035 administered subcutaneously in subjects with advanced solid tumors. The secondary objectives were to evaluate the PK profile, immunogenicity and the anti-tumor activities.

Study design. This trial adopted a modified "3+3" design with a DLT evaluation period of 28 days. Subjects received KN035 in six cohorts at 0.1 mg/kg, 0.3 mg/kg, 1.0 mg/kg, 2.5 mg/kg, 5.0 mg/kg and 10.0 mg/kg QW subcutaneously. One patient was planned for the 0.1 and 0.3 mg/kg cohorts in absence of treatment-related grade 2 AE. Starting from the 1.0 mg/kg cohort, a traditional "3+3" design was followed. Safety and tolerability would be assessed by monitoring TEAEs. Tumor assessments would be performed based on RECIST version 1.1.

Safety. According to the ASCO Presentation, 17 subjects were enrolled across all the six dose levels as of May 1, 2019. The majority of the subjects received two or more prior systemic oncology treatment. According to the ASCO Presentation, 16 of the subjects had discontinued treatment due to disease progression (n=15) or consent withdrawal (n=1). All of the enrolled subjects experienced TEAEs. 13 (76.5%) experienced treatment-related TEAEs. Three (17.6%) subjects experienced serious TEAEs, although none were determined to be treatment-related. One TEAE led to treatment discontinuation of three subjects but was also determined to be not treatment-related. No DLT was reported and MTD was not reached. Details of the TEAEs observed from the 17 subjects enrolled in the phase I dose escalation study are summarized in the following table.

TEAE categories[(1)]	**n (%) (N=17)**
AE	17 (100%)
Any TEAE	17 (100%)
TEAE, Grade ≥ 3	7 (41.2%)
Treatment-related TEAE[(2)]	13 (76.5%)
Treatment-related TEAE, Grade ≥ 3[(3)]	1 (5.9%)
SAEs	3 (17.6%)
Treatment-related SAEs	0
IrAEs	1 (5.9%)
IrAEs, Grade ≥ 3[(3)]	1 (5.9%)
TEAE leading to permanent treatment discontinuation	1 (5.9%)
Treatment-related TEAE leading to permanent treatment discontinuation	0
TEAE leading to death	0
Treatment-related TEAE leading to death	0

(1) Reported under National Cancer Institute Common Terminology Criteria for Adverse Events v. 4.03.

(2) The most frequent treatment-related TEAEs (all grades ≥ 10%) included increased alanine aminotransferase (n=6, 35.3%), increased aspartate aminotransferase (n=6, 35.3%), dermatitis/rash (n=3, 17.6%), blood bilirubin increased (n=3, 17.6%), injection site reaction (n=2, 11.8%).

(3) An immune-related dermatitis that occurred in the 0.3 mg/kg cohort. The subject recovered completely after the study drug was withheld.

Source: Phase I Study of KN035, the First Subcutaneous Administered, Novel Fusion Anti-PD-L1 Antibody in Patients with Advanced Solid Tumors in China, Abstract No. 2608, Poster No. 252, 2019 American Society of Clinical Oncology (ASCO) Annual Meeting

Efficacy. According to the ASCO Presentation, 15 out of 17 subjects were evaluable patients for the efficacy analysis. Three subjects had confirmed PR, including one RCC subject in the 2.5 mg/kg cohort, one intrahepatic cholangiocarcinoma subject from the 5.0 mg/kg cohort and one BTC subject from the 10.0 mg/kg cohort. In addition, five subjects achieved SD. All 15 subjects completed at least one post-baseline tumor assessments, according to the ASCO Presentation. Two enrolled subjects who had not reached the first post-baseline tumor assessment were excluded.

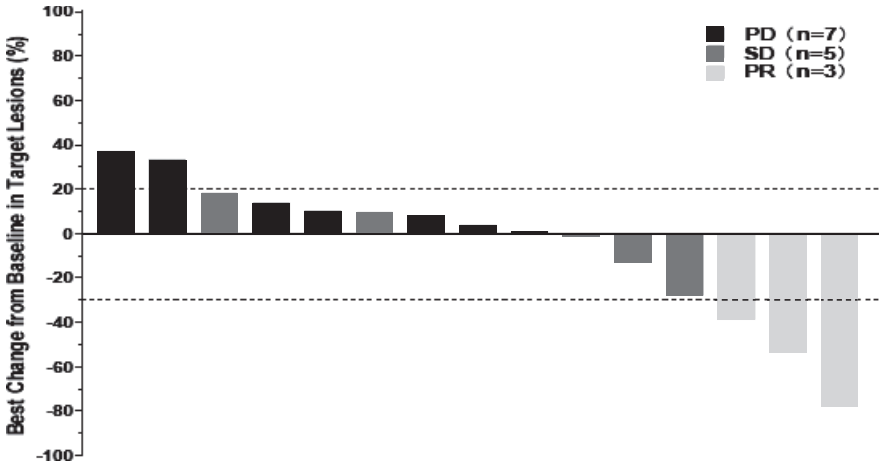
The table below summarizes the best overall response in the efficacy analysis of this trial, according to the ASCO Presentation.

Response	0.1 mg/kg (N=1)	0.3 mg/kg (N=2)	1.0 mg/kg (N=3)	2.5 mg/kg (N=3)	5.0 mg/kg (N=3)	10.0 mg/kg (N=3)	Total (N=15)
				n (%)			
CR	0	0	0	0	0	0	0
PR	0	0	0	1	1	1	3 (20.0%)
SD	0	0	2	2	1	0	5 (33.3%)
PD	1	2	1	0	1	2	7 (46.7%)
CR+PR	0	0	0	1	1	1	3 (20.0%)
DCR (CR+PR+SD)	0	0	2	3	2	1	8 (53.3%)

Abbreviations: CR=complete response, PR=partial response, SD=stable disease, PD=progressive disease, DCR=disease control rate.

Source: Phase I Study of KN035, the First Subcutaneous Administered, Novel Fusion Anti-PD-L1 Antibody in Patients with Advanced Solid Tumors in China, 2019 American Society of Clinical Oncology (ASCO) Annual Meeting

The following waterfall plot shows the best overall response of the 15 evaluable subjects receiving KN035 as measured by percentage of change of target lesions from baseline.



Abbreviations: PD=progressive disease, SD=stable disease, PR=partial response.

Source: Phase I Study of KN035, the First Subcutaneous Administered, Novel Fusion Anti-PD-L1 Antibody in Patients with Advanced Solid Tumors in China, 2019 American Society of Clinical Oncology (ASCO) Annual Meeting

Conclusion. According to the ASCO Presentation, KN035 exhibited a tolerable safety profile and preliminary efficacy in patients with advanced malignancies. Based on these results, it is believed that further clinical development of our KN035 is warranted.

Phase I Dose Escalation Clinical Trial in the United States

An open-label, single-arm phase I dose escalation clinical trial of our KN035 has been completed in the United States. The safety and efficacy data of this trial was presented at the 2018 Annual Congress of the European Society for Medical Oncology (ESMO) in October 2018. Based on the data presented in the ESMO (the "**ESMO Presentation**"), 18 subjects were enrolled in this trial as of July 5, 2018.

Study purpose. The primary objectives of the phase I dose escalation clinical trial were to evaluate and characterize the tolerability and safety profile of single agent KN035 in subjects with locally advanced or metastatic solid tumors. The secondary objectives were to characterize the PK profile, determine MTD and to evaluate the anti-tumor activities.

Study design. This trial adopted a modified "3+3" design with the DLT evaluation period of 28 days. Subjects received KN035 across eight cohorts at 0.01 mg/kg, 0.03 mg/kg, 0.1 mg/kg, 0.3 mg/kg, 1.0 mg/kg, 2.5 mg/kg, 5.0 mg/kg and 10.0 mg/kg QW subcutaneously. One patient was planned for the 0.01, 0.03 and 0.1 mg/kg cohorts in absence of treatment-related grade 2 AE. Starting from the 0.3 mg/kg cohort, traditional "3+3" design was followed. Safety and tolerability would be assessed by monitoring TEAEs. Tumor assessments would be performed based on RECIST version 1.1.

Safety. According to the ESMO Presentation, 18 subjects with various types of solid tumors were enrolled across all eight dose levels as of July 5, 2018. The median duration of exposure to KN035 was 9 weeks with a range of 6 to 32 weeks. As of the same date, two of the subjects (11.1%) remained in the study, 11 subjects had discontinued treatment due to disease progression, three subjects had discontinued treatment due to TEAEs, and two subjects had discontinued treatment due to the opinion of the investigator that no more clinical benefit could be obtained or other reasons. All of the 18 enrolled subjects experienced TEAEs. Treatment-related TEAEs at grade 3 or above include increased aspartate aminotransferase (10.5%), increased alanine aminotransferase (10.5%) and lymphopenia (10.5%). No DLT was observed and the planned maximum dose of 10.0 mg/kg has been reached.

Efficacy. According to the ESMO Presentation, 17 out of 18 subjects were evaluable patients for the efficacy analysis. Two subjects had confirmed PR, including one NSCLC subject from the 0.3 mg/kg QW cohort (response duration of 9 months) and one MSI-H prostate cancer subject from the 2.5 mg/kg QW cohort (ongoing duration of 10 months). In addition, five subjects had achieved SD. All 17 evaluable subjects had completed one post-baseline tumor assessments according to the ESMO Presentation. One enrolled subject who had not reached the first post-baseline tumor assessment was excluded. The table below summarizes the best overall response in the efficacy analysis of this trial according to the ESMO Presentation.

	0.01 mg/kg weekly (N=1)	0.03 mg/kg weekly (N=1)	0.1 mg/kg weekly (N=1)	0.3 mg/kg weekly (N=3)	1.0 mg/kg weekly (N=3)	2.5 mg/kg weekly (N=3)	5.0 mg/kg weekly (N=3)	10.0 mg/kg weekly (N=3)	Total (N=18)
	n (%)	*n (%)*	*n (%)*	*n (%)*	*n (%)*	*n (%)*	*n (%)*	*n (%)*	*n (%)*
CR	0	0	0	0	0	0	0	0	0
PR	0	0	0	1 (33.3)	0	1 (33.3)	0	0	2 (11.1)
SD	0	1 (100)	0	1 (33.3)	1 (33.3)	0	1 (33.3)	1 (33.3)	5 (27.8)
PD	1 (100)	0	1 (100)	0	2 (66.7)	2 (66.7)	2 (66.7)	1 (33.3)	9 (50.0)
NE	0	0	0	0	0	0	0	1 (33.3)	1 (5.6)
CR+PR	0	0	0	1 (33.3)	0	1 (33.3)	0	0	2 (11.1)
DCR: (CR+PR+SD)	0	1 (100)	0	2 (66.7)	1 (33.3)	1 (33.3)	1 (33.3)	1 (33.3)	7 (38.9)

Abbreviations: CR=complete response, PR=partial response, SD=stable disease, PD=progressive disease, NE=not evaluable, DCR=disease control rate.

Source: *Phase I Study of KN035, A Novel Fusion Anti-PD-L1 Antibody Administered Subcutaneously in Patients with Advanced Solid Tumors in the USA, 2018 Annual Congress of the European Society for Medical Oncology (ESMO)*

PK profile. This study showed that the exposure to KN035 was dose-dependent and increased proportionally across all eight dose levels. Average half-life (t1/2) of KN035 was approximately 200 hours.

Conclusion. According to the ESMO Presentation, KN035 exhibited a favorable safety profile in subjects with advanced solid tumors and preliminary efficacy results demonstrated encouraging anti-tumor activities.

Phase I Clinical Trial in Japan

An open-label phase I clinical trial of KN035 is being conducted in Japan. The safety, efficacy and PK data of this trial as of the May 5, 2019 was presented at 2019 American Society of Clinical Oncology (ASCO) Annual Meeting in June 2019. Based on the data presented in the ASCO Annual Meeting (the "**Japan Trial ASCO Presentation**"), 26 subjects were enrolled in this trial as of May 5, 2019.

Study purpose. The primary objectives of the phase I clinical trial were to assess safety and tolerability profile of single agent KN035 in Japanese subjects with previously treated advanced solid tumors. The secondary objectives were to characterize the PK profile, determine MTD and to evaluate the anti-tumor activities.

Study design. This phase I trial consisted of a multi-dose escalation phase followed by a dose expansion phase. Subjects received KN035 across five cohorts at 1.0 mg/kg, 2.5 mg/kg and 5.0 mg/kg QW subcutaneously, and 2.5 mg/kg and 5.0 mg/kg Q2W subcutaneously. The QW schedule adopted a traditional "3+3" design. For the Q2W schedule, six patients were planned for each cohort. Safety and tolerability would be assessed by monitoring TEAEs under CTCAE v. 4.0. Tumor assessments would be performed based on RECIST version 1.1. Full PK sampling was performed after the first dose of cycle 1 (28 days) and sparse PK samples were collected at pre-dose and around C_{max} during the subsequent cycles.

Safety. According to the Japan Trial ASCO Presentation, 26 subjects were enrolled across five dose levels as of May 5, 2019. No MTD was reached. As of the same date, three subjects had remained in the study. 21 subjects had discontinued treatment due to disease progression and two subjects had discontinued treatment due to TEAE. All of the enrolled subjects experienced TEAEs, 17 subjects (65.4%) experienced treatment-related TEAEs, and only one grade 3 treatment-related TEAE (cerebral infraction) was reported. There were no grade 4/5 treatment-related TEAEs. There were a total of four SAEs, and two were treatment-related SAEs. No DLT was reported.

Efficacy. According to the Japan Trial ASCO Presentation, nine out of 26 subjects were evaluable patients for the efficacy analysis. Two subjects had confirmed PR and subjects had unconfirmed PR. The other five evaluable subjects had achieved SD. 17 enrolled subjects who had not reached the first post-baseline tumor assessment were excluded.

PK profile. In the dose escalation phase, the exposure to KN035 was dose-dependent and increased proportionally. T_{max} varied from 96 to 168 hours after a single dose as shown in Figure 1 below. In the dose expansion phase, the exposure to KN035 was dose-dependent and increased proportionally. T_{max} varied from 96 to 120 hours after a single dose as shown in Figure 2 below. Preliminary PK suggested a prolonged half-life that would support a less frequent dosing schedule.

Figure 1: Pharmacokinetics (Escalation Part)

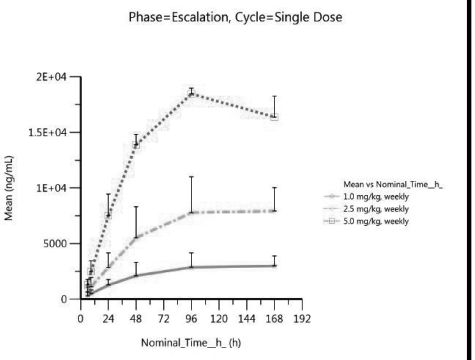
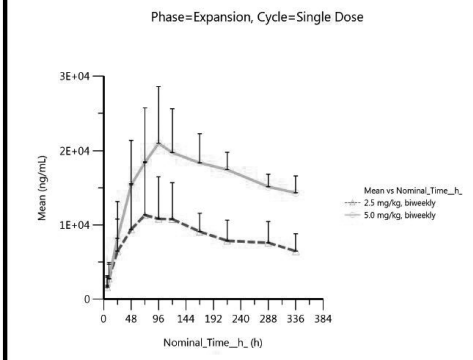


Figure 2 : Pharmacokinetics (Expansion Part)



Source: Phase I Study and Pharmacokinetic Study of KN035, the First Subcutaneous Administered, Novel Fusion Anti-PD-L1 Antibody in Japanese Patients with Advanced Solid Tumors, 2019 American Society of Clinical Oncology (ASCO) Annual Meeting

Conclusion. KN035 exhibited a favorable safety profile in patients with advanced malignancies and preliminary efficacy results demonstrated promising anti-tumor activities.

Clinical Trial Development Plan

We collaborate with 3DMed on a broad development program targeting a number of strategically selected indications in China, the United States, Japan and other countries, to support regulatory submissions for multiple indications both in China and other countries. Under the Co-development Agreements, 3DMed is responsible for the clinical trials and commercialization of KN035. 3DMed led the formulation of the clinical trial plan for KN035 and selected non-PRC jurisdictions, including the U.S. and Japan, based on its commercialization strategy. Japan and the United States are members of the ICH. A multi-regional clinical trial conducted in ICH member countries is expected to lower operational costs in light of the consistency of general rule requirements. Moreover, the subjects in clinical trials conducted in Japan and China are of East Asian ethnicity, and therefore clinical trial data from one country could be leveraged to support clinical trials and accelerate the clinical development process in the other country. The clinical trials carried out by 3DMed include: (i) phase I clinical trials in China of KN035 as a first-line monotherapy for advanced solid tumors and HCC, (ii) an exploratory phase II clinical trial in China of KN035 as a first-line therapy in combination with chemotherapy for gastric cancer, (iii) a phase III clinical trial of KN035 in China as a first-line therapy in combination with chemotherapy for BTC, (iv) a phase II pivotal clinical trial of KN035 in China as a second-line or later-line monotherapy for MSI-H colorectal carcinoma tumors and dMMR non-colorectal cancers, (v) a phase I clinical trial of KN035 in the United States as a monotherapy for locally advanced or metastatic solid tumors, and (vi) a phase I clinical trial of KN035 in Japan as a monotherapy for advanced solid tumors. The first BLA for KN035 is expected to be filed by the end of 2020 for dMMR/MSI-H solid tumors.

Competition

As of the Latest Practicable Date, there were a total of six PD-(L)1 inhibitors in the global market outside China, of which three target PD-1 and three target PD-L1. As of the same date, five PD-1 inhibitors were approved in China and no PD-L1 inhibitor was available. As of August 31, 2019, there were 21 PD-(L)1 inhibitor candidates registered with the NMPA, of which there were two at BLA stage and ten in phase III clinical trials. As of the same date, there were eight PD-(L)1 inhibitor candidates in phase III clinical trials in the United States. The following table sets out details of approved PD-(L)1 inhibitors in China and the United States as of August 31, 2019.

Trade name (Generic name)	Company	Immune checkpoint	Number of indications	Indications	Treatment line	Date of approval
PRC						
Opdivo (nivolumab)	BMS	PD-1	1	EGFR/ALK negative locally advanced or metastatic NSCLC	2L	Jun-2018
Keytruda (pembrolizumab)	Merck	PD-1	2	Unresectable or metastatic melanoma	2L	Jun-2018
				EGFR/ALK negative metastatic non-squamous non-small cell lung cancer	1L (with chemo)	Mar-2019
Tuoyi (toripalimab)	Junshi	PD-1	1	Unresectable, metastatic malignant melanoma	≥2L	Dec-2018
Tyvyt (sintilimab)	Innovent	PD-1	1	Refractory Hodgkin's lymphoma	3L	Dec-2018
Ailituo (camrelizumab)	Hengrui	PD-1	1	Refractory Hodgkin's lymphoma	3L	May-2019
U.S.						
Opdivo (nivolumab)	BMS	PD-1	9	Unresectable or metastatic melanoma	2L	Dec-2014
				Metastatic non-small cell lung cancer	2L	Oct-2015
				Advanced renal cell carcinoma	2L	Nov-2015
				Classical Hodgkin lymphoma	≥3L	May-2016
				Recurrent or metastatic squamous cell carcinoma of the head and neck	2L	Nov-2016
				Locally advanced or metastatic urothelial carcinoma	2L	Feb-2017
				MSI-H or dMMR metastatic colorectal cancer	2L	Aug-2017
				Hepatocellular carcinoma	2L	Sep-2017
				Metastatic small cell lung cancer	3L	Aug-2018
Keytruda (pembrolizumab)	Merck	PD-1	13	Unresectable or metastatic melanoma	1L	Sep-2014
				Metastatic NSCLC	1L (mono or with chemo)	Oct-2015
				Recurrent or metastatic HNSCC	1L	Aug-2016
				Refractory cHL	≥3L	Mar-2017

Trade name (Generic name)	Company	Immune checkpoint	Number of indications	Indications	Treatment line	Date of approval
				Locally advanced or metastatic urothelial carcinoma	2L	May-2017
				Unresectable or metastatic, MSI-H or dMMR solid tumors or colorectal cancer	≥3L	May-2017
				Recurrent locally advanced or metastatic gastric or gastroesophageal junction adenocarcinoma	≥3L	Sep-2017
				Refractory PMBCL	3L	Jun-2018
				Recurrent or metastatic cervical cancer	1L	Jun-2018
				Hepatocellular carcinoma	2L	Nov-2018
				Locally advanced or metastatic Merkel cell carcinoma	1L	Dec-2018
				Adjuvant treatment melanoma with involvement of lymph node(s)	adjuvant	Feb-2019
				Advanced RCC	1L (with Axitinib)	Apr-2019
				Metastatic SCLC	>2L	Jun-2019
				Recurrent locally advanced or metastatic squamous cell carcinoma (esophageal cancer)	>2L	Jul-2019
Libtayo (cemiplimab)	Regeneron Pharmaceuticals, Inc./Sanofi S.A.	PD-1	1	Locally advanced or metastatic CSCC	2L	Sep-2018
Tecentriq (atezolizumab)	Roche/ Genentech	PD-L1	5	Locally advanced or metastatic urothelial carcinoma	2L	May-2016
				Metastatic non-small cell lung cancer	2L	Oct-2016
				EGFR/ALK negative metastatic non-squamous non-small cell lung cancer	1L (with Bevacizumab)	Dec-2018
				Locally advanced or metastatic triple-negative breast cancer	1L (with chemo)	Mar-2019
				Extensive-stage small cell lung cancer	1L (with chemo)	Mar-2019
Bavencio (avelumab)	Merck KGaA/Pfizer	PD-L1	3	Metastatic Merkel cell carcinoma	2L	Mar-2017
				Locally advanced or metastatic urothelial carcinoma	2L	May-2017
				Advanced renal cell carcinoma	1L (with chemo)	May-2019
Imfinzi (durvalumab)	AstraZeneca/ MedImmune	PD-L1	2	Locally advanced or metastatic urothelial carcinoma	2L	May-2017
				Unresectable, Stage III non-small cell lung cancer	2L	Feb-2018

Abbreviations: 1L = first-line; 2L = second-line, 3L = third-line; mono = monotherapy, chemo = chemotherapy, NSCLC = non-small cell lung cancer, RCC = renal cell carcinoma, EGFR = epidermal growth factor receptor, ALK = anaplastic lymphoma kinase, MSI-H = high microsatellite instability, dMMR = DNA mismatch repair, CSCC = cutaneous squamous cell carcinoma, PMBCL = primary mediastinal large B-cell lymphoma, cHL = classical hodgkin lymphoma, HNSCC = head and neck squamous cell carcinoma.

Source: NMPA; FDA; CIC Report (as of August 31, 2019)

Among all of the approved PD-(L)1 inhibitors or drug candidates in China, our KN035 is the only one that can be subcutaneously administered, which is a more convenient administration form for patients that enables improved patient compliance and wider patient coverage. In addition, with the indication for dMMR/MSI-H solid tumors, our KN035 is potentially the first pan-cancer PD-L1 inhibitor to be approved in China. We believe KN035 has the potential to be the first PD-(L)1 inhibitor to be approved for BTC in China.

Material Communications

KN035 obtained IND approval for oncology treatment from the NMPA, the FDA and the Pharmaceuticals and Medical Devices Agency in Japan in December 2016, November 2016 and May 2017, respectively. In preparation the relevant IND filings, we are working with 3DMed on communications with relevant authorities about KN035 and did not have material communications with the relevant authorities. To date, none of these authorities have raised any objections or material concerns with respect to the development of KN035.

OUR COLLABORATION ARRANGEMENTS

Co-development Agreements with 3DMed

In February 2016, we entered into the initial Co-development Agreement with 3DMed for KN035.

Under the Co-development Agreements, we agree to co-own the patent rights under a PCT application and its multiple national phase applications (including the ones in China and the United States) covering the molecule of KN035 with 3DMed (the "**Patent Rights**"). 3DMed's ownership interests to the Patent Rights is limited to oncology treatment and can only be used for KN035 or drugs using KN035 as a component, excluding BsAbs, multi-functional antibodies, fusion proteins and other derivative antibodies.

Under the Co-development Agreements, we are responsible for, among other things, completing CMC studies and pre-clinical studies and manufacturing KN035 samples for clinical trials at our own cost, while 3DMed is responsible for, among other things, designing, conducting and monitoring clinical trials and trial data, reviewing registration filings, and conducting global commercialization of KN035 at its own cost. 3DMed is entitled to obtain the new drug certificate and would have exclusive commercialization rights for KN035 worldwide. We jointly prepared IND documents and expect to jointly prepare BLA documents for KN035. We are entitled to apply for and obtain the GMP certificate to manufacture KN035. We own the rights to manufacture and supply KN035 to 3DMed. During the clinical stage, we will supply KN035 drug samples for free. After KN035 enters the commercialization stage, we will supply KN035 to 3DMed on a cost-plus basis.

Under the Co-development Agreements, we were eligible to receive an upfront payment of RMB10 million, which had been paid as of the Latest Practicable Date and was recognized as contract liabilities in our consolidated balance sheet. See "Financial Information—Description of Certain Consolidated Statement of Financial Position Items—Contract Liabilities." Our ownership in KN035 is adjusted based on achievement of certain milestones. Upon the signing of the Co-development Agreements and receipt of the upfront payment, we owned a 90% interest in KN035 and 3DMed owned the remaining 10% interest in KN035. Upon KN035 receiving approval for oncology treatment from the NMPA or the FDA, we would be entitled to 49% interest in KN035, and 3DMed would own a 51% interest in KN035. Upon the approval and commercialization of KN035, we would be entitled to 49% of the profit before tax generated from the sales of KN035 in China, and based on 3DMed's cost control performance as agreed under the Co-development Agreements, the profit before tax allocation would be further adjusted among both parties. We would not bear the operating losses, if any, caused by the commercialization of KN035.

The Co-development Agreements can be terminated in the following situations: (i) if a contracting party breaches the agreements, (ii) if the obligations under the Co-development Agreements cannot be performed due to force majeure, or (iii) if a party fails to perform its obligations related to the intellectual property rights.

Collaboration Agreement with Sunshine Lake

In January 2019, we entered into a collaboration agreement (the "**Sunshine Lake Agreement**") to jointly develop an anti-tumor combination therapy (the "**Anti-tumor Combination Therapy**") with Sunshine Lake. Under the Sunshine Lake Agreement, both parties have agreed to cooperate in the development, manufacturing and commercialization of the Anti-tumor Combination Therapy indicated for human HCC in China based on two drug candidates, namely Sunshine Lake's CT-053 (an anti-tumor small-molecule drug candidate at clinical stage) and our KN046. In accordance with the Sunshine Lake Agreement, we and Sunshine Lake have established a joint steering committee with equal representation from each party to coordinate, oversee and make decisions in relation to the development, commercialization and manufacturing of the Anti-tumor Combination Therapy globally.

The collaboration consists of two stages. The first stage started from the effective date of the Sunshine Lake Agreement and continues to the completion date of the phase I clinical trial of the Anti-tumor Combination Therapy. The second stage starts after the first stage and ends at the end of 15 years after any BLA approval of the Anti-tumor Combination Therapy. Under the Sunshine Lake Agreement, for the first stage, both parties are jointly responsible for applying for the IND approval, formulating clinical plans and conducting phase I clinical trials of the Anti-tumor Combination Therapy. Sunshine Lake is generally responsible for all research and development prior to the phase II clinical trial. The manner of collaboration for phase II and phase III clinical trials will depend on then-available clinical results, and the allocation of responsibilities for research and development during the phase II and phase III clinical trials between both parties will be determined by supplemental agreements.

Under the Sunshine Lake Agreement, both parties are jointly responsible for registration regulatory filings and commercialization of the Anti-tumor Combination Therapy. The allocation of sales revenue at commercialization stage will be determined based on the allocation of research and development expenses incurred during clinical trials of the Anti-tumor Combination Therapy.

In addition, each party is responsible for the supply of its own drug at its own cost, and each party can only use the other party's drug solely for the purpose of developing the Anti-tumor Combination Therapy. The information and data (including drug safety data) from the phase I clinical trial will be owned by Sunshine Lake, and we will have free access to such information and data. The ownership of information and data (including drug safety data) after phase I will be determined by supplemental agreements. Each party maintains ownership of intellectual property rights in its own drug candidate. Both parties will jointly own the right to out-license the Anti-tumor Combination Therapy, if such therapy approved.

Neither party is obligated to pay upfront payments, milestone payments, or royalty fees under this agreement. We did not make or receive any payment pursuant to the Sunshine Lake Agreement during the Track Record Period.

The term of this agreement is from the effective date of the Sunshine Lake Agreement and will terminate fifteen years after the BLA for the Anti-tumor Combination Therapy is approved. The Sunshine Lake Agreement can be terminated (i) by mutual consent, (ii) in the event of a material breach or insolvency, or (iii) by the occurrence of a force majeure event.

Non-exclusive Licensing Agreements with Suzhou Dingfu

Suzhou Dingfu is primarily engaged in the research and development of immunotherapy antibody drugs, and was held as to 70% by Suzhou Alphamab and 30% by Mr. Fu Yang-Xin, an Independent Third Party, at the time of its establishment. After its registered capital increase in September 2016, Suzhou Dingfu was held by Suzhou Alphamab, Mr. Xue Chuanxiao (薛傳校), Mr. ZHANG Xitian (張喜田) and Mr. Fu Yang-Xin as to 37%, 16.5%, 16.5% and 15%, respectively. Dr. Xu also held 15% of the equity interests in Suzhou Dingfu as a nominee for and on behalf of certain employees of Suzhou Dingfu under an employee incentive scheme from September 2016 and were later transferred to Mr. ZHANG Xitian in September 2018. Upon completion of such transfer and other equity interest transfers among the shareholders of Suzhou Dingfu, the considerations of which were determined with reference to the price proposed by other potential third party buyers, Suzhou Dingfu is held as to 50% by Mr. ZHANG Xitian and 50% by Mr. Xue Chuanxiao, respectively, each of whom is an angel investor of Suzhou Alphamab. Suzhou Dingfu has a product pipeline with over 15 candidates including monoclonal antibodies, fusion proteins and diagnostic reagent. The unaudited revenue of Suzhou Dingfu for the year ended December 31, 2018 was approximately RMB5.6 million, and net loss was approximately RMB27.5 million. Its unaudited total asset was approximately RMB9.4 million and net asset value was approximately RMB8.8 million as of December 31, 2018. Dr. Xu and Ms. Liu Yang previously held certain positions in Suzhou Dingfu. Please see "Directors and Senior Management—Board of Directors—Executive Directors" for details.

In April 2016, Suzhou Alphamab and Suzhou Dingfu entered into a non-exclusive licensing agreement (together with the supplemental agreements entered into in March 2018 and in March 2019, the "**Non-exclusive Licensing Agreement**"). In March 2018, Suzhou Alphamab and Suzhou Dingfu also entered into a patent implementation and licensing agreement (together with the supplemental agreement entered into in February 2019, the "**Patent Implementation and Licensing Agreement**"). We became a party to the Non-exclusive Licensing Agreement and the Patent Implementation and Licensing Agreement pursuant to the supplemental agreements entered into in March 2019 and February 2019, respectively.

Under the Non-exclusive Licensing Agreement, Suzhou Dingfu has granted a non-exclusive, royalty-free license for a DF004 full human antibody patent to us to research, develop, manufacture and commercialize a DF004/PD-L1 bispecific antibody drug and a DF004/CTLA-4 bispecific antibody drug. Suzhou Alphamab and we jointly granted a non-exclusive, royalty-free license for a CTLA-4 humanized antibody patent to Suzhou Dingfu to research, develop, manufacture and commercialize a DF003/CTLA-4 bispecific antibody drug. The agreement will be terminated upon expiration date of each patent.

Under the Patent Implementation and Licensing Agreement, we granted a non-exclusive license for a CRIB platform patent to Suzhou Dingfu to research, develop, manufacture and commercialize a tumor-targeting cytokine drug for oncology treatment. If Suzhou Dingfu commercializes any product developed under the Patent Implementation and Licensing Agreement, Suzhou Dingfu will pay us an amount equal to a low single digit percentage of net sales. If Suzhou Dingfu sells and transfers these products to a non-wholly owned subsidiary, Suzhou Dingfu will pay us an amount equal to a low double digit percentage of the consideration of the sale. If Suzhou Dingfu makes a capital contribution of these products to another company, Suzhou Dingfu will pay us an amount equal to a low single digit percentage of the valuation of such products. The agreement will be terminated upon expiration date of the patent.

RESEARCH AND DEVELOPMENT

Research and development is crucial to our growth. We are focused on building a leading innovative research and development platform. We conduct our research and development activities through an in-house research and development team and engage CROs from time to time to support our research and development activities. See "—Research and Development—CROs" for details. Our research and development department is divided into three teams, namely, clinical development team, drug discovery team, and regulatory team, led by Dr. Xu. As of the Latest Practicable Date, our research and development team had 68 team members, of which approximately 89.7% had bachelor's or higher degrees in biological sciences and healthcare-related fields.

Our clinical development team has two functions, namely, medical and clinical operations, and is primarily responsible for our clinical development strategy, protocol designs and study execution. Our drug discovery team is dedicated to drug discovery and pre-clinical

research. With the experience and expertise of our drug discovery team, we have successfully developed and obtained IND approvals for four drug candidates to date. In addition, we currently have four ongoing pre-clinical programs to develop bispecific antibodies for oncology treatments. We believe these drug candidates will allow us to explore additional treatment therapies and supplement our pipeline of innovative therapeutic antibodies. Early in the drug development stage, our drug discovery team will work closely with our CMC team to develop better properties for our drug candidates for a smooth process development and minimize potential issues during manufacturing. Our regulatory team is primarily responsible for our regulatory strategy, managing our regulatory filings and communicating with, and addressing questions from, regulators.

For the years ended December 31, 2017 and 2018 and the six months ended June 30, 2019, our total research and development expenses amounted to RMB53.2 million, RMB65.6 million and RMB55.8 million, respectively. We expect that our research and development expenses will increase in line with the growth of our business in the future.

Proprietary Platforms and Expertise

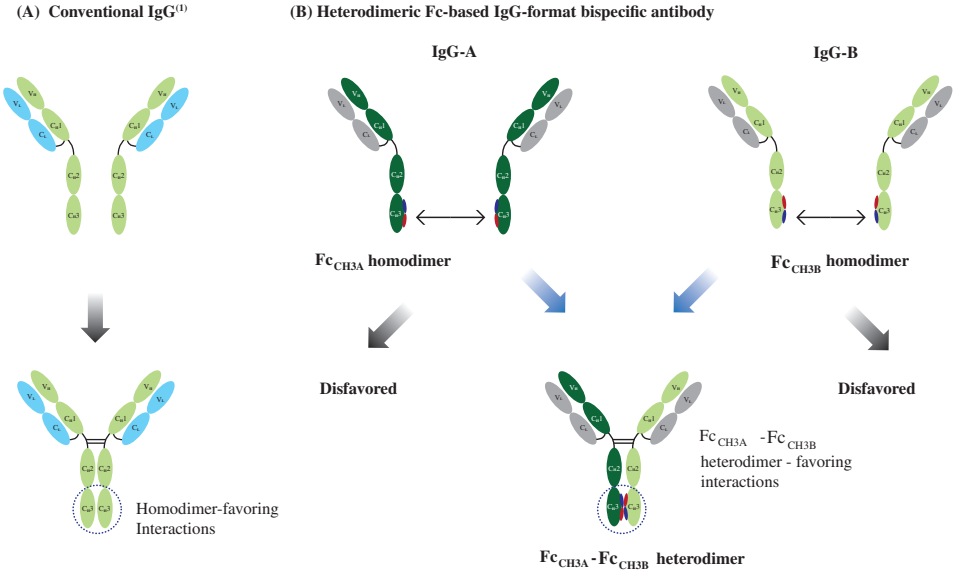
We focus on the development of technologies and platforms of antibody-based therapies for oncology treatment and our expertise in this regard. Benefitting from our proprietary protein engineering platforms and structure-guided molecular modeling expertise, we are able to develop fit-for-purpose mAbs and fusion proteins with bi-, tri- and tetra-specificity. We plan to continue to leverage these platforms and expertise to expand our biologics pipeline and develop new drug candidates, which we believe will be significant improvements to the standard of care for multiple cancer types.

CRIB Platform (Charge Repulsion Improved Bispecific Platform)

A majority of current mAbs are monospecific molecules possessing two functional binding sites for the same epitope. However, many cancers are multifactorial and mAbs with a singular specificity may not be effective in blocking other molecular pathways that lead to the survival of tumor cells. The CRIB platform is a heterodimeric Fc-based BsAb engineering platform. Bispecific mAbs are being developed with dual-targeting of receptors and/or ligands that simultaneously block multiple identified signaling pathways, thereby inducing biological effects previously unattainable with monospecific mAbs and increasing tumor-specific targeting and efficacy. While most heterodimeric Fc-based BsAb platforms primarily focus on increasing heterodimers, our platform can enable increased heterodimers and prevent formation of homodimers.

The Fc region is crucial for antibody drugs. BsAb formats without the Fc regions usually have a much shorter *in vivo* half-life, lose the ability to mediate the effector function, and may potentially affect drug manufacturing. To minimize these problems, the CRIB platform allows antibodies to retain the Fc region and its desirable biophysical properties, allowing the antibodies to be stably formulated, dosed on a convenient schedule, and have the ability to kill tumors through multiple mechanisms of action.

As illustrated in diagram A below, monospecific mAbs assemble two identical heavy chains through homodimerization interactions within the Fc region. Our CRIB platform utilizes asymmetric mutations on Fc chains to modify the charge and hydrophobic interactions and steric hindrance between the side chains of residues to assemble two different heavy chains together, while greatly disfavoring homodimerization between the same heavy chains, as illustrated in diagram B. The BsAbs generated by the CRIB platform can simultaneously bind to two different antigens as a result. Our KN026 was developed using the CRIB platform.



(1) A conventional IgG-format antibody consists of two heavy and light chains. Each heavy chain contains one variable (V_H) domain followed by a constant (C_H1) domain and two more constant (C_H2 and C_H3) domains. Each light chain contains one variable (V_L) and one constant (C_L) domain.

These designs make our CRIB platform one of the few bispecific technologies that can maintain full-length antibody properties and be optimized for industrial-scale manufacturing. The following table sets forth details of Fc-based BsAb platforms with clinically-validated drug candidates that are expected to compete with our pipeline products.

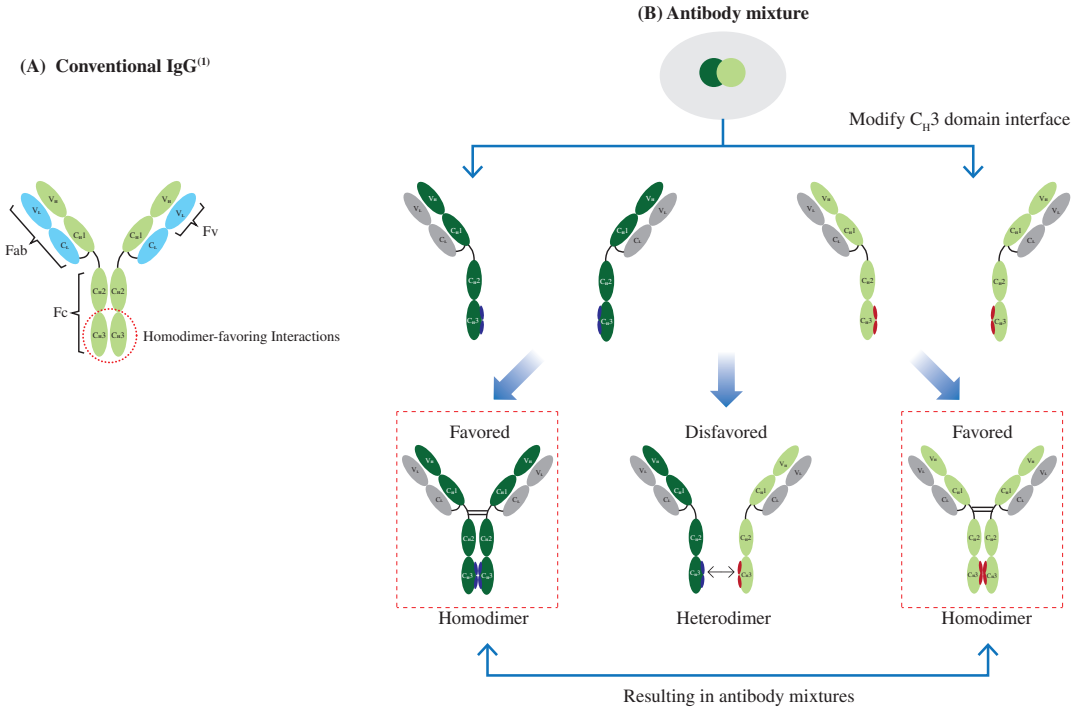
Developer	Platform	Candidate format	*In vivo* $T_{1/2}$	Representative resultant drug candidate[(1)]	Clinical validation
Glenmark Pharmaceuticals, Ltd	BEAT	Fc heterodimer	Medium/long	GBR 1302	Phase I/II
MacroGenics, Inc.	DART/ DART-Fc	Dual-affinity retargeting (DART)/ DART – Fc	Medium/long	MGD019	Phase I
Merus	Biclonics	Fc heterodimer	Medium/long	MCLA-128	Phase II
Roche	CrossMAbs/ DutaMabs	Fc heterodimer (heavy/light chain CrossMAb)	Medium/long	BTRC4017A	Phase I
Xencor, Inc.	XmAb	Fc heterodimer	Medium/long	XmAb20717	Phase I
Zymeworks	Azymetric	Fc heterodimer	Medium/long	ZW25	Phase I/II
Wuhan YZY Biopharma Co., Ltd.	YBODY	Fc heterodimer	Medium/long	M802	Phase I

(1) Each platform has at least two resultant drug candidates in clinical development. The representative resultant drug candidate refers to the one that is expected to compete with our pipeline product for oncology indication(s). There is no drug candidate near/at commercialization stage under any listed platform.

Source: CIC Report

CRAM Platform (Charge Repulsion Induced Antibody Mixture Platform)

Combinations of different antibodies have been shown to be more effective for managing certain diseases than monotherapy. Co-expression of the antibody mixture in a single cell line is key to reducing complexity during antibody development and manufacturing. Adding multiple light and heavy chains to cells can lead to production of mismatched heterodimeric by-products. To address this, in our CRAM platform, we modified the CH3 domain interface of the Fc region by changing several charge pairs to create electrostatic interactions favoring Fc homodimer formation and disfavoring Fc heterodimer formation to prevent the formation of heterodimer impurities, as shown in the diagram below.



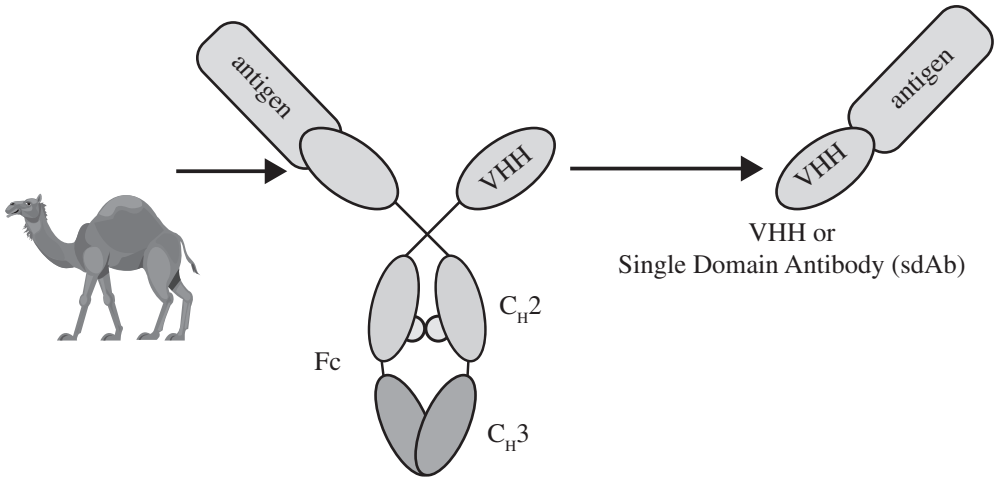
(1) A conventional IgG-format antibody consists of two heavy and light chains. Each heavy chain contains one variable (V_H) domain followed by a constant (C_H1) domain and two more constant (C_H2 and C_H3) domains. Each light chain contains one variable (V_L) and one constant (C_L) domain.

When co-expressed, these modified antibodies with altered charge polarity across the Fc dimer form homodimers that fully preserve the functions of each component. The formation of unwanted heterodimers is reduced because of designed repulsive interactions.

The CRAM platform enables a single streamlined process to produce multiple mAbs with adjustable pre-determined ratios between various mAb components, potentially lowering manufacturing and regulatory hurdles. We co-own patents for our CRAM platform in China, the U.S. and Japan. According to the CIC Report, currently in China and the U.S., our major targeted markets, there is no competing platform of our CRAM platform. In the European Union, Symphogen A/S's Sympress™ platform, which enables mAb mixture products, has resulted in a phase III-ready oncology drug candidate (Sym004) primarily indicated for mCRC.

Single Domain Antibodies Used as an Alternative Scaffold

Heavy chain-only antibodies (HCAbs) are discovered in camelid. As illustrated in the following diagram, the antigen-binding capacity of a camelid HCAb is exclusively on its variable domain of the heavy chain (VHH), which is a sdAb. The molecular weight of a full antibody is 150 to 160 kDa, and the molecular weight of a camelid HCAb is 80 to 90 kDa. A sdAb possesses fully functional antigen-binding capacity with only 12 to 15 kDa in molecular weight.



Compared with the Fab region and scFv, a sdAb is smaller and stable with a compact structure. Such properties enable sdAbs to become ideal building blocks for multifunctional biologics, with bi-, tri- or tetra-specificity.

We have developed KN046 and KN035 based on sdAb. KN046 is made of two different targeting sdAbs fused together. This allows it to have a stable and symmetrical structure with four binding moieties with a small molecular weight. KN035 is a novel fusion protein consisting of the Fc region and a sdAb. The small size makes KN035 suitable for subcutaneous formulation.

CROs

In line with industry practice, we engaged Independent Third Party CROs to provide certain services in our pre-clinical studies and clinical trials during the Track Record Period. These services primarily include performing laboratory tests and statistical analyses, conducting data collection and subject monitoring in our clinical trials, and carrying out certain studies based on our study design, which are time and labor intensive work and we believe do not require the expertise of our research and development personnel.

We have maintained stable relationships with our CROs, which we select based on various factors, including their quality, capability, reputation and research experience in the related fields. Depending on the type of service needed, we may enter into master service agreements with our CROs and separate scope of work orders for each study or trial, establishing specific and detailed working methods, procedures, standards and timelines to further ensure the quality of the outcomes. We may require periodic meetings, reports and data and analysis review as necessary.

Key terms of these agreements and scope of work orders are summarized as follows:

- *Services*. The CRO provides us with services related to pre-clinical studies and clinical trials as specified in the agreement or work order.

- *Term*. The CRO is required to complete the pre-clinical or clinical research on project basis and within the prescribed time limit.

- *Payments*. The payments are made in accordance with the payment schedule agreed by the parties.

- *Intellectual property rights*. Intellectual property arising from the pre-clinical studies and clinical trials conducted by the CROs are owned by us.

During the Track Record Period, CRO expenses were a major component of our third-party contracting costs in research and development expenses, and substantially all of our CRO expenses were attributable to our Core Product KN046, KN026, KN019 and KN035.

COMMERCIALIZATION

We plan to build our own commercialization team in China with an initial focus on late-stage drug candidates. We plan to assemble a team of personnel dedicated to medical affairs and governmental affairs in the second half of 2020 to prepare for the upcoming launch of KN046 in 2021. Our medical affairs and government affairs personnel would be primarily responsible for physician and KOL education, enhancing awareness of innovative oncology therapies, and communicating with government authorities on insurance, reimbursement and drug pricing. With a one-year lead time before we enter into the pre-launch window of our KN046, we plan to begin recruiting team leaders and sales and marketing personnel with extensive industry knowledge and biopharmaceutical marketing skills, in particular in oncology. During the pre-launch window, we plan to conduct market research and patient analysis, brand building and public education. We expect our commercialization team to have approximately 100 members in 2021. After the launch of KN046, we plan to further expand our team to actively seek insurance and reimbursement opportunities from third-party payors and government reimbursement programs to support the ongoing commercial operations of KN046 and the upcoming launch of KN026. We expect our team to cover major provinces and municipalities in China, especially the ones with relatively well-developed economies and higher levels of discretionary income. We intend to continue to expand our team in anticipation of more product launches and additional approved indications.

We are also evaluating partnership options to accelerate commercial ramp-up and maximize market potential of our assets in the U.S. market. We intend to seek partners by setting comprehensive selection criteria, primarily including commercialization teams with extensive experience in oncology drugs and our targeted indications, superior track record in commercialization partnership, favorable commercial terms, and recognition of our vision and commitment to our pipeline products. For our first product in the U.S. market, we expect to

largely leverage the partner's expertise, business network and experienced team to speed up the commercial ramp-up and gain market coverage. Meanwhile, we plan to gradually build up our own overseas commercialization capabilities and form our own team to commercialize subsequent pipeline products in the U.S. market.

Early in the formulation of our clinical plans, we took into consideration factors relating to commercialization, such as targeted patient population, competing drugs and market access. Leveraging our market analysis, we intend to develop our sales and marketing strategies during or before the pre-launch window for each near-commercial product by considering pricing, market access/reimbursement, and direct sales/distribution channels.

MANUFACTURING

Manufacturing Facilities

To date, we have not commenced manufacturing of commercial products. We currently lease a 2,235 square meter facility from Suzhou Alphamab, which houses our manufacturing and research and development facilities. See "—Properties" and "Connected Transactions—One-off Connected Transaction—Property and Equipment Lease Arrangement." This manufacturing facility is equipped with two 1,000L production lines designed and constructed to meet the NMPA and FDA's regulatory requirements and GMP standards. We are also in the process of building our own manufacturing and research and development facilities in Suzhou designed to meet NMPA and EU/FDA's cGMP requirements with an expected capacity of over 30,000L. Phase I of our new facilities is expected to be completed in late 2019 with a commercial production capacity of 4,000L (2x2,000L) and a planned GFA of 53,867 square meters. During the Track Record Period, we produced the clinical trial supply of KN035, including those used in pivotal trials, at our leased manufacturing facility. As such, we plan to continue to manufacture KN035 at this facility in the next few years and gradually transfer to our own facilities in due course. If KN035 is approved, we plan to conduct commercial production of other products in our pipeline at our own facilities.

CMC

Our CMC activities primarily include the following:

- *Process development.* Our process development involves optimizing cell culturing, protein purification and drug formulation to ensure the cost effective delivery of stable and high quality products.

- *Technology transfer.* We transfer the technology developed during pilot-scale drug production to industrial-scale production. The transfer of technologies is critical to ensuring the stability of our manufacturing process.

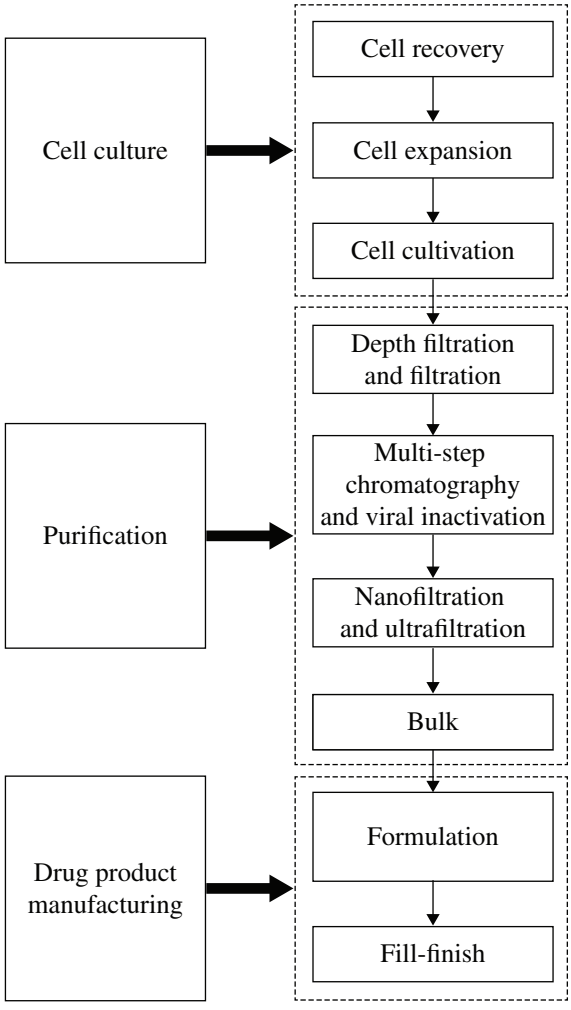
- *Process validation.* As we develop the manufacturing process, we intend to validate the process to ensure that industrial-scale production will yield consistent quality in each and every batch.

Our CMC activities also involve ensuring the consistency and quality of products manufactured in every batch through quality control tests of our raw materials and final products. We also validate the methods used in quality control to ensure that our quality control results are accurate and that we are able to detect production deficiencies. We have also established a quality assurance system to oversee and ensure that the manufacturing activities meets the GMP standards set by regulatory authorities. See "—Quality Management."

Manufacturing Process

Although our clinical-stage candidates have different biologics formats, including sdAbs, BsAbs and fusion proteins, all of them are engineered to be Fc-based with a structure similar to a native human antibody format, and therefore they can leverage generally the same antibody manufacturing process.

Our manufacturing process has three stages, namely, the cell culture stage, purification stage and drug product manufacturing stage, as set out below.



Cell Culture

The cell culture stage is divided into cell expansion and cell cultivation, and generally takes 35 days.

- *Cell recovery*. Resuscitation of cells that are cryopreserved at or below minus 130°C.

- *Cell expansion*. We thaw the cells and transfer the seed cell culture from shaker flasks to larger vessels such as bioreactors to increase the number of viable cells needed for production.

- *Cell cultivation.* We cultivate the cells to produce the target protein.

Purification

The purification stage is generally divided into three steps and takes seven to ten days.

- *Depth filtration and filtration*. The cell culture is further processed by removing cells and cell debris through depth filtration and filtration. Depth filtration primarily removes cells from the culture solution, and filtration primarily removes smaller cell debris and controls bioburden during the harvest.

- *Multi-step chromatography and viral inactivation*. Impurities are removed through multi-step chromatography. Leveraging our protein engineering expertise and platforms, our BsAb candidates are stably formulated, therefore the general chromatographic steps for our BsAb candidates are similar to sdAbs and conventional mAbs. Viruses are inactivated by altering the pH, temperature and other conditions.

- *Nanofiltration and ultrafiltration*. Viruses of all sizes are filtered and removed by passing through nanometer-sized pores on a nanofiltration membrane. For products requiring relatively highly-concentrated antibody solutions, ultrafiltration is used after nanofiltration to reach the final desired product concentration. Most of our product candidates require ultrafiltration.

- *Bulk*. Drug substances are generated for final product manufacturing.

Drug Product Manufacturing

The drug product manufacturing stage is generally divided into two steps.

- *Formulation*. Drugs are produced using predetermined formulations. Some formulations may require adding buffer solutions.

- *Fill-finish*. The final product will undergo aseptic filtration, filling, stoppering, capping, inspection, labelling and packaging.

CMOs

During the Track Record Period, we outsourced certain manufacturing activities of our drug candidates to select industry-recognized Independent Third Party CMOs in China and the United States. Such outsourcing occurs when it is more efficient than manufacturing in-house and when we seek to reduce regulatory compliance costs for clinical trials. We select CMOs by considering a number of factors, such as manufacturing capacity and qualifications, geographic proximity and track record. To monitor and evaluate the services of our CMOs, we conduct on-site audits every year to ensure full compliance of our CMOs with the relevant regulatory requirements. We review the manufacturing records for each batch of products manufactured by the CMOs.

We enter into statement of work (SOW) agreements with certain CMOs, which set out the terms with respect to placing orders, payment schedule, regulatory compliance requirements, delivery acceptance, remedy for non-conforming products, confidentiality, intellectual property and termination. Under the SOW agreements, we submit purchase orders which specify the deliverables types, unit price, volume and requested manufacturing/delivery date of each batch. We are entitled to remedies for products that fail to conform to specifications and cGMP.

QUALITY MANAGEMENT

We believe that quality control and quality assurance are crucial, and we endeavor to ensure the quality of our operations through a comprehensive quality management system. Our quality control is primarily focused on the quality of raw materials, manufacturing process and finished products.

Our quality management team has established a set of comprehensive quality control and quality assurance procedures to monitor that our manufacturing process comply with relevant regulatory requirements and our internal quality requirements. We select qualified raw material suppliers, and recruit manufacturing and quality management personnel based on a strict set of criteria. We regularly validate our facilities and equipment to ensure that our processes, methods, programs and equipment work properly. We set a series of pre-defined specifications on in-process control and release tests, and review manufacturing-related documents, including batch records and quality control test results, to ensure specifications are met. For critical process parameters and critical quality attributes, we closely monitor the results and perform two rounds of inspections by different personnel. We also monitor the manufacturing environment, especially special requirements such as microbial and specified temperature and humidity. In addition, we focus on designing, constructing and operating manufacturing facilities to meet applicable regulatory requirements and rigorous GMP standards. See "Manufacturing—Manufacturing Facilities." To comply with the established and latest GMP standards in our targeted markets, we pay close attention to the latest updates of cGMPs in China and the U.S. and update our internal procedures accordingly if necessary.

Our quality management team comprised 40 members as of the Latest Practicable Date and is led by Mr. YANG Shaowei, who has over 20 years of quality management experience in global and PRC pharmaceutical companies. Our quality management team is divided into four teams, namely, quality assurance, quality control, quality compliance and quality validation. Our quality assurance team is responsible for quality supervision during the

manufacturing process, including ensuring that the raw materials, work in progress and final products meet quality standards and requirements, maintaining and reviewing manufacturing records, investigating deviations from quality standards and implementing remedial and preventative measures. Our quality control team is responsible for leading control and testing activities for all materials and products. Our quality compliance team is primarily responsible for ensuring that our quality management system complies with applicable laws and regulations, keeping abreast of changes in quality and compliance matters and reviewing documents relating to manufacturing. Our quality compliance team also evaluates and conducts regular audits on the suppliers of raw materials and packaging materials. Our quality validation team is primarily responsible for ensuring that our calibration and validation procedures are implemented and meet GMP requirements and comply with applicable laws and regulations.

RAW MATERIALS

During the Track Record Period, we primarily procured cell culture media, chromatography resins, raw materials, excipients, packaging materials, nanofiltration and ultrafiltration membranes, bioreactor and single-use bioprocess bags and other ancillary materials used for our research and development activities. A majority of our raw materials are widely available, and we are able to purchase them from numerous suppliers. We have established relationships with preferred suppliers of raw materials for our manufacturing activities who we believe have sufficient capacity to meet our demands. We typically order raw materials on a purchase order basis and do not enter into long-term dedicated capacity or minimum supply arrangements. We generally have credit periods of 30 to 60 days.

SUPPLIERS

During the Track Record Period, our major suppliers primarily consisted of machinery and equipment suppliers and construction service providers for our new facilities, as well as raw materials suppliers and third-party service providers for our clinical trials and pre-clinical studies. We have maintained stable business relationships with our major suppliers for approximately two to three years. For the procurement of machinery and equipment and construction services related to our new facilities, we generally settle payments pursuant to a payment schedule. For raw material procurement, see "—Raw Materials." For CROs, see "—Research and Development—CROs."

For the years ended December 31, 2017 and 2018 and for the six months ended June 30, 2019, purchases from our five largest suppliers amounted to RMB15.3 million, RMB27.5 million and RMB22.5 million, respectively, accounting for 41.7%, 45.6% and 43.5%, respectively, of our total purchase amounts. Purchases from our largest supplier amounted to RMB5.1 million, RMB8.2 million and RMB7.4 million, respectively, for the same periods, accounting for 14.0%, 13.6% and 14.3%, respectively, of our total purchase amounts. During the Track Record Period, none of our Directors, their associates or any Shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital, had any interest in any of our five largest suppliers.

INVENTORY MANAGEMENT

Our inventory consists of raw materials. We generally maintain an inventory level for raw materials to support one month of production needs. We have established an inventory management system that monitors each stage of the warehousing process. We have a warehouse at our manufacturing facility. Warehouse personnel are responsible for the inspection, storage and distribution of raw materials. Raw materials are separately stored in different areas of the warehouse according to their storage condition requirement, properties, usage and batch number.

INTELLECTUAL PROPERTY

We recognize the importance of intellectual property rights to our business and are committed to their development and protection. Currently, the PRC and the United States are our major target markets. As of the Latest Practicable Date, we owned one patent covering KN026 in China, co-owned one patent with 3DMed covering KN035 in Australia, and co-owned five patents with Suzhou Alphamab covering our CRIB and CRAM platforms, two of which are granted in China and one in the United States. As of the same date, we owned or co-owned 23 patent applications worldwide relating to our drug candidates and technology platforms. Of these 23 patent applications, there were four patent applications in China, three patent applications in the United States and two were PCT applications that are expected to enter into national phases in China and the United States that we consider to be material to our business. In addition, a number of patent applications were in the process of being transferred to us from Suzhou Alphamab as of the Latest Practicable Date. We also obtained exclusive licenses for two PRC patent applications and two PCT applications from Suzhou Alphamab for the development and commercialization of certain of our drug candidates. See "Connected Transactions—Exempt Continuing Connected Transaction—Patent Licensing Arrangements."

We own, co-own or have licenses to patents and/or patent applications covering KN046, KN026 and KN035 and our CRIB and CRAM platforms. KN019 is currently covered by two patents granted in China held by a third party, which are currently expected to expire in 2021. We plan to commercialize KN019, if approved, after these patents expire. For related risks, see "Risk Factors—Risks Relating to Our Intellectual Property Rights—Intellectual property and other laws and regulations are subject to change, which could diminish the value of our intellectual property and impair the intellectual property protection of our drug candidates."

The following table summarizes the details of the material patents and patent applications related to our pipeline candidates and technology platforms.

Product/Platform	Patent Number	Patent Name[1]	Applicant/Owner	Scope of patent protection	Jurisdiction	Patent status	Rights of Alphamab Oncology	Patent application date	Grant date	Expiration date
KN046	PCT/CN2019/089980	Dimer and use thereof	Jiangsu Alphamab	Covering the molecule of KN046; preparation method; and usage in the treatment of cancer	PCT	Pending	Ownership	June 4, 2019	N/A[4]	N/A[2]
	PCT/CN2019/086821	Dimer and use thereof	Jiangsu Alphamab	Covering the molecule of KN046; preparation method; and usage in the treatment of cancer	PCT	Pending	Ownership	May 14, 2019	N/A[4]	N/A[2]

Product/Platform	Patent Number	Patent Name[1]	Applicant/Owner	Scope of patent protection	Jurisdiction	Patent status	Rights of Alphamab Oncology	Patent application date	Grant date	Expiration date
KN026	CN2015100080458	具有共同輕鏈的雙特異性抗體或抗體混合物 (Bispecific antibody or antibody mixture having common light chains)	Jiangsu Alphamab	Covering the molecule of KN026; preparation method; and usage in the treatment of HER2 High tumor	China	Granted	Ownership	January 8, 2015	October 15, 2019	January 2035
	CN2016800051674	具有共同輕鏈的雙特異性抗體或抗體混合物 (Bispecific antibody or antibody mixture having common light chains)	Jiangsu Alphamab	Covering the molecule of KN026; preparation method; and usage in the treatment of HER2 High tumor	China	Substantive examination	Ownership	January 8, 2016	N/A[4]	N/A[2]
	US15/541921	Bispecific antibody or antibody mixture with common light chains	Jiangsu Alphamab	Covering the molecule of KN026; preparation method; and usage in the treatment of HER2 High tumor	United States	Substantive examination	Ownership	January 8, 2016	N/A[4]	N/A

Product/Platform	Patent Number	Patent Name[1]	Applicant/Owner	Scope of patent protection	Jurisdiction	Patent status	Rights of Alphamab Oncology	Patent application date	Grant date	Expiration date
KN035	CN201680031072X	針對程序性死亡配體(PD-L1)的單域抗體及其衍生蛋白(Single domain antibody and derivative proteins thereof against programmed death ligand (PD-L1))	Jiangsu Alphamab; 3DMed	Covering the molecule of KN035 and usage in the treatment of cancer	China	Substantive examination	Co-ownership with 3DMed and only for oncology treatment area	August 1, 2016	N/A[4]	N/A[2]
	US15/748438	Single domain antibody and derivative proteins thereof against programmed death ligand (PD-L1)	Jiangsu Alphamab; 3DMed	Covering the molecule of KN035 and usage in the treatment of cancer	United States	Publication	Co-ownership with 3DMed and only for oncology treatment area	August 1, 2016	N/A[4]	N/A[2]

Product/Platform	Patent Number	Patent Name[1]	Applicant/Owner	Scope of patent protection	Jurisdiction	Patent status	Rights of Alphamab Oncology	Patent application date	Grant date	Expiration date
CRIB	CN2011104591007	基於電荷網絡的異二聚體FC改造方法及異二聚體蛋白的製備方法 (heterodimeric FC modification method based on charge network and preparation method of heterodimeric proteins)	Jiangsu Alphamab; Suzhou Alphamab	Covering a type of modified bispecific antibodies; methods of making such antibodies; with coverage of KN026's Fc	China	Granted	Co-ownership with Suzhou Alphamab; exclusive rights in oncology treatment area	December 31, 2011	February 2015	December 2031
	CN2015109389950	基於CH3結構域的異二聚體分子、其製備方法及用途 (Heterodimer molecule based on CH3 domain, and preparation method therefor and use thereof)	Suzhou Alphamab; Jiangsu Alphamab	Covering a type of modified bispecific antibodies; methods of making such antibodies	China	Substantive examination	Co-ownership with Suzhou Alphamab; exclusive rights in oncology treatment area	December 16, 2015	N/A[4]	N/A[2]

Product/Platform	Patent Number	Patent Name[1]	Applicant/Owner	Scope of patent protection	Jurisdiction	Patent status	Rights of Alphamab Oncology	Patent application date	Grant date	Expiration date
	CN2016800732863	基於CH3結構域的異二聚體分子、其製備方法及用途 (Heterodimer molecule based on CH3 domain, and preparation method therefor and use thereof)	Suzhou Alphamab; Jiangsu Alphamab	Covering a type of modified bispecific antibodies; methods of making such antibodies; with coverage of KN026's Fc	China	Substantive examination	Co-ownership with Suzhou Alphamab; exclusive rights in oncology treatment area	December 16, 2016	N/A[4]	N/A[2]
	US16/062405	Heterodimer molecule based on CH3 domain, and preparation method therefor and use thereof	Suzhou Alphamab; Jiangsu Alphamab	Covering a type of modified bispecific antibodies; methods of making such antibodies; with coverage of KN026's Fc	United States	Pending substantive examination	Co-ownership with Suzhou Alphamab; exclusive rights in oncology treatment area	December 16, 2016	N/A[4]	N/A[2]

Product/Platform	Patent Number	Patent Name[1]	Applicant/Owner	Scope of patent protection	Jurisdiction	Patent status	Rights of Alphamab Oncology	Patent application date	Grant date	Expiration date[2]
CRAM	CN2013103137637	利用電荷排斥作用製備同二聚體蛋白混合物的方法 (Method for preparing homodimer protein mixture by using charge repulsion effect)	Suzhou Alphamab; Jiangsu Alphamab	Covering the method for preparing homodimer protein within a single cell line	China	Granted	Co-ownership with Suzhou Alphamab; exclusive rights in oncology treatment area	July 25, 2013	March 2015	July 2033
	US14/416817	Method for preparing homodimer protein mixture by using charge repulsion effect	Suzhou Alphamab; Jiangsu Alphamab	Covering the method for preparing homodimer protein within a single cell line	United States	Granted	Co-ownership with Suzhou Alphamab; exclusive rights in oncology treatment area	July 25, 2013	July 2017	January 2034

Product/Platform	Patent Number	Patent Name[1]	Applicant/Owner	Scope of patent protection	Jurisdiction	Patent status	Rights of Alphamab Oncology	Patent application date	Grant date	Expiration date
KN035	PCT/CN2016/092679	針對程序性死亡配體 (PD-L1) 的單域抗體及其衍生蛋白 (Single domain antibody and derivative proteins thereof against programmed death ligand (PD-L1))	Suzhou Alphamab	Direct to the anti-PD-L1 VHH sequence as well as CDRs; usage in the treatment of cancer, infectious diseases and chronic inflammatory diseases; with coverage of KN046's anti-PD-L1 domain and part of KN035	PCT	Publication	Exclusive license to develop and commercialize in oncology treatment area	August 1, 2016	N/A[4]	N/A[2]
	CN2016800310151	針對程序性死亡配體(PD-L1)的單域抗體及其衍生蛋白 (Single domain antibody and derivative proteins thereof against programmed death ligand (PD-L1))	Suzhou Alphamab	Direct to the anti-PD-L1 VHH sequence as well as CDRs; usage in the treatment of cancer, infectious diseases and chronic inflammatory diseases; with coverage of KN046's anti-PD-L1 domain and part of KN035	China	Substantive examination	Exclusive license to develop and commercialize in oncology treatment area	August 1, 2016	N/A[4]	N/A[2]

Product/Platform	Patent Number	Patent Name[1]	Applicant/Owner	Scope of patent protection	Jurisdiction	Patent status	Rights of Alphamab Oncology	Patent application date	Grant date	Expiration date
KN046	CN2016103325907	針對CTLA4的單域抗體及其衍生蛋白(Single domain antibody and derivative proteins thereof against CTLA4)	Suzhou Alphamab; Zhang Xitian; Zhang Xin[3]	Direct to a group of anti-CTLA4 VHH sequences as well as CDRs; usage in the treatment of cancer, infectious diseases; with coverage of any anti-CTLA-4 VHH sequence or CDR in the directed group used by any monospecific antibody, BsAb or fusion protein, including KN046	China	In the phase of substantive examination and waiting to be assigned to an examiner	Exclusive license to develop and commercialize in oncology treatment area	May 19, 2016	N/A[4]	N/A[2]
	PCT/CN2017/085038	針對CTLA4的單域抗體及其衍生蛋白(Single domain antibody and derivative proteins thereof against CTLA4)	Suzhou Alphamab; Zhang Xitian; Zhang Xin[3]	Direct to a group of anti-CTLA4 VHH sequences as well as CDRs, usage in the treatment of cancer, infectious diseases; with coverage of any anti-CTLA-4 VHH sequence or CDR in the directed group used by any monospecific antibody, BsAb or fusion protein, including KN046	PCT	National phase applications have been submitted in China and the US, among others	Exclusive license to develop and commercialize in oncology treatment area; worldwide	May 19, 2017	N/A[4]	N/A[2]

Abbreviation: N/A = not applicable

(1) Invented by Dr. Xu and individual(s) that contributed to the invention due to his/her services under employment. No inventors have ownership to the relevant patent rights.

(2) Subject to these patents being granted, the patent expiration date will be 20 years after the patent application date.

(3) Ms. Zhang Xin is the daughter of Mr. ZHANG Xitian. From October 2015 to March 2018, Suzhou Alphamab entered into a series of agreements with Mr. ZHANG Xitian, Ms. Zhang Xin and PRC companies controlled by Ms. Zhang Xin, under which, among others, Suzhou Alphamab, Mr. ZHANG Xitian and Ms. Zhang Xin co-filed the patent application and agreed that (i) Mr. ZHANG Xitian and Ms. Zhang Xin only have exclusive rights to use the patent application and any patent granted under the patent application, on their own or in the form of out-licensing, for the purpose of research, development, production and commercialization of a single anti-CTLA-4 monospecific antibody, which applies a specific sequence in the anti-CTLA-4 VHH sequence group directed by this patent application. See "—Scope of patent protection" set forth above; and (ii) other than the aforementioned particular anti-CTLA-4 monospecific antibody, Suzhou Alphamab has exclusive rights to use the patent application and any patent granted under the patent application, on its own or in the form of out-licensing, for the purpose of research, development, production and commercialization of any BsAb, fusion protein and any other monospecific antibody. As a result, Suzhou Alphamab and the two individuals have contractually divided their patent rights to the patent application for the purpose of development and commercialization of non-overlapping products. According to CIC, such practice is not uncommon in the pharmaceutical industry. As the patent rights of Suzhou Alphamab and the two individuals have been clearly delineated under relevant agreements, and we developed KN046 only with patent rights to the patent application exclusively licensed by Suzhou Alphamab to Jiangsu Alphamab in oncology treatment area, our PRC Legal Adviser is of the view that neither Mr. ZHANG Xitian nor Ms. Zhang Xin has any patent rights or interests in the patent application in relation to KN046 with respect to its research, development, application, manufacturing or commercialization.

(4) As at the Latest Practicable Date, these patents had not yet been granted.

The term of individual patents may vary based on the countries in which they are obtained. In most countries in which we have filed patent applications, including China and the United States, the term of a granted patent is generally 20 years from the filing date of the earliest non-provisional patent application on which the patent is based in the applicable country. In the United States, a patent's term may be lengthened in some cases by a patent term adjustment, which extends the term of a patent to account for administrative delays by the USPTO, in excess of a patent applicant's own delays during the prosecution process, or may be shortened if a patent is terminally disclaimed over a commonly-owned patent having an earlier expiration date.

In addition, in the United States, we may apply for a patent term extension of up to five years as compensation for the patent term lost during clinical trials and the FDA regulatory review process under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Amendments. The exact duration of the extension depends on the time we spend in clinical studies, as well as getting a BLA approval from the FDA. However, a patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval, only one patent may be extended per drug and only those claims covering the approved drug, a method for using it, or a method for manufacturing it may be extended. In certain other foreign jurisdictions, similar extensions as compensation for regulatory delays are also available.

We conduct our business under the brand name of "Alphamab Oncology" ("康寧傑瑞"). As of the Latest Practicable Date, we owned one trademark in Hong Kong and seven trademarks in China. We have entered into an agreement with Suzhou Alphamab, pursuant to which Suzhou Alphamab will become a co-owner of two of our PRC trademarks. We also had three domain names. For more information, see "Appendix V—Statutory and General Information—B. Further Information about Our Business—2. Intellectual Property Rights" to this Prospectus.

We rely on a combination of patents, trademarks and trade secrets as well as employee and third-party confidentiality agreements to safeguard our intellectual property. These agreements provide that all confidential information developed or made known to the individual during the course of the individual's relationship with us is to be kept confidential and not disclosed to third parties except under specific circumstances. Further, as a matter of our risk management policy, all of our key scientific and technical employees have entered into agreements that generally require disclosure and assignment to us of ideas, developments, discoveries and inventions made by them which are relating to their employment with us.

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.

EMPLOYEES

As of the Latest Practicable Date, we had a total of 220 employees. The table below sets forth our employees by function as of the Latest Practicable Date.

	Number of employees
Management	10
Research and development	68
Audit and internal control	4
Manufacturing	64
Procurement warehouse	11
Quality management	40
Operations	23
Total	220

We recruit our employees through recruitment websites, recruiters, internal referral and job fairs. We conduct new employee training, as well as professional and compliance training programs for employees of the commercialization team.

We enter into employment contracts with our employees to cover matters such as wages, benefits and grounds for termination. The remuneration package of our employees includes salary and bonus, which are generally determined by their qualifications, industry experience, position and performance. We make contributions to social insurance and housing provident funds as required by the PRC laws and regulations.

As of the Latest Practicable Date, we had not established a labor union. During the Track Record Period and as of the Latest Practicable Date, we did not experience any material labor disputes or strikes that may have a material and adverse effect on our business, financial condition or results of operations.

INSURANCE

We maintain insurance policies that are required under PRC laws and regulations as well as based on our assessment of our operational needs and industry practice. We maintain insurance for our new facilities. In line with industry practice in the PRC, we have elected not to maintain certain types of insurances, such as business interruption insurance or key man insurance. Our Directors consider that our existing insurance coverage is sufficient for our present operations and in line with the industry practice in the PRC.

LICENSES AND PERMITS

We are subject to regular inspections, examinations and audits, and are required to maintain or renew the necessary permits, licenses and certifications for our business. Our PRC Legal Adviser has advised us that, as of the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from the relevant government authorities that are material for our business operations in the PRC.

PROPERTIES

Owned Properties

Our headquarters are located in Suzhou, Jiangsu province. As of the Latest Practicable Date, we owned land use rights to one parcel of land in the PRC, with an area of 50,001.45 square meters. We are constructing buildings on such land that will become our manufacturing and research and development facilities. Phase I of our new facilities will have a planned GFA of 53,867 square meters and is expected to be completed in late 2019.

The Property Valuation Report produced by JLL, an independent property valuer, set out in Appendix III to this Prospectus sets out details of our owned land and construction-in-progress thereon as of October 31, 2019. JLL valued our owned property interests at an amount of approximately RMB230.6 million as of October 31, 2019. The parcel of land was pledged as collateral for bank borrowing. See "Financial Information—Indebtedness" for details. As advised by our PRC Legal Adviser, subject to such pledge, we are entitled to occupy and use this parcel of land within the scope and term of use specified in the real estate ownership certificate.

Leased Properties

As of the Latest Practicable Date, we leased five properties with an aggregate GFA of approximately 2,899.16 square meters, one of which is leased from Suzhou Alphamab. The following table sets forth the details of our leased properties as of the Latest Practicable Date.

Location	Use	GFA	Lease term
		(square meter)	
Room 721, 800 Shangcheng Road, Pudong New Area, Shanghai, China	Office premises	55.5	June 26, 2018 to June 25, 2020

Location	Use	GFA	Lease term
		(square meter)	
Room 722, 800 Shangcheng Road, Pudong New Area, Shanghai, China	Office premises	144.53	June 26, 2018 to June 25, 2020
Room 618, 800 Shangcheng Road, Pudong New Area, Shanghai, China	Office premises	216.13	February 14, 2019 to February 13, 2021
A22, Room 200, Basement 1, Building 50, Yard 63, West Dawang Road, Chaoyang District, Beijing, China	Office premises	248	January 28, 2019 to February 27, 2021
4th floor and 5th floor of Building C23, SIP BioBay, No. 218 Xinghu Street, Suzhou, Jiangsu Province, China	Manufacturing and research and development	2,235	June 1, 2019 to December 31, 2021

We have required all of our lessors to provide the necessary documentation and valid title certificates before we entered into lease agreements with them and we will not enter into lease agreements for properties with title defects. As of the Latest Practicable Date, all five of these lease agreements had not been registered with relevant authorities. Our PRC Legal Adviser is of the view that the non-registration of lease agreements will not affect the validity of the lease agreements and our use of such properties, but the relevant local housing administrative authorities can require us to complete registrations within a specified timeframe and we may be subject to a fine of between RMB1,000 and RMB10,000 for any delay in making registration for each of these leasing properties.

ENVIRONMENTAL PROTECTION, OCCUPATIONAL HEALTH AND SAFETY

We are subject to environmental protection and occupational health and safety laws and regulations in China. However, as we did not commence manufacturing during the Track Record Period, we did not incur material environmental protection expenses during such period. During the Track Record Period and as of the Latest Practicable Date, we complied with the relevant environmental and occupational health and safety laws and regulations in China and we did not have any incidents or complaints, which had a material and adverse effect on our business, financial condition or results of operations during the same period.

We strive to provide a safe working environment for our employees. We have implemented work safety guidelines setting out safety practices, accident prevention and accident reporting. Our employees responsible for manufacturing and quality control and assurance are required to hold relevant qualifications, as well as wear the proper safety gear when working.

AWARDS AND RECOGNITION

The table below sets forth a summary of the major awards and recognition we received during the Track Record Period.

Award/Recognition	Award date	Awarding authority
Best Biomedical Investment Case Award in 2019 (2019年度生物醫藥最佳投資案例獎)	April 2019	Haoyue Capital (浩悦資本)
Developing Unicorn Enterprise in Suzhou in 2018 (2018年度蘇州市獨角獸培育企業)	October 18, 2018	Office of People's Government of Suzhou City (蘇州市人民政府辦公室)
Future Medical Company Top 100 in 2018–China Pharmaceutical List Top 100 (2018未來醫療100強-中國醫藥榜TOP100)	December 2018	VCBeat Research (蛋殼研究院)
Best Investment Value Healthcare Company (2017年度最具投資價值醫療健康企業)	2017	China Healthcare Consulting

COMPLIANCE AND LEGAL PROCEEDINGS

We may be involved in legal proceedings in the ordinary course of business from time to time. During the Track Record Period and as of the Latest Practicable Date, neither we nor our Directors were involved in any litigation, arbitration or administrative proceedings, which could have a material adverse impact on our business, financial condition or results of operations. As of the Latest Practicable Date, we were not aware of any pending or threatened litigation, arbitration or administrative proceedings against us or our Directors, which may have a material and adverse impact on our business, financial condition or results of operations.

As advised by our PRC Legal Adviser, during the Track Record Period and as of the Latest Practicable Date, we had complied with the relevant PRC laws and regulations in all material respects.

BOARD OF DIRECTORS

Our Board of Directors comprises seven Directors, including two executive Directors, two non-executive Directors and three independent non-executive Directors. Our Directors are elected to serve a term of three years, which will be subject to rotation, re-election and/or re-appointment at the general meetings of our Company in accordance with the Articles of Association.

The following table sets out information in respect of our Directors:

Name	Age	Position	Date of first joining our Group	Date of appointment as Director	Roles and responsibilities
XU Ting (徐霆)[Note]	46	Chairman, executive Director and Chief Executive Officer	Founder, November 2008	March 28, 2018	Overall management of the business strategy, corporate development and research and development of our Group and oversight of the commercial suitability and sustainability of our Group
LIU Yang (劉陽)[Note]	47	Executive Director and Vice President, Corporate Operations	November 2017	October 31, 2018	Corporate operations and management, including human resources, administration and supply chain of our Group
XU Zhan Kevin (許湛)	38	Non-executive Director	October 2018	November 8, 2018	Participating in formulating our Company's corporate and business strategies
QIU Yu Min (裘育敏)	46	Non-executive Director	October 2018	October 31, 2018	Participating in formulating our Company's corporate and business strategies
JIANG Hualiang (蔣華良)	54	Independent non-executive Director	November 2019	November 24, 2019	Supervising and providing independent judgement to our Board

Note: Dr. XU Ting and Ms. LIU Yang are spouses.

Name	Age	Position	Date of first joining our Group	Date of appointment as Director	Roles and responsibilities
WEI Kevin Cheng (蔚成)	51	Independent non-executive Director	November 2019	November 24, 2019	Supervising and providing independent judgement to our Board
WU Dong (吳冬)	50	Independent non-executive Director	November 2019	November 24, 2019	Supervising and providing independent judgement to our Board

Executive Directors

Dr. XU Ting (徐霆), aged 46, is the Founder, the chairman of our Board, an executive Director and the Chief Executive Officer of our Company. Dr. Xu was appointed as a Director and the chairman of the Board on March 28, 2018 and October 31, 2018, respectively. Dr. Xu was re-designated as an executive Director on July 3, 2019. Dr. Xu has been serving as the chief executive officer of our Company since October 1, 2018. Dr. Xu is primarily responsible for overall management of the business strategy, corporate development and research and development of our Group and oversight of the commercial suitability and sustainability of our Group. Dr. Xu is also a director and the general manager of Jiangsu Alphamab.

Dr. Xu has more than 16 years of experience in pharmaceutical research and development. Prior to founding our Group, from November 2003 to June 2007, Dr. Xu worked at EMD Serono Research Institute Inc. (now part of Merck KGaA). From June 2007 to 2010, Dr. Xu served as senior scientist of Biogen IDEC Inc., a global biotechnology company, the shares of which are listed on NASDAQ (ticker symbol: BIIB). In November 2008, Dr. Xu founded Suzhou Alphamab, the predecessor and a connected person of our Company, and has been serving as a director of Suzhou Alphamab since its incorporation. Dr. Xu currently holds certain positions in our connected persons including a chairman of Suzhou Alphamab, a chairman of Suzhou SmartNuclide Biopharmaceutical Co., Ltd. (蘇州智核生物醫藥科技有限公司) and a chairman of Suzhou BioNovoGene Biotech Co., Ltd. (蘇州帕諾米克生物醫藥科技有限公司). In addition, Dr. Xu also currently serves as a director of Shanghai Kangjing Bioscience Co., Ltd. (上海康景生物醫藥科技有限公司) and a director of Suzhou Oncoimmune Co., Ltd. (蘇州昂康免疫科技有限公司). He also held several positions in Suzhou Dingfu, including the chairman and general manager from November 2011 to July 2018 and the legal representative from November 2011 to September 2018. Please see "Business—Our Collaboration Arrangements—Non-exclusive Licensing Agreements with Suzhou Dingfu" for details of the background of Suzhou Dingfu.

Dr. Xu obtained his bachelor's degree in biochemistry from Nanjing University (南京大學) in the PRC in July 1993 and his master's and doctoral degree in molecular biology and Biochemistry from Chinese Academy of Science (中國科學院) in the PRC in December 1997. Dr. Xu was a post-doctoral fellow of Tufts University in the U.S. from January 1998 to October 2000 and a post-doctoral fellow of Harvard University in the U.S. from November 2000 to March 2002. Dr. Xu was awarded the Science and Technology Leading Talent (科技領軍人才)

by Suzhou Industry Park Administration Committee (蘇州工業園區管理委員會) in 2009, and was a member of national Thousand People Plan by the Organization Department of the Central Committee of the CPC (中共中央組織部) in 2013 and was granted the Mayor Award (市長獎) by Suzhou Municipal People's Government (蘇州市人民政府) in 2017.

Ms. LIU Yang (劉陽), aged 47, was appointed as our Director on October 31, 2018 and re-designated as our executive Director on July 3, 2019. She was also appointed as the Vice President, Corporate Operations of our Company on October 1, 2018. Since joining our Group, Ms. Liu has participated in the daily operations of our Group and is primarily responsible for corporate operations and management, including human resources, administration and supply chain of the Group. Ms. Liu also holds a number of positions with other members of our Group including a vice president of Jiangsu Alphamab and a director of Alphamab Australia.

Ms. Liu has extensive experience in the biotechnology industry and worked as a physician for four years. Prior to joining our Group, Ms. Liu served as an attending physician in internal medicine at the First People's Hospital of Lianyungang City (連雲港第一人民醫院) from July 1994 to July 1997. From March 1999 to May 2001, she worked at Ironwood Pharmaceuticals, Inc. (formerly known as Microbia, Inc.). Ms. Liu also worked at ImmunoGen. Inc. from 2003 to 2010. She also served as a vice president of Suzhou Dingfu.

Ms. Liu obtained her bachelor's degree in medicine from Xuzhou Medical University (徐州醫科大學) in the PRC in July 1994. Ms. Liu is the spouse of Dr. Xu.

Non-executive Directors

Mr. XU Zhan Kevin (許湛), aged 38, was appointed as our Director on November 8, 2018 and re-designated as our non-executive Director on July 3, 2019. Mr. Xu is primarily responsible for participating in formulating our Company's corporate and business strategies.

Mr. Xu currently serves as a managing director with PAG Asia Capital, an affiliate of PAG (formerly known as Pacific Alliance Group), where Mr. Xu has been a member since September 2011. In addition, Mr. Xu holds positions in the following companies including a director of Zhejiang Hisun BioRay Bio-pharmaceutical Co., Ltd. (浙江海正博銳生物製藥有限公司) since September 2019, a director of Sinopharm Rosino (Shanghai) Commercial Factoring Co., Ltd. (國藥融匯(上海)商業保理有限公司) since October 2018, a director of Shenzhen Samoyed Financial Services Co., Ltd. (深圳薩摩耶互聯網金融服務有限公司) since September 2018, a director of Shenzhen Qianhai Dadao Financial Services Co., Ltd. (深圳前海大道金融服務有限公司) since December 2016, a director of Inner Mongolia Youran Dairy Co., Ltd. (內蒙古優然牧業有限責任公司) since December 2015 and a director of Shenzhen Qianhai Dashu Financial Services Co., Ltd. (深圳前海大數金融服務有限公司) since November 2015.

From January 2006 to August 2007, Mr. Xu worked at Morgan Stanley Asia Limited, where he was responsible for consulting services for corporate securities issuance and mergers and acquisitions. From August 2007 to June 2009, Mr. Xu served as an associate of TPG Capital Limited. From November 2009 to August 2011, Mr. Xu served as a senior associate in the investment general team of Apax Partners Hong Kong Limited.

Mr. Xu obtained his bachelor's degree in electronic information engineering from Zhejiang University (浙江大學) in the PRC in June 2003. He later obtained his master's degree in management science and engineering from Stanford University in the U.S. in January 2006.

Mr. QIU Yu Min (裘育敏), aged 46, was appointed as our Director on October 31, 2018 and re-designated as our non-executive Director on July 3, 2019. Mr. Qiu is primarily responsible for participating in formulating our Company's corporate and business strategies. Prior to joining our Group, Mr. Qiu has over 15 years of experience in medical and healthcare advisory and investment industry. In addition, Mr. Qiu has been the partner of investment department at Advantech Capital (尚珹投資) since October 2017. Since September 26, 2018, he has served as a director of TOT Biopharm International Company Limited (東曜藥業股份有限公司), the shares of which are listed on the Stock Exchange (stock code: 1875). Mr. Qiu also holds directorship in the following companies including Heal Force Bio-Meditech Holdings Limited, Arrail Group Limited, Shanghai Wiwide UKang Network Technology Co., Ltd. (上海邁外迪佑康網絡科技有限公司), Shenzhen Huakang Quanjing Information Technology Co., Ltd. (深圳市華康全景信息技術有限公司), HBM Holdings Limited, KBP Biosciences Holdings Limited, Shandong Henry Pharmaceutical Technology Co., Ltd. (山東亨利醫藥科技有限責任公司), Zhejiang Daoming Pharmaceutical Technology Co., Ltd. (浙江導明醫藥科技有限公司) and Dongyao Pharmaceutical Co., Ltd. (東曜藥業有限公司).

Prior to joining our Group, Mr. Qiu worked at Vancouver Coastal Health Authority until 2007. From April 2007 to May 2010, he served as a manager of the healthcare advisory team of PricewaterhouseCoopers Consultants (Shenzhen) Ltd. Beijing Branch (普華永道諮詢(深圳)有限公司北京分公司), where he was responsible for providing consulting services in the medical industry. From May 2010 to April 2013, Mr. Qiu served as the vice president in investment department of GL Capital (德福資本), where he was responsible for investment in healthcare industry. From May 2013 to December 2015, Mr. Qiu held multiple positions in New Horizon Capital (新天域資本) including a director and an executive director. Mr. Qiu was an executive director of Advantech Capital (尚珹投資) from January 2016 to September 2017, and has been serving as a partner of Advantech Capital since October 2017.

Mr. Qiu obtained his bachelor's degree in power engineering from East China University of Technology (華東工業大學) in the PRC in July 1994. He obtained his master's degree in business management in finance from University of British Columbia in Canada in May 2004. Mr. Qiu has been a chartered financial analyst conferred by the Chartered Financial Analyst Institute since 2007 and a certified management analyst conferred by the Institute of Management Accountants since May 2006.

Independent Non-executive Directors

Dr. JIANG Hualiang (蔣華良), aged 54, was appointed as an independent non-executive Director on November 24, 2019. Dr. Jiang is primarily responsible for supervising and providing independent judgement to our Board.

Dr. Jiang joined Shanghai Institute of Materia Medica, Chinese Academy of Sciences (中國科學院上海藥物研究所) in August 1995 and successively served as different positions including a research fellow, a director and a research director of State Key Laboratory of Drug Research (新藥研究國家重點實驗室). He is also serving as an adjunct professor at Shenyang Pharmaceutical University (瀋陽藥科大學) since September 2015.

Dr. Jiang was recognized as an Academician of Chinese Academy of Sciences (中國科學院院士) in November 2017. Dr. Jiang was awarded the Second Prize of State Technological Invention Award (國家技術發明獎二等獎) by State Council of the People's Republic of China (中華人民共和國國務院) in 2017, the First Prize of Shanghai Science and Technology Award (上海市科學技術獎一等獎) by Shanghai Municipal People's Government (上海市人民政府) twice in 2003 and 2015 and the Second Prize of National Natural Science Award (國家自然科學獎二等獎) by State Council of the People's Republic of China in 2007.

Dr. Jiang obtained a bachelor's degree in chemistry from Nanjing University (南京大學) in the PRC in July 1987, a master degree in physical chemistry from East China Normal University (華東師範大學) in the PRC in July 1992 and a doctoral degree in medicinal chemistry from Shanghai Institute of Materia Medica, Chinese Academy of Sciences (中國科學院上海藥物研究所) in the PRC in July 1995.

Mr. WEI Kevin Cheng (蔚成), aged 51, was appointed as an independent non-executive Director on November 24, 2019. Mr. Wei is primarily responsible for supervising and providing independent judgement to our Board.

Mr. Wei is currently a managing partner of Fontainburg Corporation Limited, a corporate finance advisory firm. Mr. Wei has held the following positions in certain public companies: an independent non-executive director and the chairman of audit committee of Nexteer Automotive Group Limited, a company listed on the Stock Exchange (stock code: 1316) since June 2013, an independent non-executive director and the chairman of audit committee of Tibet Water Resources Ltd., a company listed on the Stock Exchange (stock code: 1115) since March 2011 and an independent director and the chairman of audit committee of Alpha Peak Leisure Inc., a company listed on the Toronto Stock Exchange (TSX-V: AAP), since November 2017. Mr. Wei's prior directorship include an independent non-executive director, the chairman of the audit committee and a member of the remuneration committee of the board of Wisdom Sports Group, a company listed on the Stock Exchange (stock code: 1661), from July 2013 to February 2018 and an independent director and the chairman of audit committee of the board

of Hunter Maritime Acquisition Corp., a NASDAQ listed company (ticker symbol: HUNT)*Note* from April 2019 to July 2019. He also served as the chief financial officer of IFM Investments Limited, a real estate services company headquartered in Beijing, from December 2007 to September 2013. IFM Investments Limited was delisted from NYSE in 2015. Prior to that, from July 2006 to October 2007, Mr. Wei served as the chief financial officer of Solarfun Power Holdings Co., Limited (ticker symbol: SOLF), a NASDAQ listed solar company (currently known as Hanwha SolarOne Co., Ltd. and relisted on NASDAQ as Hanwha SolarOne (ticker symbol: HSOL)). From September 2003 to July 2005, Mr. Wei served as the head of internal audit for LG.Philips Displays International Ltd.

Mr. Wei became a member of the American Institute of Certified Public Accountants in February 1999. He graduated in June 1991 from Central Washington University in the U.S., where he received his bachelor of science degree (cum laude) with a double major in accounting and business administration.

Mr. WU Dong (吳冬), aged 50, was appointed as an independent non-executive Director on November 24, 2019. Mr. Wu is primarily responsible for supervising and providing independent judgement to our Board.

Mr. Wu is currently serving as a venture partner at 6 Dimensions Capital (蘇州通和毓承投資合夥企業(有限合夥)), a leading venture capital firm specializing in the healthcare industry to invest in companies in their early stages of formation or progress for development. He is also the founder and an executive director of Shanghai Jiuben Technology Co., Ltd. (上海究本科技有限公司).

Prior to joining 6 Dimensions Capital, Mr. Wu had worked for Johnson & Johnson (a company listed on the NYSE, stock code: JNJ) for over 10 years from August 2007 to March 2018 and served different positions including the head of Asia Pacific Innovation Center, a vice president of global engineering and emerging market research and development, the Emerging Market Innovation Centre Leader, a vice president of Research Development & Engineering, Asia Pacific and a senior director of emerging market research and development.

Mr. Wu received his bachelor degree in applied chemistry from Fudan University (復旦大學) in the PRC in July 1992 and an executive master of business administration from China-Europe International Business School (中歐國際商學院) in the PRC in September 2005.

Note:
According to the public filing made by Hunter Maritime Acquisition Corp. on June 14, 2019, Hunter Maritime Acquisition Corp. is in the process of appealing the decision made by NASDAQ Hearings Panel on April 26, 2019 to suspend trading of its securities due to its failure to comply with the minimum public shareholders requirement.

SENIOR MANAGEMENT

The following table sets out certain information about our senior management:

Name	Age	Position	Date of first joining our Group	Date of appointment as senior management	Roles and responsibilities
XU Ting (徐霆)	46	Chief Executive Officer, chairman and executive Director	Founder, November 6, 2008	October 1, 2018	Overall management of the business strategy, corporate development and research and development of our Group and oversight of the commercial suitability and sustainability of our Group
SHUAI Qi Terry (帥琪)	42	Chief Financial Officer	May 2018	May 5, 2018	Investor relations and financial planning of our Group
SUN Lu Amy (孫路)	62	Chief Medical Officer	June 2019	June 10, 2019	Providing clinical strategy and leading scientific and clinical study and regulatory filing activities of our Group
LIU Mike (劉銘)	53	Senior Vice President, Business Development	May 2016	May 1, 2018	Business development of our Group
LIU Yang (劉陽)	47	Executive Director and Vice President, Corporate Operations	October 2018	October 1, 2018	Corporate operations including human resources, administration and supply chain of our Group
WAN Yumin (萬玉民)	47	Vice President, Government Affairs and Public Relations	January 2019	January 14, 2019	Government affairs, legal affairs and public relations of our Group
KONG Liang (孔亮)	39	Vice President, Clinical Operation	June 2018	June 1, 2018	Clinical trials of our Group

Name	Age	Position	Date of first joining our Group	Date of appointment as senior management	Roles and responsibilities
YU Ji (虞驥)	42	Vice President, Manufacturing	July 2019	July 15, 2019	Manufacturing management of our Group
WANG Jinbo (王金波)	46	Vice President, Finance & IT	March 2018	March 19, 2018	Finance and information technology of our Group
YANG Shaowei (楊少偉)	44	Vice President, Quality	June 2017	June 13, 2017	Quality management our Group

Dr. XU Ting (徐霆) is the chairman of the Board, Chief Executive Officer and an executive Director. Please see "—Board of Directors—Executive Directors" for details of his biography.

Mr. SHUAI Qi Terry (帥琪), aged 42, was appointed as our Chief Financial Officer in May 2018. Mr. Shuai is primarily responsible for investor relations and financial planning of our Group.

Prior to joining our Group, Mr. Shuai has around 10 years of experience in investment banking and private equity investment, and six years of experience in pharmaceutical research. From March 2002 to February 2008, Mr. Shuai served as a research scientist at Abbott Laboratories. From July 2008 to April 2010, Mr. Shuai served as an associate at the global banking and market division of the Hong Kong and Shanghai Banking Corporation Limited (HSBC). From May 2010 to May 2011, Mr. Shuai served as an associate at the investment banking division of Credit Suisse (Hong Kong) Limited. From May 2011 to July 2015, Mr. Shuai worked at Morgan Stanley Asia Limited with his last position as an executive director. From July 2015 to June 2016, Mr. Shuai served as a vice president of Bain Capital Asia, LLC. From September 2016 to May 2018, Mr. Shuai served as a director and Head of Healthcare, Asia, in the Corporate & Investment Banking Division of the Hong Kong branch of Deutsche Bank AG.

Mr. Shuai obtained his bachelor's degree in polymer from the University of Science and Technology of China (中國科學技術大學) in the PRC in July 2000, his master's degree in Chemistry from Columbia University in the U.S. in February 2002 and his master's degree in business administration from the Booth School of Business of the University of Chicago in the U.S. in July 2008.

Dr. SUN Lu Amy (孫路), aged 62, was appointed as our Chief Medical Officer in June 2019. Dr. Sun is primarily responsible for providing clinical strategy and leading scientific and clinical study and regulatory filing activities of our Group.

Prior to joining our Group, from April 2017 to April 2019, Dr. Sun served as a vice president and the head of global clinical development at Shandong Luye Pharmaceutical Co., Ltd (山東綠葉製藥有限公司). From July 2014 to April 2017, Dr. Sun served as a senior medical director at Sanofi-Aventis US Inc. From August 2007 to July 2014, Dr. Sun served as a medical director at Merck & Co., Inc.

Dr. Sun was recognized as a fellow by the American College of Physicians in 2002. She is Board certified in Internal Medicine in the U.S. and holds an active practice license in the State of Pennsylvania. She was awarded the Physician Recognition Award by American Medical Association forth from 2002 to 2005.

Dr. Sun obtained a bachelor degree in medicine from Southeast University (東南大學) in the PRC in December 1982, a master degree in medicine from Zhejiang University (浙江大學) in the PRC in December 1985, a doctoral degree in molecular pharmacology from Creighton University in the U.S in December 1990, and a master of business administration from Lehigh University in the U.S in May 2016.

Dr. LIU Mike (劉銘), aged 53, was appointed as our Senior Vice President, Business Development on May 1, 2018. Dr. Liu is primarily responsible for business development of our Group. Dr. Liu also serves as the senior vice president of Jiangsu Alphamab. Dr. Liu served as the senior vice president of Suzhou Alphamab from May 2016 to April 2018.

Prior to joining Suzhou Alphamab, Dr. Liu had served various positions in a number of pharmaceutical companies including a manager of Purdue Pharma L.P. from May 2001 to August 2005, where he was responsible for licensing and business development, an associate director of Alexion Pharmaceuticals Inc. from September 2005 to November 2010, where he was responsible for global commercial development, and the head of global business development of Hengrui from December 2010 to May 2016.

Dr. Liu obtained his bachelor's degree in biochemistry from Nanjing University (南京大學) in the PRC in June 1988, his doctoral degree in cancer biology and biochemistry from Eppley Cancer Institute of University of Nebraska in the U.S. in May 1995 and his master's degree in business administration from Washington University in the U.S. in May 2001.

Ms. LIU Yang (劉陽) is the Vice President, Corporate Operations and, an executive Director. Please see "—Board of Directors—Executive Directors" for details of her biography.

Mr. WAN Yumin (萬玉民), aged 48, was appointed as the Vice President, Government Affairs and Public Relations of our Company on January 14, 2019. Mr. Wan is primarily responsible for government affairs, legal affairs and public relations of our Group. Mr. Wan also serves as a vice president of Jiangsu Alphamab.

Prior to joining our Group, Mr. Wan served as a researcher at Astronaut Center of China (中國太空人科研訓練中心) from 1993 to March 2017. From April 2018 to January 2019, he served as a researcher at National Center for Science & Technology Evaluation (國家科技評估中心) where he was responsible for policy advice and project management.

Mr. Wan obtained his bachelor's degree in biochemistry from Nanjing University (南京大學) in the PRC in July 1993 and his master's degree in biochemistry and molecular biology from China Agricultural University (中國農業大學) in the PRC in July 2000.

Mr. KONG Liang (孔亮), aged 39, was appointed as our Vice President, Clinical Operation on June 1, 2018. Mr. Kong is primarily responsible for clinical trials of our Group. Mr. Kong joined our Group in June 2018 and served as a vice president of Jiangsu Alphamab. He has 15 years' experience in contract research organization (CRO) and biotechnology.

Prior to joining our Group, from November 2013 to September 2017, Mr. Kong served as a clinical operation director of FibroGen (China) Medical Technology Development Co., Ltd. (FibroGen). He is a contributor to the NMPA approval of FibroGen's Roxadustat, a first-in-class hypoxia-inducible factor prolyl hydroxylase inhibitor (HIF-PHI) for the treatment of patients with anemia caused by chronic kidney disease (CKD) in patients who are dialysis-dependent (DD). China is the first country to approve Roxadustat globally. From September 2017 to May 2018, Mr. Kong served as the clinical operation vice president of Hua Medicine (Shanghai) Ltd., an indirectly wholly-owned subsidiary of Hua Medicine, a biotechnology company, the shares of which are listed on the Stock Exchange (stock code: 2552), where he was responsible for oversighting clinical operation. He worked at Roche from 2012 to 2013 as a global study manager to manage Trastuzumab global studies. He also worked at global or local leading CRO companies including Apex China Co., Ltd and Fountain Medical Development Ltd.

Mr. Kong obtained his master's degree in pharmaceutics from Pharmaceutical University (中國藥科大學) in the PRC in June 2004.

Mr. YU Ji (虞驥), aged 42, was appointed as our Vice President, Manufacturing in July 2019. Mr. Yu is primarily responsible for manufacturing management of our Group.

Prior to joining our Group, from May 2003 to June 2019, Mr. Yu served as several positions including the general manager of manufacturing department at Zhejiang Hisun Pharmaceutical Co., Ltd. (浙江海正藥業股份有限公司), where he was mainly responsible for biological manufacturing.

Mr. Yu received his bachelor's degree in biochemical engineering from Zhejiang University of Technology (浙江工業大學) in the PRC in June 2000 and his Master's degree in biochemical engineering from Zhejiang University (浙江大學) in the PRC in March 2003.

Mr. WANG Jinbo (王金波), aged 46, was appointed as the Vice President, Finance & IT of our Company on March 19, 2018. Mr. Wang is primarily responsible for finance and information technology of our Group. Mr. Wang also served as a vice president of Jiangsu Alphamab.

Prior to joining our Group, from July 2003 to May 2006, Mr. Wang served as the senior financial supervisor of Pfizer Pharmaceuticals Limited. From May 2006 to September 2014, Mr. Wang also held several positions in the subsidiaries of Pfizer Inc., including the deputy

director of finance of HISUN-Pfizer (海正輝瑞製藥有限公司), which is also a subsidiary of Zhejiang Hisun Pharmaceutical Co., Ltd. (浙江海正藥業股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600267), the senior financial manager of Wyeth Pharmaceutical Co., Ltd. (惠氏製藥有限公司) and the financial manager of Pfizer Suzhou Animal Health Products Co., Ltd. (輝瑞蘇州動物保健品有限公司). From September 2014 to April 2017, Mr. Wang served as a vice president of Innovent Biologics, Inc. (信達生物製藥(蘇州)有限公司), the shares of which are listed on the Stock Exchange (stock code: 1801), where he was responsible for finance and information technology. From June 2017 to March 2018, Mr. Wang served as the chief financial officer of Biomedical Industry Group (生物醫療產業集團) of Sanpower Group Co., Ltd. (三胞集團有限公司).

Mr. Wang obtained his bachelor's degree in economics from Northeastern University (東北大學) in the PRC in July 1996 and his master's degree in business administration from University of Quebec in the Canada in December 2013.

Mr. YANG Shaowei (楊少偉), aged 44, was appointed as our Vice President, Quality on July 1, 2019. He served as our Head of Quality from June 2017 to July 2019. Mr. Yang is primarily responsible for the quality management of our Group. Mr. Yang also served as an executive director of quality department of Jiangsu Alphamab.

From September 2011 to April 2014, Mr. Yang served as the head of quality assurance compliance of Zhejiang Tianyuan Biological Pharmaceutical Co., Ltd. (浙江天元生物藥業有限公司), a pharmaceutical company which is owned by Novartis Group, where he was responsible for GMP compliance. From April 2014 to June 2015, Mr. Yang served as a quality assurance director in Suzhou Alphamab. From July 2015 to June 2017, Mr. Yang served as the head of quality department in Sanofi (Beijing) Pharmaceuticals Co., Ltd. (賽諾菲(北京)製藥有限公司).

Mr. Yang obtained his bachelor's degree in physiology from Nanjing University (南京大學) in the PRC in July 1996.

Save as disclosed above, none of our Directors and senior management held any directorship in any public companies the shares of which are listed in the Stock Exchange or overseas stock markets during the three years prior to the date of this Prospectus.

To the best of the Board's knowledge, information and belief, save as disclosed in the Prospectus, our Directors and senior management do not have any relationship amongst them.

To the best of our Directors' knowledge, information and belief, and having made all reasonable enquiries, save as disclosed herein, there is no additional matter with respect to the appointment of the Directors that needs to be brought to the attention of the Shareholders, and there is no additional information relating to the Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

SCIENTIFIC ADVISORY BOARD

Our R&D team is backed by external scientists who are not employees of our Group serving on our Scientific Advisory Board. The Scientific Advisory Board provides our R&D team with advice, independent opinions, and information on clinical trial strategy, clinical development and regulatory requirements for the pipeline programs of our Company.

Each of the members of our Scientific Advisory Board has entered into a consulting agreement with our Company on June 1, 2018, which sets out, amongst others, the term of the engagement, compensation, duty, confidential obligations and the provision on retaining and assigning of inventions and original works. The initial term of their respective consulting agreement commenced on June 1, 2018 and will last for a period of two years. Each of the consulting agreements may be terminated in accordance with the terms and conditions of the agreement or by either party giving to the other not less than 30 days' prior notice in writing.

Our Scientific Advisory Board comprises of the following members:

Dr. LI Zihai (李子海) is the chairman of our Scientific Advisory Board. Dr. Li is an expert in the field of chaperone and cancer immunotherapy. Dr. Li is the founding director and a professor of the Institute for Immuno-Oncology at The Ohio State University James Comprehensive Cancer Center. He is currently holding leadership roles in the Chinese American Hematologist and Oncologist Network. In addition, Dr. Li currently serves as a member of American Society of Clinical Investigation and the Society of Immunotherapy of Cancer.

Dr. Li obtained his doctoral degree in immunology from the Icahn School of Medicine at Mount Sinai.

Dr. Jason LUKE is a member of our Scientific Advisory Board. Dr. Luke is an expert in clinical development of novel immunotherapeutics and biomarkers. Dr. Luke is currently a director of the Cancer Immunotherapeutics Center of UPMC of the University of Pittsburgh. In addition, Dr. Luke is actively involved in several professional societies, including the Melanoma Research Alliance, the Society for Immunotherapy of Cancer, the Cancer Research Foundation and the American Society for Clinical Oncology.

Dr. Luke obtained his medical doctor degree from Rosalind Franklin University of Medicine and Science in Chicago.

Dr. YANG Yiping (楊一平) is a member of our Scientific Advisory Board. Dr. Yang is an expert in hematologic malignancies, cancer immunotherapy, and gene therapy. Dr. Yang is currently the director of the division of hematology at Ohio State University Wexner Medical Center, and a professor of medicine at Duke University and the co-director of the Hematologic Malignancies and Cellular Therapy Program at the Duke Cancer Institute. Dr. Yang is also a consulting editor for the Journal of Clinical Investigation and JCI Insight.

Dr. Yang obtained his doctoral degree from University of Michigan.

Dr. ZHENG Lei (鄭雷) is a member of the Scientific Advisory Board. Dr. Zheng is an expert in development of novel vaccine-based and antibody-based rational combination immunotherapy for gastrointestinal cancers, neoantigen-based vaccines and nanoparticle-based adjuvant systems. Dr. Zheng is currently an associate professor of Oncology and Surgery in the Gastrointestinal Oncology Program at the Johns Hopkins University School of Medicine and a director of the Precision Medicine Center of Excellence for Pancreatic Cancer. In addition, Dr. Zheng is the president of the Chinese American Hematologist and Oncologist Network.

Dr. Zheng obtained his medical doctor degree from Peking Union Medical College (北京協和醫學院).

JOINT COMPANY SECRETARIES

Mr. SHUAI Qi Terry was appointed as one of our joint company secretaries on July 3, 2019. Please refer to his biography under "—Senior Management" above.

Ms. WONG Yee Man (黃綺汶) was appointed as one of our joint company secretaries on July 3, 2019. Ms. Wong is a manager of Corporate Services of Vistra Corporate Services (HK) Limited. She has over eight years of experience in providing a full range of company secretarial and compliance services to private and listed companies.

Ms. Wong obtained a bachelor of science majoring in risk management from The University of Hong Kong and a master of science in professional accounting and corporate governance from City University of Hong Kong. She has been an associate member of The Hong Kong Institute of Chartered Secretaries and an associate member of The Institute of Chartered Secretaries and Administrators in the United Kingdom since 2012. She is currently a joint company secretary of ManpowerGroup Greater China Limited and the company secretary of Home Control International Limited, both of which are listed on the Main Board of the Stock Exchange (stock codes: 2180 and 1747).

BOARD COMMITTEES

Our Company has established four committees under our Board pursuant to the corporate governance practice requirements under the Listing Rules, including the audit committee, remuneration committee, nomination committee and strategy committee.

Audit Committee

We have established an audit committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls system of the Group, review and approve connected transactions and to advise the Board. The audit committee comprises two independent non-executive Directors and one non-executive Director, namely Mr. WEI Kevin Cheng, Mr. WU Dong and Mr. QIU Yu Min. Mr. WEI Kevin Cheng, being the chairman of the committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration Committee

We have established a remuneration committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee are to review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management. The remuneration committee comprises one executive Director and two independent non-executive Directors, namely Mr. WU Dong, Ms. LIU Yang and Mr. WEI Kevin Cheng. Mr. WU Dong is the chairman of the committee.

Nomination Committee

We have established a nomination committee in compliance with the Code on Corporate Governance set out in Appendix 14 to the Listing Rules. The primary duties of the nomination committee are to make recommendations to our Board regarding the appointment of Directors and Board succession. The nomination committee comprises one executive Director and two independent non-executive Directors, namely Dr. Xu, Dr. JIANG Hualiang and Mr. WU Dong. Dr. Xu is the chairman of the committee.

Strategy Committee

We have established a strategy committee. The primary duties of the strategy committee are to review and advise on our mid to long term strategic positioning and development plans and to monitor the implementations of our development plans. The strategy committee comprises two executive Directors, one non-executive Director and one independent non-executive Director, namely Ms. LIU Yang, Dr. Xu, Dr. JIANG Hualiang and Mr. XU Zhan Kevin. Ms. LIU Yang is the chairman of the committee.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

In view of Dr. Xu's experience, personal profile and his roles in our Group as mentioned above and that Dr. Xu has assumed the role of chief executive officer of our Group since our incorporation, our Board considers it beneficial to the business prospect and operational efficiency of our Group that upon Listing, Dr. Xu acts as the chairman of our Board and continues to act as the chief executive officer of our Company. While this will constitute a deviation from Code Provision A.2.1 of the Code as set out in Appendix 14 to the Listing Rules, our Board believes that this structure will not impair the balance of power and authority between our Board and the management of our Company, given that: (i) decision to be made by our Board requires approval by at least a majority of our Directors, and we believe that there is sufficient check and balance in our Board; (ii) Dr. Xu and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of our Company and will make decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of our Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall

strategic and other key business, financial, and operational policies of our Group are made collectively after thorough discussion at both Board and senior management levels. Our Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

Our Directors strive to achieve a high standard of corporate governance (which is of critical importance to our development) to protect the interest of shareholders. Save as disclosed above, our Directors consider that upon Listing, we will comply with all applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

DIRECTORS' REMUNERATION

For details on the service contracts and appointment letters signed between our Company and our Directors, please see "Appendix V—Statutory and General Information—C. Further Information about our Directors—1. Particulars of Directors' Service Contracts and Appointment Letters" to this Prospectus.

For the two financial years ended December 31, 2017 and 2018 and the six months ended June 30, 2019, the total amount paid by us for payments of emoluments, salaries, allowances, discretionary bonus, defined contribution retirement plans and other benefits in kind (if applicable) to our Directors were approximately RMB537,000, RMB3,509,000 and RMB2,061,000, respectively. For remuneration details of all directors during the Track Record Period, please refer to Note 13 to the Accountant's Report as set out in Appendix I to this Prospectus.

According to existing effective arrangements, the total amount of remuneration (excluding any possible payment of discretionary bonus) to be paid by us to our Directors for the financial year ended December 31, 2019 is expected to be approximately RMB5.85 million.

The remuneration of our Directors has been determined with reference to the salaries of comparable companies and their experience, duties and performance.

For the two financial years ended December 31, 2017 and 2018 and the six months ended June 30, 2019, the five highest remuneration individuals of our Company included one, one and two Directors, respectively, their remunerations were included in the total amount paid by us for the emoluments, salaries, allowances, discretionary bonus, defined contribution retirement plans and other benefits in kind (if applicable) of the relevant Directors. For the two financial years ended December 31, 2017 and 2018 and the six months ended June 30, 2019, the total amount of remuneration and benefits in kind (if applicable) paid by us to the five highest remuneration individuals were approximately RMB2.9 million, RMB8.6 million and RMB5.9 million, respectively.

During the Track Record Period, no remuneration was paid by us or receivable by our Directors or the five highest remuneration individuals as incentives for joining or as rewards upon joining our Company. During the Track Record Period, no remuneration was paid by us or receivable by Directors, past directors or the five highest remuneration individuals as compensation for leaving positions relating to management affairs in any subsidiary of the Company.

During the Track Record Period, none of our Directors has waived any remuneration. Save as disclosed above, during the Track Record Period, no other amounts shall be paid or payable by us or any of our subsidiaries to the directors or the five highest remuneration individuals.

Certain of our Directors and employees are granted with share options under the Pre-IPO Share Option Plans. For details of the share options granted, please see the section headed "Appendix V—Statutory and General Information—D. Pre-IPO Share Option Plans" to this Prospectus.

Save as disclosed above, no Director is entitled to receive other special benefits from the Company.

COMPLIANCE ADVISER

We have appointed Somerley Capital Limited as our compliance adviser (the "**Compliance Adviser**") pursuant to Rule 3A.19 of the Listing Rules. Our Compliance Adviser 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 Adviser 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 proceeds of the Global Offering in a manner different from that detailed in this Prospectus or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this Prospectus; and

(d) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of our Compliance Adviser shall commence on the Listing Date 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 Listing Date.

KEY TERMS OF EMPLOYMENT CONTRACTS

We normally enter into employment contracts, confidentiality agreements, non-competition agreements and service invention agreements with our senior management members and other key personnel. Below sets forth the key terms of these contracts we enter into with our senior management and other key personnel.

Non-competition

Within two years from the date of the employee's departure (the "**Non-compete Period**"), he/she shall not be engaged by any company that (i) competes with the Group (except for certain companies permitted by the Group), (ii) has business relationships with the Company, (iii) is located at SIP BioBay, No. 218 Xinghu Street, Suzhou, Jiangsu Province, PRC and engages in pharmaceutical related business, or (iv) is headquartered in Suzhou and engages in the development and production of macromolecules, nor start or assist others in starting business that competes with the Group, nor engage in or assist others in the production of products related to our business. The Company shall pay monthly compensation to the relevant employee during the Non-compete Period.

Confidentiality

The employee shall keep our trade secrets (the "**Trade Secrets**"), including but not limited to our technical information and operation information in confidence. The employee shall not, for the term of their employment and thereafter disclose any Trade Secrets.

Service Invention

The rights and interests in any invention, utility model, design and technical solution produced by the employee during the course of employment, and any invention, utility model, design and technical solution that are related to the employee's work and activity during their employment produced by the employee within one years from the date of the employee's departure, including but not limited to those (i) related to our work, (ii) developed in whole or in part using our equipment or confidential information or (iii) resulted from any task assigned to the employee or are otherwise within the employee's scope of work, shall belong to us.

Non-solicitation

The employee agrees that he/she shall not directly or indirectly, (i) solicit, induce, recruit or encourage any of our employees possessing our Trade Secrets to leave our Group; and (ii) solicit our clients, within two years after termination of employment with our Group.

BOARD DIVERSITY

We have adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to the Board Diversity Policy, we seek to achieve diversity of our Board through the consideration of a number of factors when selecting candidates to our Board, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our Company's competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent. We have also taken, and will continue to take, steps to promote gender diversity at all levels of our Company, including but not limited to our Board and the senior management levels. Currently, one of our executive Directors is female. We recognize that the gender diversity at our Board level can be improved given the majority of our Directors are male. After the Listing, our nomination committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for adoption.

Our Directors have a balanced mix of knowledge and skills, including in management, strategic development, business development, research and development, investment management, finance and corporate finance. They obtained degrees in various areas including biochemistry and molecular biology, medicine, electronic information engineering, management science and engineering, power engineering, finance, physical chemistry, medicinal chemistry, applied chemistry, business administration and accounting. Our Directors range from 37 years old to 54 years old.

Our Board is responsible for reviewing the diversity of our Board. After the Listing, our Board will monitor the implementation of the Board Diversity Policy and review the Board Diversity Policy from time to time to ensure its continued effectiveness. We will also disclose in our annual corporate governance report a summary of the Board Diversity Policy together with information regarding the implementation of the Board Diversity Policy.

COMPETITION

Each of our Directors confirms that as of the Latest Practicable Date, he/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 neither our controlling shareholders nor members of our executive management team, we do not believe that their interests in such companies as directors would render us incapable of carrying on our business independently from the other companies in which they may hold directorships from time to time.

OVERVIEW

As of the Latest Practicable Date, Dr. Xu, through Rubymab, was interested in approximately 45.78% of the total issued share capital of our Company. Immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of share options under the Pre-IPO Share Option Plans), through Rubymab, Dr. Xu (for himself and as settlor of Dr. Xu's Family Trust) will be interested in approximately 36.62% of the total issued share capital of our Company. Accordingly, Dr. Xu and Rubymab will continue to be our Controlling Shareholders upon the Listing. For background of Dr. Xu, please see "Directors and Senior Management" of this Prospectus.

DELINEATION OF BUSINESS

Business of Our Group

Our Group focuses on research and development, manufacturing and commercialization of biologics for oncology. As of the Latest Practicable Date, we had a total of eight oncology drug candidates in our product pipeline, four of which were in clinical stage, namely KN046, KN026, KN019 and KN035 (in collaboration with 3DMed).

Excluded Businesses

In addition to the interests in our Group, as of the Latest Practicable Date, our ultimate Controlling Shareholder, Dr. Xu also held interest in some other companies engaged in the research and development of biologic drugs. Our Directors are of the view that such businesses are unlikely to give rise to any direct or indirect competition with the business of our Group:

(a) Suzhou Alphamab

Dr. Xu directly owned a 51% interest in Suzhou Alphamab, which principally engages in research and development, manufacturing and commercialization of biologics for non-oncology treatment of autoimmune diseases, hematology, infertility etc. Dr. Xu is the chairman of board of directors of Suzhou Alphamab. Suzhou Alphamab had one drug candidate for the treatment of rheumatoid arthritis (RA), KN018. KN018 is a biosimilar of Orencia (abatacept) and a CTLA-4-Fc fusion protein. The development of KN018 was suspended at an early stage before filing IND or clinical trials due to limited potential for developing broader indications and relatively high cost for clinical trials and Suzhou Alphamab does not expect to resume the development of KN018. As such, our Directors are of the view that KN018 is unlikely to give rise to any direct or indirect competition with the business of our Group.

Given the research on KN018 was suspended by Suzhou Alphamab and the fact that our KN019 has the same amino acid sequence as Nulojix (belatacept) which is an improved version of Orencia with higher potency, our Directors are of the view that it is in the best interest of our Group not to include KN018 into our Group.

(b) Jilin Alphamab

Dr. Xu directly owned a 45.9% interest in Alphamab Jilin Co., Ltd. (康寧傑瑞(吉林)生物科技有限公司) ("**Jilin Alphamab**"), a company incorporated in the PRC principally engaging in the research and development, manufacturing and commercialization of biologics for non-oncology treatments of autoimmune, infertility etc. Jilin Alphamab has one drug candidate, KN002, a biosimilar of Adalimumab (Humira) which works by inactivating tumor necrosis factor-alpha (TNF-α) to treat RA and is commonly referred to as TNF-α inhibitors. We intend to position our KN019 to primarily target RA patients who do not respond positively to TNF-α inhibitors. See "Business—Our Product Pipeline—CTLA-4 Fusion Protein Candidate – KN019—Positioning of KN019" for further details.

There are various treatment options for RA in China. In particular, with a number of TNF-α inhibitors approved and a growing pipeline, the competition in the market of TNF-α inhibitors for RA treatment is intensified. After assessing the commercial suitability by taking into consideration the above market prospects, Jilin Alphamab suspended the development of KN002 at an early stage before initiating clinical trials and does not expect to resume the development of KN002. As such, our Directors are of the view that KN002 is unlikely to give rise to any direct or indirect competition with the business of our Group.

Our Directors are of the view that it is in the best interest of Group not to include KN002 into our Group on the basis that (i) the research on KN002 was suspended by Jilin Alphamab and (ii) the mechanism of action and targeted RA patients of KN002 are different from that of KN019, and developing both drug candidates may divert our focus and resources from the development of our core drug candidates.

Different from KN018 and KN002, considering that (i) most of the R&D work and clinical studies relating to KN019 was done by our team, (ii) we included prophylaxis of organ rejection after kidney transplants as one of KN019's indications following a fast-to-market strategy, (iii) KN019 will be reformulated into a subcutaneous injectable biologic and thus, will have a competitive advantage over intravenous injectable candidates; and (iv) KN019 is an advanced biosimilar with clearer commercial visibility, we included KN019 as a drug candidate in our Company's product pipeline.

Other Investments of Suzhou Alphamab

Suzhou Alphamab also has investments in certain other businesses, details of which as of the Latest Practicable Date were as follows:

- Suzhou SmartNuclide Biopharmaceutical Co., Ltd. (蘇州智核生物醫藥科技有限公司) ("**Suzhou SmartNuclide**"), a company incorporated in the PRC principally engaging in research and development of innovative radiopharmaceuticals for oncology diagnosis. Suzhou SmartNuclide was held by Suzhou Alphamab as to approximately 34.54%. Dr. Xu was the chairman of board of directors of Suzhou SmartNuclide. Although both are engaging in oncology related businesses, there is

a clear business delineation between Suzhou SmartNuclide and our Group given that: (i) different market focuses whereby we mainly focus on biologics for oncology treatment and Suzhou SmartNuclide focuses on biologics or pharmaceuticals for oncology diagnosis; (ii) different drug candidates in terms of, amongst others, mechanism of action and technology used in R&D and manufacturing; and (iii) there is no overlapping personnel in the research and development and oncology studies of Suzhou SmartNuclide and our Group.

- Suzhou BioNovoGene Biotech Co., Ltd. (蘇州帕諾米克生物醫藥科技有限公司) ("**Suzhou BioNovoGene**"), a company incorporated in the PRC principally engaging in metabolomics studies in drug discovery, development and clinical trials. Suzhou BioNovoGene was held by Suzhou Alphamab as to approximately 34.54%. Dr. Xu was a director of Suzhou BioNovoGene.

- Shanghai Kangjing Bioscience Co., Ltd. (上海康景生物醫藥科技有限公司) ("**Shanghai Kangjing**"), a company incorporated in the PRC principally engaging in research and development of biologics. Shanghai Kangjing had one drug candidate, CRIg-FH-Fc, which indicated paroxysmal nocturnal hemoglobinuria (PNH). Shanghai Kangjing was held by Suzhou Alphamab as to 20%. Dr. Xu was a director of Shanghai Kangjing.

- Suzhou Oncoimmune Co., Ltd. (蘇州昂康免疫科技有限公司) ("**Suzhou Oncoimmune**"), a company incorporated in the PRC principally engaging in research and development of biologics. Suzhou Oncoimmune had one drug candidate, CD24Fc, which indicated autoimmune diseases such as graft-versus-host disease (GvHD). Suzhou Oncoimmune was held by Suzhou Alphamab as to approximately 19.21%. Dr. Xu was a director of Suzhou Oncoimmune.

Given the businesses carried out by above companies have no overlap with our Group's businesses, our Directors are of the view that such businesses do not compete or are unlikely to compete, directly or indirectly, with our Group's businesses.

Save as disclosed above, as of the Latest Practicable Date, our Controlling Shareholders confirm that they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

Consent Order Involving Our Controlling Shareholder

From June 2007 to August 2010, Dr. Xu was a senior scientist in Biogen IDEC Inc. ("Biogen"), working on long-acting human factors VII and VIII. Biogen engaged in research and development of drugs to treat hemophilia, which includes long-acting human factors VII, VIII and IX ("FVII", "FVIII" and "FIX"). In addition, Biogen also engaged in the development and manufacturing of Rituxan. In August 2010, Biogen initiated a litigation against Dr. Xu and Suzhou Alphamab, alleging that Dr. Xu used or was attempting to use Biogen's confidential and proprietary information to compete with Biogen on its long-acting human FVII, FVIII and FIX and Rituxan. Dr. Xu denied all of Biogen's allegations with basis. All of the claims and

counterclaims asserted in this litigation have been dismissed with prejudice by a court consent order entered in May 2011. Pursuant to the court consent order, Dr. Xu and companies under his control are enjoined from, among others, (i) developing, marketing, selling or producing for sale or for submission for any regulatory approval, Rituxan or any form of long-acting human FVII, FVIII and FIX other than such factors that were off-patent, until August 2020; and (ii) marketing, selling or producing for sale or for submission for any regulatory approval, any form of human FVII, FVIII and FIX, until August 2013.

NON-COMPETITION UNDERTAKING

Non-Competition

Each of our Controlling Shareholders has undertaken to us in the Non-Competition Undertaking that, during the period of the Non-competition Undertaking, it/he shall not, and shall procure its/his close associates (other than members of our Group) not to directly or indirectly be involved in or undertake any business (other than our business) that directly or indirectly competes, or may compete, with any business engaged by any member of our Group, or hold interest in any companies or business that compete directly or indirectly with the business currently or from time to time engaged in by our Group (the "**Restricted Business**"). For the avoidance of doubt, the Restricted Business shall include the business in relation to research and development, manufacturing and commercialization of the following:

(a) biologics for oncology treatment; and

(b) biologics which targeted B7 on APCs and indicated for TNF-α inhibitor refractory RA and post-transplant kidney rejection.

The above undertaking does not preclude our Controlling Shareholders and their close associates from:

(a) having an aggregate interest in not more than 10% of the total issued share capital of any public company (whose shares are listed on the Stock Exchange or any recognized exchange) or private company (whose shares are not listed on any stock exchange) which is engaged in any business that directly or indirectly competes, or may compete with the Restricted Business, provided that our Controlling Shareholders and their close associates do not have the right to nominate 50% or more members or control the voting rights (including but not limited to control the casting vote) of the board of the directors of such public or private companies; or

(b) participating in any Competing Business Opportunities (as defined below) if our Group has declined the Competing Business Opportunities or no written notice has been received from our Group of our decision to pursue or decline the Competing Business Opportunity that we shall be deemed to have declined the Competing Business Opportunity as set out below.

Options for Competing Business Opportunities

Each of our Controlling Shareholders has undertaken that if any new business/investment opportunity relating to the Restricted Business (the "**Competing Business Opportunity**") is identified by/made available to it/him or any of its/his close associates, it/he shall, and shall procure that its/his close associates shall, refer such Competing Business Opportunity to our Company on a timely basis and in the following manner:

- refer the Competing Business Opportunity to our Company by giving written notice (the "**Offer Notice**") to our Company of such Competing Business Opportunity within 60 days of identifying the nature of the Competing Business Opportunity, the investment or acquisition costs and all other details reasonably necessary for our Company to consider whether to pursue such Competing Business Opportunity;

- upon receiving the Offer Notice, our Company shall seek approval from a board committee consisting of Directors who do not have an interest in the Competing Business Opportunity, at least one of whom has appropriate biotechnology pharmaceutical background or related expertise (the "**Independent Board Committee**") as to whether to pursue or decline the Competing Business Opportunity;

- any Director who has actual or potential interest in the Competing Business Opportunity shall abstain from attending (unless their attendance is specifically requested by the Independent Board Committee) and voting at, and shall not be counted in the quorum for, any meeting convened to consider such Competing Business Opportunity;

- the Independent Board Committee shall consider the financial impact of pursuing the Competing Business Opportunity offered, whether the nature of the Competing Business Opportunity is consistent with our Group's strategies and development plans and the general market conditions of our business. If appropriate, the Independent Board Committee may appoint independent financial advisors, industry consultant and legal advisors to assist in the decision-making process in relation to such Competing Business Opportunity;

- the Independent Board Committee shall, within 30 Business Days of receipt of the written notice referred above, inform our Controlling Shareholders in writing on behalf of our Company its decision whether to pursue or decline the Competing Business Opportunity;

- our Controlling Shareholders shall be entitled but not obliged to pursue such Competing Business Opportunity if it or he has received a notice from the Independent Board Committee declining such Competing Business Opportunity or if the Independent Board Committee failed to respond within such 30 Business Days' period mentioned above;

- if there is any material change in the nature, terms or conditions of such Competing Business Opportunity pursued by our Controlling Shareholders, it/he shall refer such revised Competing Business Opportunity to our Company as if it was a new Competing Business Opportunity; and

- our Controlling Shareholders shall not charge us for the referral of the Competing Business Opportunity.

Further Undertakings

In order to promote good corporate governance practices and to improve transparency, the Non-Competition Undertaking includes the following provisions:

- our independent non-executive Directors shall review, at least on an annual basis, the compliance with the Non-Competition Undertaking by our Controlling Shareholders;

- each of our Controlling Shareholders has undertaken to us that it/he will provide and procure its/his close associates to provide on best endeavor basis, all information necessary for the annual review by our independent non-executive Directors for the enforcement of the Non-Competition Undertaking;

- we will disclose the review by our independent non-executive Directors on the compliance with, and the enforcement of, the Non-Competition Undertaking in our annual report or by way of announcement to the public in compliance with the requirements of the Listing Rules;

- we will disclose the decisions on matters reviewed by the independent non-executive Directors (including the reasons for not taking up the Competing Business Opportunity referred to our Company) either through our annual report or by way of announcement to the public;

- each of our Controlling Shareholders will make an annual declaration in our annual report on the compliance with the Non-Competition Undertaking; and

- in the event that any of our Directors and/or their respective close associates has material interests in any matter to be deliberated by our Board in relation to the compliance and enforcement of the Non-Competition Undertaking, it/he/she may not vote on the resolutions of our Board approving the matter and shall not be counted towards the quorum for the voting pursuant to the applicable provisions in the Articles of Association.

The Non-Competition Undertaking will lapse automatically if (i) our Controlling Shareholders and their close associates cease to hold, whether directly or indirectly, 30% or above of our Shares with voting rights, provided that our Controlling Shareholders and their close associates do not have the right to nominate 50% or more members of our Board or control the voting rights (including but not limited to control the casting vote) of the Board; or (ii) our Shares cease to be listed on the Stock Exchange.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently from our Controlling Shareholders after the Listing.

Operational and Administrative Independence

We have full rights to make all decisions on, and to carry out, our own business operation independently from our Controlling Shareholders and their respective close associates and will continue to do so after the Listing.

Research and Development Capabilities

Our Group and Suzhou Alphamab have clear delineation of their respective rights and interest in the intellectual properties relating to relevant technologies, including patents during the Business Restructuring as part of the Reorganization. See "History, Reorganization and Corporate Structure—Reorganization—Onshore Reorganization—Step 1. Business Restructuring of the Group" of this Prospectus for further information.

Our Group and Suzhou Alphamab jointly own two registered trademarks (Registration no. 34236156 and Registration no. 34228453) for future and exclusive use in our respective businesses. See "Appendix V—Statutory and General Information—B. Further Information about our Business—2. Intellectual Property Rights—(a) Trademarks" to this Prospectus for further information.

Save as disclosed above, our Group has registered our own intellectual property rights relating to relevant technologies for our businesses, and holds all of the relevant material licenses and qualifications required for conducting our Group's business separately and independently from our Controlling Shareholders and their respective close associates.

Except for certain key personnel leading the research and development our drug candidates who were transferred from Suzhou Alphamab by entering into new employment agreements with us during the Business Restructuring, we have our own employees for our research and development activities. As of the Latest Practicable Date, save as foregoing, our full-time employees were recruited independently.

Administrative Capabilities

We have our own accounting and financial department, human resources and administration department and internal control department. We have our own employee headcount for these departments. We have also established a set of internal control procedures and adopted corporate governance practices to facilitate the effective operation of our business. In addition, we have established our internal organizational and management structure which includes shareholders' meetings, our Board and other committees and formulated the terms of reference of these bodies in accordance with the requirements of the applicable laws and regulations, the Listing Rules and the Articles of Association, so as to establish a regulated and effective corporate governance structure with independent departments, each with specific area of responsibilities.

Manufacturing Capabilities

Our Group currently leases a 2,235 square meter manufacturing facility for our business operations from Suzhou Alphamab. The relevant lease and manufacturing arrangements are governed by the Property and Equipment Lease Agreement and the Master Technical Service Agreement entered into between our Group and Suzhou Alphamab and constitute connected transactions of our Company.

Under the Property and Equipment Lease Agreement, Suzhou Alphamab leased premises and facilities and provided supporting services for biologics manufacturing to our Group, and in return our Group agreed to provide drug manufacturing services to Suzhou Alphamab under the Master Technical Service Agreement. For details of theses connected transactions between our Group and Suzhou Alphamab, please see "Connected Transactions—One-off Connected Transaction" and "—Non-exempt Continuing Connected Transactions" of this Prospectus. Our Directors believe such continuing connected transactions between our Group and Suzhou Alphamab will not give rise to any business independence or reliance issues due to the following reasons:

(a) the roles of our Company (as the lessee under the Property and Equipment Lease Agreement and as a services provider under Master Technical Service Agreement) and those of the Suzhou Alphamab (as the lessor under the Property and Equipment Lease Agreement and as a recipient of services provided by us under Master Technical Service Agreement) are complementary and beneficial to each other;

(b) given our principal operating subsidiary, Jiangsu Alphamab, was a subsidiary of Suzhou Alphamab prior to the Reorganization, it generally maintains better and more efficient communication and thorough understanding of the conditions of commercial needs between our Group and Suzhou Alphamab, as compared to other services providers who are Independent Third Parties. The terms of these connected transactions were on normal commercial terms and the pricing terms were determined with reference to the prevailing market rates. Furthermore, any relocation of manufacturing facility or change of the current arrangements under these connected transactions may cause material disruption to our business operation and incur additional costs to us, it is natural and in the best interests of our Company and our Shareholders to cooperate with Suzhou Alphamab;

(c) it is unlikely that Suzhou Alphamab will cease to lease the Leased Premises and Leased Equipment and provide Ancillary services for us under the Property and Equipment Lease Agreement as (i) we are entitled to require Suzhou Alphamab to extend the term of the Property and Equipment Lease Agreement before its expiry (subject to the term of lease entered into between Suzhou Alphamab and the owner of the Leased Premises and their consent which has been obtained); and (ii) according to the lease agreement entered into by Suzhou Alphamab and the owner of the Leased Premises, the lease will expire on March 31, 2024 and Suzhou Alphamab shall have the priority right to renew the lease for a further term of 5 years;

(d) we are not and will not be bound to cooperate with Suzhou Alphamab unless we agree to do so under either of the connected transactions. We remain open to all forms of cooperation with other business partners that are independent from Suzhou Alphamab. In the event that the owner of the Leased Premises ceases to lease the Leased Premises to Suzhou Alphamab, our Directors believe that we will have sufficient time and resources to locate other comparable premises and services providers available in the market; and

(e) we are in the process of building our own manufacturing facilities located in Suzhou, phase I of which is expected to be completed in late 2019, with a planned GFA of 53,867 square meters. Once our new facilities are approved by the relevant regulatory agencies, we plan to transfer certain manufacturing activities to our own facilities in the future. See "Business—Manufacturing" of this Prospectus for details.

Connected Transactions with Controlling Shareholders

Save for the connected transactions set out in "Connected Transactions" of this Prospectus, our Directors do not expect that there will be any other transactions between our Group and our connected persons. Such transactions were and will be conducted in the ordinary and usual course of business of our Group, on an arm's length basis and on normal commercial terms.

Based on the above, our Directors believe that we are able to operate independently from our Controlling Shareholders and their respective close associates.

Financial Independence

Our Group has an independent financial system. We make financial decisions according to our own business needs and neither our Controlling Shareholders nor their close associates may intervene with our use of funds. We have opened accounts with banks independently and do not share any bank accounts with our Controlling Shareholders or their close associates. We have established an independent finance department as well as implemented sound and independent audit, accounting and financial management systems. We have adequate internal resources and a credit profile to support our daily operations.

As of the Latest Practicable Date, there were no outstanding loans or guarantees provided by, or granted to, our Controlling Shareholders or their respective close associates.

Based on the above, we are of the view that there is no financial dependence on our Controlling Shareholders and their close associates.

Management Independence

We are able to carry out our business independently from our Controlling Shareholders and their respective close associates from a management perspective. Our Board of Directors comprises seven Directors, including two executive Directors, two non-executive Directors and three independent non-executive Directors. Please see "Directors and Senior Management" for further details. Save as disclosed below, none of our Directors or members of senior management serves as directors or members of senior management in any close associates of our Controlling Shareholders:

Name	Position in our Company	Position held in close associates of our Controlling Shareholders
Dr. Xu	Chief executive officer, chairman of the Board and executive Director	• chairman of the board of Suzhou Alphamab • chairman of the board of Suzhou SmartNuclide • chairman of Suzhou BioNovoGene

Notwithstanding Dr. Xu's positions in its close associates, our Directors are of the view that our Board and the senior management of our Group are able to perform their roles independently from our Controlling Shareholders for the following reasons:

- None of the above positions Dr. Xu holds in his close associates carries executive function that would require him to work intensively on a daily basis or deal with the day-to-day operation of those companies;

- the daily management and operation of our Company is managed by our senior management and overseen by our executive Directors. Other than Dr. Xu, our executive Director and senior management members do not hold any role as director or member of senior management in any close associates of our Controlling Shareholders;

- according to the Articles of Association, with respect to any matters of conflict or potential conflict of interest which involve a transaction between our Company and another company or entity to which a Director holds office, such Director shall abstain from voting and shall not be counted towards the quorum for the voting;

- we have appointed three independent non-executive Directors to provide a balance of the number of potentially interested and independent Directors with a view to promote the interests of our Company and the Shareholders as a whole. The independent non-executive Directors will be entitled to engage professional advisers at our cost for advice on matters relating to any potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective associates;

- each of our Directors is aware of his/her fiduciary duties and responsibilities under the Listing Rules as a director, which require that he/she acts in the best interests of our Company and our Shareholders as a whole; and

- where a Shareholders' meeting is held to consider a proposed transaction in which the Controlling Shareholders have a material interest, the Controlling Shareholders shall abstain from voting on the resolutions and shall not be counted towards the quorum for the voting.

CORPORATE GOVERNANCE MEASURES

We will comply with the provisions of the Corporate Governance Code set forth in Appendix 14 to the Listing Rules, which sets out the principles of good corporate governance.

Each of our Controlling Shareholders has confirmed that they fully comprehend each of their obligations to act in the best interests of the Company and our Shareholders as a whole. Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest. In order to further avoid potential conflicts of interest, we have implemented the following measures:

- where a board meeting or Shareholders' meeting is to be held for considering proposed transactions in which any of our Directors or Controlling Shareholders or any of their respective close associates has a material interest, the relevant Director or Controlling Shareholder will not vote on the relevant resolutions;

- we have established internal control mechanisms to identify connected transactions. Upon the Listing, if we enter into connected transactions with any Controlling Shareholder or any of their associates, we will comply with the applicable Listing Rules;

- the independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and any Controlling Shareholder (the "**Annual Review**") and provide impartial and professional advice to protect the interests of our minority Shareholders;

- our Controlling Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the Annual Review;

- our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements;

- where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses; and

- we have appointed Somerley Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our Controlling Shareholders, and to protect our minority Shareholders' interests after the Listing.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, save as disclosed in this section and the section headed "Directors and Senior Management—Competition" of this Prospectus, none of the Directors is interested in any business apart from our Group's business which competes or is likely to compete, directly or indirectly, with our Group's business.

OVERVIEW

Prior to the Listing, we have entered into certain transactions with parties who will, upon the Listing, become connected persons of the Company. Details of such continuing connected transactions and one-off connected transaction of the Company following the Listing are set out below.

RELEVANT CONNECTED PERSON

Suzhou Alphamab is owned as to 51.0% by Dr. Xu, an executive Director and a Controlling Shareholder of our Company and therefore will become a connected person of our Company upon Listing pursuant to Chapter 14A of the Listing Rules.

ONE-OFF CONNECTED TRANSACTION

Property and Equipment Lease Arrangement

Principal Terms

Our Group has entered into a property and equipment lease agreement ("**Property and Equipment Lease Agreement**") with Suzhou Alphamab with effect from June 1, 2019, pursuant to which Suzhou Alphamab agreed to, amongst others, (i) lease to us the premises with a total gross area of approximately 2,235 sq.m. located at 4th floor and 5th floor of Building C23, SIP BioBay, No. 218 Xinghu Street, Suzhou, Jiangsu Province, the PRC (中國江蘇省蘇州市星湖街218號生物納米園C23樓) (the "**Leased Premises**"), which is rented from an Independent Third Party, Suzhou Industrial Park Biotech Development Co. Ltd. (蘇州工業園區生物產業發展有限公司) (the "**Suzhou Industrial Park**"), for the purposes of biologics manufacturing and storage of relevant materials and (ii) lease certain facilities and equipment for biologics manufacturing including workshops, storage cabinets and water, steam and process gas systems (the "**Leased Equipment**") to us. (collectively, the "**Property and Equipment Lease Arrangement**")

The Property and Equipment Lease Agreement has an initial term commencing from June 1, 2019 till December 31, 2021 and the lease may be renewed on terms as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and other applicable laws and regulations. Jiangsu Alphamab is entitled to an extension of the Property and Equipment Lease Agreement upon its expiry (subject to the effective terms of lease arrangements entered into between Suzhou Alphamab and Suzhou Industrial Park as well as the consent from Suzhou Industrial Park). Suzhou Alphamab has obtained the consent from Suzhou Industrial Park to sublease the Leased Premises to Jiangsu Alphamab under the Property and Equipment Lease Agreement. According to the lease agreement entered into by Suzhou Alphamab and Suzhou Industrial Park, the lease of the Leased Premises between the parties will expire on March 1, 2024 and Suzhou Alphamab shall have the priority right to renew the lease for a further term of five years.

The Property and Equipment Lease Agreement were entered into (i) in the ordinary and usual course of business of our Group, (ii) on arm's length basis, and (iii) on normal commercial terms with the rent being determined with reference to, among others, the prevailing market rates for similar properties in the same area and the corresponding property management costs for the Leased Premises and the prevailing market rates for equipment leasing arrangement of similar nature and the corresponding depreciation of the Leased Equipment.

The value of the lease liabilities which includes the present value of the lease payments recognized by the Company according to IFRS 16 as at June 30, 2019 amounted to RMB26.4 million. The increased rent attributable to the Suzhou Alphamab in relation to the Property and Equipment Lease Arrangement for the two years ended December 31, 2017 and 2018 and the six months ended June 30, 2019 was nil, RMB9.8 million and RMB25.0 million, respectively.

Reasons for and Benefits of the Transaction

We have been using the Leased Premises and the Leased Equipment for biologics manufacturing during the Track Record Period. Any relocation of manufacturing facilities may cause material disruption to our business operations and incur additional costs. The continuation of such leases is cost efficient and is beneficial to our operations. As (i) the Leased Equipment is located at and customized for the Leased Premises, and (ii) the lease of the Leased Premises between Suzhou Alphamab and Suzhou Industrial Park will expire on March 1, 2024 and Suzhou Alphamab shall have the priority right to renew the lease for a further term of five years, we lease the Leased Premises from Suzhou Alphamab rather than directly from Suzhou Industrial Park. In light of the above, our Directors are of the view that such arrangement is in the best interest of our Group and our Shareholders as a whole. Notwithstanding the above, our Directors (including the independent non-executive Directors) are of the view that the contemplated connected transactions under the Property and Equipment Lease Agreement will have no negative impact on our Group, and do not affect our operational independence. For more details, please see "Relationship with Controlling Shareholders—Independence from Controlling Shareholders—Operational and Administrative Independence—Manufacturing Capabilities."

Listing Rules Implications

In accordance with IFRS 16 "Leases", the Company recognized a right-of-use asset on its balance sheet in connection with the lease of the properties from the Suzhou Alphamab. Therefore, the lease of the Leased Premises and the Leased Equipment from Suzhou Alphamab under the Property and Equipment Lease Agreement will be regarded as an acquisition of a capital asset and a one-off connected transaction of the Company for the purposes of the Listing Rules. Accordingly, the reporting, announcement, annual review and independent shareholders' approval requirements in Chapter 14A of the Listing Rules will not be applicable.

EXEMPT CONTINUING CONNECTED TRANSACTION

We have entered into the following continuing connected transaction which will be exempt from the annual review, reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules, as further discussed below.

Patent Licensing Arrangements

Principal Terms

As part of our Reorganization in preparation for the Listing, our Group has entered into the Asset Transfer and Patent Licensing Agreements with Suzhou Alphamab, pursuant to which, Suzhou Alphamab agreed to, among other things, assign and/or transfer registered patents and filed patent applications in relation to our oncology drug candidates KN026, KN046 and KN035 (the "**Transferred Patents**"), to our subsidiary Jiangsu Alphamab. See section headed "History, Reorganization and Corporate Structure—Reorganization—Onshore Reorganization—Step 1. Business Restructuring of the Group" of this Prospectus for further details of the Asset Transfer and Patent Licensing Agreements.

In order for Suzhou Alphamab to maintain its rights and interests of the Transferred Patents in non-oncology treatment related areas, and to ensure that we would hold all material patent licenses to carry out our business, Jiangsu Alphamab and Suzhou Alphamab agreed on the following patent arrangements ("**Patent Licensing Arrangements**") under the Asset Transfer and Patent Licensing Agreements:

(1) Jiangsu Alphamab Patent Licensing-back Arrangement

Pursuant to the Asset Transfer and Patent Licensing Agreements, Jiangsu Alphamab agreed to grant Suzhou Alphamab exclusive and assignable licenses, on a royalty-free basis, to use the Transferred Patents in the research, development and commercialization of its products in areas other than oncology treatment, including (i) recurrence prediction non-therapeutic areas of oncology diseases, including but not limited to diagnosis, prognosis and recurrence prediction and (ii) non-oncology diseases for a perpetual term commencing from the dates of the Asset Transfer and Patent Licensing Agreements (the "**Jiangsu Alphamab Patent Licensing-back Arrangement**"). Under the Jiangsu Alphamab Patent Licensing-back Arrangement, Suzhou Alphamab is entitled to transfer and assign its rights, duties and obligations with respect to the Transferred Patents, or sublicense the Transferred Patents to third parties in non-oncology treatment related areas without seeking Jiangsu Alphamab's consent. Details of the Transferred Patents are set forth in the section headed "Appendix V—Statutory and General information—B. Further Information about our Business—2. Intellectual Property Rights—(b) Patents" to this Prospectus.

(2) Suzhou Alphamab Patent Licensing Arrangement

Pursuant to the Asset Transfer and Patent Licensing Agreements, Suzhou Alphamab agreed to grant us exclusive and assignable licenses, on a royalty-free basis, to use the registered patents and filed patent applications (including patent filing rights) covering antibody sequence of PD-L1 and CTLA-4 (the "**Licensed Patents**") in the research, development, manufacturing and commercialization of oncology treatments for a perpetual term commencing from the dates of the Asset Transfer and Patent Licensing

Agreements (the "**Suzhou Alphamab Patent Licensing Arrangement**"). Under the Suzhou Alphamab Patent Licensing Arrangement, Jiangsu Alphamab is entitled to transfer and assign its rights, duties and obligations with respect to the Licensed Patents, or sublicense the Licensed Patents to third parties in oncology treatment area without seeking Suzhou Alphamab's consent. Details of the Licensed Patents are set forth in the section headed "Appendix V—Statutory and General information—B. Further Information about our Business—2. Intellectual Property Rights—(b) Patents" to this Prospectus.

Reasons for and Benefits of the Transaction

As disclosed in the section headed "History, Reorganization and Corporate Structure—Reorganization—Onshore Reorganization—Step 1. Business Restructuring of the Group" of this Prospectus, Suzhou Alphamab and our Group agreed on the Patent Licensing Arrangements under the Asset Transfer and Patent Licensing Agreements to ensure that the Transferred Patents and the Licensed Patents could be fully utilized by both our Company and Suzhou Alphamab in research, development and commercialization of oncology and non-oncology treatments, respectively with no overlap in the scope of licenses and exclusive rights in the relevant patents and patent applications. As a result, our Group held all of the relevant material assets, patent rights and licenses to carry out our principal businesses after the Reorganization. Our role (as a licensor under the Jiangsu Alphamab Patent Licensing-back Arrangement and a licensee under the Suzhou Alphamab Patent Licensing Arrangement) and the role of Suzhou Alphamab (as a licensee under the Jiangsu Alphamab Patent Licensing-back Arrangement and a licensor under the Suzhou Alphamab Patent Licensing Arrangement) are complementary and beneficial to each other. Therefore, our Directors are of the view that such arrangements are in the best interest of our Group and our Shareholders as a whole.

The Patent Licensing Arrangements are of a 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 Patent Licensing Arrangements 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: (1) the perpetual term of the Patent Licensing Arrangements can secure long-term patent use rights for us, thus avoiding unnecessary disruptions to our business and operations; (2) the Patent Licensing Arrangements formed integral parts of the Reorganization in preparation for the Listing and enabled Suzhou Alphamab and us to use the patents exclusively in our respective businesses; (3) the terms and consideration of the Patent Licensing Arrangements have been taken into account for the determination of the total consideration of the Asset Transfer and Patent Licensing Agreements; and (4) according to the CIC Report, it is not uncommon to have similar arrangements where parties to such arrangements can utilize different aspects of the relevant patents for different purposes.

Taken into account of (i) the Directors' considerations as stated above and (ii) the Joint Sponsors not being aware of any matter which indicates that a term longer than three years for the Patent Licensing Arrangements is unreasonable, the Joint Sponsors are of the view that it is in the normal business practice for the Patent Licensing Arrangements to be of a term longer than three years.

Listing Rules Requirements

As the licenses granted under the Patent Licensing Arrangements are on a royalty-free basis, the transactions under the Patent Licensing Arrangements are fully exempt from the annual review, reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Following the Listing, the following transactions will be regarded as continuing connected transactions subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As our Company is eligible for listing on the Stock Exchange under Chapter 18A of the Listing Rules as a pre-revenue biotech company, the revenue ratio under Rule 14.07 of the Listing Rules would not be appropriate measure of the size of relevant continuing connected transactions set out in this section. As an alternative, we have applied a percentage ratio test based on the total expenses for R&D and administrative matters of our Group (the "**Expense Ratio**").

Procurement of Ancillary Services and Utility under the Property and Equipment Lease Agreement

Principal Terms

Pursuant to the Property and Equipment Lease Agreement, Suzhou Alphamab agreed to provide us with ancillary services of facility maintenance, which are carried out by certain supporting staff of Suzhou Alphamab on the Leased Premises (the "**Ancillary Services**"). In addition, we also need to pay the utility (water, electricity etc.) costs to Suzhou Alphamab during the term of the Property and Equipment Lease Agreement.

Pricing Policy

The total fees payable by us to Suzhou Alphamab in relation to the Ancillary Services provision and utility costs under the Property and Equipment Lease Agreement were determined based on (i) the labor costs in relation to the provision of Ancillary Services, which were determined with reference to the prevailing market rates of labor costs for the provision of similar services and the labor costs are settled by the Group on an accrual basis and (ii) the utility (water, electricity etc.) costs incurred on the Leased Premises.

The fees as mentioned above shall be paid and settled by our Group in cash on quarterly basis.

Reasons for and Benefits of the Transaction

Suzhou Alphamab has been providing Ancillary Services to us for biologics manufacturing during the Track Record Period. Any change of the current arrangement may cause material disruption to our business operations and incur additional costs. Therefore, our Directors are of the view that such arrangement is in the best interest of our Group and our Shareholders as a whole. Please see the section headed "One-off Connected Transaction—Property and Equipment Lease Arrangement—Reasons for and Benefits of the Transaction" above for our Directors' view on the connected transactions contemplated under the Property and Equipment Lease Agreement.

Historical Transaction Amounts

The following table sets forth historical transaction amounts incurred by the Group for the provision of Ancillary Services and the utility costs on the Leased Premises during the Track Record Period:

Year ended December 31,		Six months ended June 30,
2017	**2018**	**2019**
	(RMB in thousands)	
N/A	1,116	719

Annual Caps

The following table sets forth proposed annual caps for the fees for the Ancillary Services provision and utility costs under the Property and Equipment Lease Agreement:

Year ended December 31,		
2019	**2020**	**2021**
	(RMB in thousands)	
3,395.0	5,821.2	5,821.2

The proposed annual caps were estimated based on the same basis as described above, which include (i) the estimated labor costs in relation to the provision of Ancillary Services with reference to our historical demand; and (ii) the estimated utility (water, electricity etc.) costs with reference to the historical volume consumed by us.

The increase in the annual cap from year ending December 31, 2019 to 2020 is due to fact that the term of the Property and Equipment Lease Agreement commenced from June 1, 2019, and therefore, covers only seven months in 2019 and the entire 12 months in 2020.

Listing Rules Requirements

As the highest of the applicable percentage ratios (other than the profit ratio) calculated for the purpose of Chapter 14A of the Listing Rules will exceed 5%, the transactions in relation to the procurement of Ancillary Services and utility under the Property and Equipment Lease Agreement are continuing connected transactions subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Master Technical Service Agreement

Principal Terms

Our Group entered into a master technical service agreement ("**Master Technical Service Agreement**") with Suzhou Alphamab with effect from June 6, 2019, pursuant to which, we will provide biologics manufacturing services to Suzhou Alphamab upon request during the term of the agreement ("**Manufacturing Services**"). The Manufacturing Services include (i) manufacturing of biological drug substances in compliance with GMP and (ii) packaging of sterile drug products. The Master Technical Service Agreement has an initial term commencing from the date of the Master Technical Service Agreement till December 31, 2021, and may be renewed as the parties may mutually agree, subject to the compliance with the requirements under Chapter 14A of the Listing Rules.

The Master Technical Service Agreement is a framework agreement which provides the mechanism for operation of the connected transactions described therein. Suzhou Alphamab shall inform us of any request for Manufacturing Services at least two months before the expected production commencement date. The parties shall enter into individual agreement for each request of Manufacturing Services. According to the Master Technical Service Agreement, we are entitled to refuse to provide or delay the provision of the Manufacturing Services for Suzhou Alphamab if we consider that we do not have adequate manufacturing capacity to perform the requested services.

Pricing Policy

Under the Master Technical Service Agreement, service fee payable by Suzhou Alphamab to us were determined after arm's length negotiation with reference to (i) the nature of the services and (ii) the prevailing market rates in the neighborhood for providing similar services. The service fees of Manufacturing Services are as follows:

(i) a service fee of RMB3,585,900 per batch for the manufacturing of biological drug substances in compliance with GMP. Each batch of biological drug substances to be manufactured shall not exceed 1000L; and

(ii) a service fee of RMB90,000 per batch for packaging of sterile drug products. Each batch of drug products to be packaged shall not exceed 20,000 items.

The above service fees do not include the costs of raw materials, which will be provided by Suzhou Alphamab before the commencement of the Manufacturing Services. The services fees will be paid and settled by the Suzhou Alphamab within 45 days after the delivery of the Manufacturing Services.

Reasons for and Benefits of the Transaction

Our principal operating subsidiary Jiangsu Alphamab had been a subsidiary of Suzhou Alphamab prior to the Reorganization and therefore we are very familiar with its needs and requirements. It is complementary and beneficial to Suzhou Alphamab and us to enter into both the Master Technical Service Agreement and Property and Equipment Lease Agreement to avoid any relocation of manufacturing facility or change of current arrangements that may cause disruption to the manufacturing operations of us and Suzhou Alphamab. Under the Master Technical Service Agreement, we are entitled to refuse to provide or delay the provision of the Manufacturing Services to Suzhou Alphamab if we consider that we do not have adequate manufacturing capacity to perform the requested services. Such arrangement enables us to fully utilize our production capacity as well as generate income for our Group. Our Directors are of the view that providing Manufacturing Services to Suzhou Alphamab as contemplated under the Master Technical Services Agreement will be beneficial to our Group.

Historical Transaction Amounts

During the Track Record Period, our Group did not provide Suzhou Alphamab with any Manufacturing Services.

Annual Caps

The following table sets forth proposed annual caps for the service fees under the Master Technical Service Agreement:

Year ending December 31,		
2019	**2020**	**2021**
	(RMB in thousands)	
810.0	19,009.5	18,559.5

The proposed annual caps for the service fees under Master Technical Service Agreement have been estimated based on (i) the fixed unit price for each type of Manufacturing Services as described above and (ii) the estimated demand for each type of Manufacturing Services from Suzhou Alphamab after taking into account the status and progress of its product pipeline and drug development plans for the next three years.

The significant increase in the annual cap for the year ending December 31, 2020 as compared to the annual cap for the year ending December 31, 2019 is primarily due to (i) that the term of the Master Technical Service Agreement commenced from June 6, 2019, and therefore, covers only seven months in 2019 and the entire 12 months in 2020; and (ii) the expected increasing demand for Manufacturing Services from Suzhou Alphamab based on the current number of on-going projects and the estimated progress of the projects for the year ending December 31, 2020.

Listing Rules Requirements

As the highest of the applicable percentage ratios (other than the profit ratio) calculated for the purpose of Chapter 14A of the Listing Rules will exceed 5%, the transactions under the Master Technical Service Agreement are continuing connected transactions subject to the reporting, annual review and announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

WAIVER APPLICATION FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

By virtue of Rule 14A.76(2) of the Listing Rules, each of the transactions under the sub-section "—Non-Exempt Continuing Connected Transactions" will constitute connected transactions which are subject to reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As the above non-exempt continuing connected transactions are expected to continue on a recurring and continuing basis, our Directors consider that compliance with the above announcement and/or independent shareholders' approval requirements would be impractical, would add unnecessary administrative costs to us and would be unduly burdensome to us. 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 in respect of the above non-exempt continuing connected transactions. In addition, we confirm that we will comply with the Listing Rules in relation to the discloseable and non-exempt continuing connected transactions. 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 Prospectus, our Company will take immediate steps to ensure compliance with such new requirements within a reasonable time.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the opinion that (i) the continuing connected transactions as set out above have been entered into, and will be carried out, in the ordinary and usual course of business of our Group and on normal commercial terms or better to us and are fair and reasonable and are in the interest of our Company and our Shareholders as a whole; and (ii) the proposed annual caps are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

CONFIRMATION FROM THE JOINT SPONSORS

The Joint Sponsors are of the view that the non-exempt continuing connected transactions described above, for which waivers have been sought, have been entered into in the ordinary and usual course of business of the Group, on normal commercial terms that are fair and reasonable and in the interest of the Shareholders as a whole.

So far as our Directors are aware, immediately following the completion of the Global Offering and assuming that the Over-allotment Option is not exercised, the share options granted under the Pre-IPO Share Option Plans are not exercised and each Preferred Share will be automatically converted to one Share upon the Global Offering becoming unconditional, the following persons are expected to have an interest 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 are, directly or indirectly interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

(a) Long Positions in the Shares of the Company

Name of substantial shareholder	Nature of interest	Number of Shares	Approximate percentage of interest in our Company after completion of Global Offering (assuming Over-allotment Option is not exercised)	Approximate percentage of interest in our Company after completion of Global Offering (assuming Over-allotment Option is fully exercised)
Dr. Xu[(1)]	Founder of a discretionary trust Interest in a controlled corporation	328,500,000	36.62%	35.55%
Rubymab	Beneficial owner	328,500,000	36.62%	35.55%
South Dakota Trust[(1)]	Trustee	328,500,000	36.62%	35.55%
Ms. LIU Yang[(1)]	Beneficiary of a trust	328,500,000	36.62%	35.55%
Mr. ZHANG Xitian[(2)]	Interest in a controlled corporation	85,750,000	9.56%	9.28%
Sky Diamond	Beneficial owner	85,750,000	9.56%	9.28%
Mr. XUE Chuanxiao[(3)]	Interest in a controlled corporation	85,750,000	9.56%	9.28%
Pearlmed	Beneficial owner	85,750,000	9.56%	9.28%
PAG Growth[(4)]	Beneficial owner	49,691,190	5.54%	5.38%
Advantech II[(5)]	Beneficial owner	49,424,035	5.51%	5.35%

Notes:

(1) Immediately upon the Global Offering, the entire share capital of Rubymab is wholly owned by South Dakota Trust as the trustee of Dr. Xu's Family Trust. As of the Latest Practicable Date, Dr. Xu is in the process of establishing Dr. Xu's Family Trust, of which he will act as the settlor and protector for the benefits of his family members with South Dakota Trust acting as the trustee. The establishment of Dr. Xu's Family Trust is expected to be completed before the Listing. The entire equity interest of Rubymab will be transferred to Dr. Xu's Family Trust immediately upon establishment and before the Listing.

(2) Sky Diamond is wholly owned by Mr. ZHANG Xitian. Therefore, Mr. Zhang is deemed to be interested in the Shares in which Sky Diamond is interested under the SFO.

(3) Pearlmed is wholly owned by Mr. Xue Chuanxiao. Therefore, Mr. Xue is deemed to be interested in the Shares in which Pearlmed is interested under the SFO.

(4) Each of PAG Growth I LP (as the largest shareholder holding 70% in PAG Growth), PAG Growth Capital GP I Limited (as the general partner of PAG Growth I LP), PAG Growth Capital Limited (as the sole shareholder of PAG Growth Capital GP I Limited), Pacific Alliance Group Limited (as the largest shareholder holding 55% in PAG Growth Capital Limited), PAG Holdings Limited (as the largest shareholder holding approximately 99.17% in Pacific Alliance Group Limited), Roseworth Investments Limited (as a shareholder holding 45% in PAG Growth Capital Limited) and Mr. Shan Weijian (as the sole shareholder of Roseworth Investments Limited) is deemed to be interested in the Shares held by PAG Growth under the SFO.

(5) Each of Advantech Capital II Investment Partners Limited (as the general partner of Advantech Capital II AlphaMab Partnership L.P.), Advantech I (as a limited partner holding approximately 66.49% in Advantech Capital II Alphamab Partnership L.P.), Highbury Investment Pte Ltd (as a limited partner holding approximately 33.51% in Advantech Capital II Alphamab Partnership L.P.), Advantech Capital II Master Investment Limited (as the sole shareholder of Advantech Capital Investment I Limited), GIC (Ventures) Pte. Ltd (as the sole shareholder of Highbury Investment Pte Ltd), Advantech Capital II L.P.(as the sole shareholder of Advantech Capital II Master Investment Limited), Advantech Capital Partners II Limited (as the sole shareholder of Advantech Capital II Investment Partners Limited and the general partner of Advantech Capital II L.P.) and Mr. Hebert Pang Kee Chan (as the sole shareholder of Advantech Capital Partners II Limited) is deemed to be interested in the Shares held by Advantech II under the SFO.

Since Advantech I, a Shareholder holding approximately 0.03% of the Shares immediately upon the Global Offering (assuming the Over-allotment Option is not exercised), is ultimately controlled by Mr. Hebert Pang Kee Chan, Mr. Hebert Pang Kee Chan is deemed to be interested in all the Shares held by Advantech I and Advantech II under the SFO.

(b) Long Positions in the Underlying Shares of the Company

Name of substantial shareholder	Nature of interest	Number of underlying Shares in respect of the options granted under the Pre-IPO Share Option Plans	Approximate percentage of interest in our Company after completion of Global Offering (assuming Over-allotment Option is not exercised)	Approximate percentage of interest in our Company after completion of Global Offering (assuming Over-allotment Option is fully exercised)
Dr. Xu[(1)]	Beneficial owner	21,296,450	2.37%	2.31%
	Interest of spouse	2,240,000	0.25%	0.24%
Ms. LIU Yang[(1)]	Beneficial owner	2,240,000	0.25%	0.24%
	Interest of spouse	21,296,450	2.37%	2.31%

Note:

(1) Dr. Xu and Ms. LIU Yang are spouses, and therefore are deemed to be interested in the underlying Shares in respect of the options granted under the Pre-IPO Share Option Plans held by each other under the SFO.

Except as disclosed above, our Directors are not aware of any other person who will, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised, the share options granted under the Pre-IPO Share Option Plans are not exercised and each Preferred Share will be automatically converted to one Share upon the Global Offering becoming unconditional), have any interest 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 are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group.

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 Global Offering (assuming the Over-allotment Option is not exercised, the share options granted under the Pre-IPO Share Option Plans are not exercised and each Preferred Share will be automatically converted to one Share upon the Global Offering becoming unconditional):

Authorized Share Capital

Number of Shares	Aggregate nominal value of Shares
25,100,000,000	US$50,200.00

Issued Share Capital

Number of Shares	Description of Shares	Aggregate nominal value of Shares	% of the issued share capital
515,633,420	Shares in issue as of the date of this Prospectus	US$1,031.27	53.89%
141,238,725	Series A Preferred Shares to be converted to Shares on a one-for-one basis	US$282.48	14.76%
60,736,430	Series B Preferred Shares to be converted to Shares on a one-for-one basis	US$121.47	6.35%
179,403,000	Shares to be issued pursuant to the Global Offering	US$358.81	20.00%
897,011,575	Shares in issue immediately following the Global Offering	US$1,794.03	100.00%

The above tables also do not take into account any Shares which may be issued or repurchased by us under the general mandates granted to our Directors as referred to below.

RANKING

The Offer Shares will rank *pari passu* in all respects with all Shares currently in issue or to be issued as mentioned in this Prospectus, and will qualify and rank equally for all dividends or other distributions declared, made or paid on the Shares on a record date which falls after the date of this Prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Our Company will have only one class of Shares upon completion of the Global Offering, namely ordinary shares, and each ranks *pari passu* with the other Shares.

Pursuant to the Cayman Companies Law and the terms of the Memorandum of Association and Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its capital; (ii) consolidate and divide its capital into shares of larger amount; (iii) divide its shares into several classes; (iv) subdivide its shares into shares of smaller amount; and (v) cancel any shares which have not been 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. See the section headed "Appendix IV—Summary of the Constitution of the Company and Cayman Islands Company Law" to this Prospectus for further details.

SHARE OPTION PLANS

The Company has adopted the Pre-IPO Share Option Plans. For details and principal terms of the Pre-IPO Share Option Plans, please see "Appendix V—Statutory and General Information—D. Pre-IPO Share Option Plans" to this Prospectus.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering 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:

- 20% of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering (excluding the Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option); and

- the aggregate nominal value of Shares repurchased by us under the authority referred to in the paragraph headed "—General Mandate to Repurchase Shares" in this section.

This general mandate to issue Shares will expire at the earliest of:

- 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;

- 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

- the date on which it is varied or revoked by an ordinary resolution of our Shareholders passed in a general meeting.

See the section headed "Statutory and General Information—A. Further Information about Our Group—4. Resolutions of the Shareholders of Our Company Dated November 24, 2019" in Appendix V to this Prospectus for further details of this general mandate to allot, issue and deal with Shares.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering 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 Global Offering (excluding the Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option).

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. A summary of the relevant Listing Rules is set out in the section headed "Appendix V–Statutory and General Information–A. Further Information about Our Group–5. Repurchase of Our Own Securities–(a) Provision of the Listing Rules" to this Prospectus.

This general mandate to repurchase Shares will expire at the earliest of:

- 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

- 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

- the date on which it is varied or revoked by an ordinary resolution of our Shareholders passed in a general meeting.

See the section headed "Statutory and General Information—A. Further Information about Our Group—5. Repurchase of Our Own Securities" in Appendix V to this Prospectus for further details of the repurchase mandate.

You should read the following discussion and analysis in conjunction with our audited consolidated financial statements included in "Appendix I—Accountants' Report" to this Prospectus, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with IFRSs, which may differ in material aspects from generally accepted accounting principles in the United States and other jurisdictions. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. For details, see "Forward-looking Statements" and "Risk Factors."

OVERVIEW

We are a leading clinical-stage biopharmaceutical company in China with a fully-integrated proprietary biologics platform in bispecifics and protein engineering. As of the Latest Practicable Date, we had a total of eight oncology drug candidates in our pipeline, four of which were in clinical stage. For more information, see "Business—Our Product Pipeline."

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 operating losses in each year since our inception. Our total comprehensive expenses were RMB64.8 million, RMB202.6 million and RMB58.8 million for the years ended December 31, 2017 and 2018 and the six months ended June 30, 2019, respectively.

We expect to incur significant expenses and operating losses for at least the next several years as we further our pre-clinical research and development efforts, continue the clinical development of, and seek regulatory approval for, our drug candidates, launch commercialization of our pipeline products, and add personnel necessary to operate our business. Subsequent to the Listing 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 drug candidates, regulatory approval timeline and commercialization of our drug candidates after approval.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

As of the Latest Practicable Date, we had not generated any revenue from product sales, and we do not expect to generate revenue from product sales in the near future. We believe that key factors affecting our results of operations, financial position and cash flows include the following:

Clinical Trial Progress and Commercialization of Our Drug Candidates

Our business and results of operations depend on our ability to commercialize our drug candidates, if they are approved, for marketing. As of the Latest Practicable Date, our pipeline comprised eight drug candidates ranging from pre-clinical to clinical programs, including four drug candidates at clinical stage. As of the Latest Practicable Date, we had initiated a number of clinical trials for our clinical-stage drug candidates, and we expect to initiate additional clinical trials in the future. See "Business" for details. We hold global commercialization rights of all of our pipeline candidates except for KN035. 3DMed, our collaboration partner, is responsible for clinical trials and commercialization of KN035, while we own the right to manufacture and supply KN035 to 3DMed and, if it is approved and commercialized, are entitled to share the profits of KN035. See "—Our Present and Future Collaborations" below. We received an upfront payment of RMB10 million from 3DMed for KN035, and expect to recognize this as revenue once KN035 is approved and commercialized. Our KN035 is currently undergoing a phase II pivotal trial for dMMR/MSI-H solid tumors and a phase III pivotal trial for BTC in China.

For KN046, our Core Product, we have completed phase Ia dose escalation studies and are currently conducting phase Ib dose expansion studies in Australia and China. We have completed subject enrollment for the phase I clinical trial in Australia. We are also conducting a number of clinical trials for KN046, including a phase Ib/II clinical trial for locally advanced or metastatic TNBC, a phase II clinical trial for locally advanced/recurrent or metastatic ESCC, and two phase II clinical trials for locally advanced unresectable or metastatic NSCLC. We may make a BLA submission to the NMPA in 2021 for our KN046 if clinical trial results are positive, and will also consider making BLA submissions for our other drug candidates based on clinical trial results in the coming years. To date, we do not have any products approved for commercial sale and have not generated any revenue from product sales. We expect to begin generating revenue from product sales as we gradually commercialize our drug candidates over the coming years.

Cost Structure

Our operating costs during the Track Record Period primarily consisted of the following:

- *Research and development expenses.* For details of our research and development expenses, see "—Research and Development Expenses" below.

- *Administrative expenses.* A major component of our administrative expenses is staff costs, which increased from 2017 to 2018 primarily due to an increase in our headcount as our business expanded. From the six months ended June 30, 2018 to the six months ended June 30, 2019, our staff costs significantly increased primarily because (i) we cancelled certain unvested share options under the pre-IPO share option plan I and, as a result, recognized the corresponding share-based payment expenses immediately under IFRS 2; and (ii) we further increased our headcount to support business expansion. For details of the share-based payment expenses, see Notes 4 and 29(a)(i) of "Appendix I—Accountants' Report" to this Prospectus.

We expect our cost structure to evolve as we develop and expand our business. As the clinical trials of our drug candidates continue to progress and as we gradually commercialize our product pipeline, we expect to incur additional costs in relation to our raw materials procurement, manufacturing and sales and marketing, among other things. Moreover, to support our business growth, we also expect to expand our headcount, particularly for our research and development and commercialization teams, and incur higher staff costs as a result.

Research and Development Expenses

Research and development is critical to the sustainable growth of our business and we have focused on the research and development of our drug candidates by devoting significant resources on research and development activities. Research and development expenses have been and are expected to continue to be a major component in our cost structure.

Our research and development expenses during the Track Record Period primarily consisted of:

- third-party contracting costs incurred under agreements with consultants, CROs, CMOs, clinical trial sites and other service providers that conduct research and development activities on our behalf;

- staff costs, including salaries, compensation and benefits, for research and development personnel;

- costs associated with the procurement of raw materials for the research and development of our drug candidates; and

- other expenses such as office rental costs, utilities and depreciation and amortization.

Our research and development expenses increased from RMB53.2 million in 2017 to RMB65.6 million in 2018, and was RMB55.8 million for the six months ended June 30, 2019. The increase in our research and development expenses during the Track Record Period primarily related to the advancement of our KN046 drug development program. As we moved the program from pre-clinical studies in 2017 to clinical trials in 2018 and 2019, we incurred more costs to engage CROs, consultants and other third-party service providers, which are a major cost component of our research and development expenses. Moreover, we incurred more staff costs for our research and development personnel as we increased the headcount to support our growing research and development activities. We expect our research and development expenses to continue to increase for the foreseeable future as we move these drug candidates into additional clinical trials, including potential registration trials, and as we continue to support the clinical trials of our drug candidates as treatments for additional indications.

Fair Value of Convertible Redeemable Preferred Shares

Our Company issued Series A Preferred Shares and Series B Preferred Shares to a group of investors during the Track Record Period. These Preferred Shares are convertible redeemable preferred shares designated as financial liabilities at FVTPL, the fair value of which as of December 31, 2018 and June 30, 2019 was RMB900.6 million and RMB1,288.6 million, respectively. For details, see "—Critical Accounting Judgment and Estimates and Significant Accounting Policies—Key Sources of Estimation Uncertainty." Our Preferred Shares will be converted into Shares upon the Listing, after which point we will no longer recognize any changes in fair value. The redemption right attached to our Preferred Shares has been terminated. See Note 27 of "Appendix I—Accountants' Report" to this Prospectus.

Our Present and Future Collaborations

We currently have three collaboration arrangements with third parties. We are co-developing KN035 with 3DMed, in which we expect to incur costs in manufacturing and supplying KN035, and are entitled to share the profits of KN035 if the drug candidate is approved and commercialized. We are jointly developing a combination therapy with KN046 with Sunshine Lake, in which we expect to share the revenue with Sunshine Lake based on our proportional contribution to research and development. We license out certain patents to Suzhou Dingfu to develop a tumor-targeting cytokine drug, and will receive royalties or other payments depending on how Suzhou Dingfu commercializes the products they develop. We may continue to enter into collaborations in the future. For any such future collaborations, we may incur expenses, pay or receive upfront or milestone payments or royalties, and recognize revenue from commercialized products, which will have an effect on our results of operations.

Funding of Our Operations

Our operations are capital intensive, and we expect to continue to require significant funding for researching and developing our product pipeline, build our manufacturing facilities and expand our business. During the Track Record Period and up to the Latest Practicable Date, we funded our operations primarily through proceeds from our Pre-IPO Investments and bank borrowings. Going forward, we expect to fund our product development in part with revenue generated from our sale of products, as well as net proceeds from the Global Offering, proceeds from our Pre-IPO Investments and bank borrowings. In the longer term, our ability to commercialize our products and generate revenue may have an impact on our cash flow plan.

BASIS OF PRESENTATION

Our historical financial statements was prepared in accordance with IFRSs issued by the IASB and the principle of merger accounting applicable to our Reorganization. Prior to the Reorganization, Jiangsu Alphamab was directly held by Suzhou Alphamab, a company controlled by Dr. Xu, our Controlling Shareholder. We underwent the Reorganization described in "History, Reorganization and Corporate Structure", which involved: (i) the transfer of the business of developing and manufacturing biologics drugs for oncology treatment (the "**Oncology Business**") from Suzhou Alphamab to Jiangsu Alphamab pursuant to the Asset Transfer and Patent Licensing Agreement; (ii) the acquisition of the 30% equity interest of Jiangsu Alphamab by Dr. Xu from Suzhou Alphamab; (iii) the establishment of the Company, Alphamab Oncology (BVI), Alphamab Oncology (HK); and (iv) the acquisition of Jiangsu Alphamab (together with Alphamab Australia) by Alphamab Oncology (HK).

Since Suzhou Alphamab and Jiangsu Alphamab were under common control by Dr. Xu, the transfer of the Oncology Business has been accounted for as a business combination involving entities under common control using the principles of merger accounting.

Our consolidated statement of financial position as of December 31, 2017 has been prepared to present the assets and liabilities of the entities comprising our Group and the Oncology Business as if the Oncology Business had been operated under the same group at the beginning of the Track Record Period taking into account the respective dates of incorporation, with consideration of the controlling interest held by Dr. Xu in these entities and the Oncology Business. Items that do not meet the criteria above are not included in our historical financial information.

Our consolidated statement of profit or loss and other comprehensive income, consolidated statement of change in equity and consolidated statement of cash flows for the years ended December 31, 2017 and 2018 include the results, changes in equity and cash flows of the entities comprising our Group and the Oncology Business as if the Oncology Business had been operated under our Group since the beginning of the Track Record Period or since the respective dates of incorporation, which is a shorter period, with consideration of the controlling interest held by Dr. Xu in these entities and the Oncology Business.

To the extent that the assets, liabilities, income and expenses are specifically identified to the Oncology Business, these items are included in our historical financial statements throughout the Track Record Period. Expenses which are practicably difficult to identify specifically for the Oncology Business are allocated to the Oncology Business on the following basis:

- *Research and development expenses.* Included in research and development expenses are other material costs, depreciation of property, plant and equipment, depreciation of right-of-use assets and repair and maintenance fee of property, plant and equipment, which were allocated based on the percentage of direct materials consumed specifically by the Oncology Business over the total consumption in Suzhou Alphamab; and

- *Administrative expenses.* Administrative expenses as a whole were allocated based on the percentage of research and development expense ratio of the Oncology Business to Suzhou Alphamab's total research and development expenses.

Our Directors believe and confirm that the methods of allocation of the above expense items present the best and reasonable basis of estimating what the Oncology Business's operating results would have been on a stand-alone basis for the Track Record Period. Other than those items mentioned above, all other items of assets and liabilities, income and expenses of the Oncology Business are specifically identified.

CRITICAL ACCOUNTING JUDGMENT AND ESTIMATES AND SIGNIFICANT ACCOUNTING POLICIES

Our critical accounting judgments and estimates and significant accounting policies which are important for an understanding of our financial condition and results of operations are set forth in details in Notes 4 and 5 to the Accountants' Report set out in Appendix I of this Prospectus.

Critical accounting judgments and estimates are those that are most important to the portrayal of our financial conditions and results of operations and require our management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and their accompanying disclosures and the disclosure of contingent liabilities during the Track Record Period, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods.

We continually evaluate these estimates based on our own historical experience, knowledge and assessment of current business and other conditions, our expectations regarding the future based on available information and our best assumptions, which together form our basis for making judgments about matters that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates and expectations. Some of our accounting policies require a higher degree of judgment than others in their application. We believe the following critical accounting policies involve the most significant judgments and estimates used in the preparation of our financial statements.

Critical Judgement in Applying Accounting Policies

Research and Development Expenses

Expenditure on research and development activities is recognized as expenses in the period in which it is incurred. Development costs incurred on our drug candidates will be capitalized and deferred only when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- our intention to complete the asset and use or sell it;
- the ability to use or sell it;
- 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.

Our Directors will assess the progress of each of our research and development projects and determine whether the criteria for capitalization are met. During the years ended December 31, 2017 and 2018 and the six months ended June 30, 2019, all research and development costs were expensed when incurred.

Key Sources of Estimation Uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting periods, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the coming twelve months are described below.

Equity-settled Pre-IPO Share Option Plans Conditional Upon Completion of the Listing

Our pre-IPO share options are exercisable only upon completion of the Listing, which requires the estimation by our Directors on the probability of the Listing. When the Listing becomes highly probable, the fair value of the share options will start to be charged to profit or loss in the remainder of the vesting period. The estimates by our Directors are reference to the most likely outcome of the Listing. During the Track Record Period, we cancelled certain unvested share options under the pre-IPO share options plan I and, as a result, recognized RMB12.3 million as share-based payment expenses. As our Directors considered the Listing was not probable at the end of each period during the Track Record Period, no other share-based payment expenses in relation to the pre-IPO share option plans I and II were recognized.

Useful Lives of Property, Plant, and Equipment

Our Directors determine the estimated useful lives and the depreciation method in determining the related depreciation charges for our property, plant and equipment. This estimate references the useful lives of property, plant and equipment of a similar nature and with similar functions in the industry. Our Directors will increase the depreciation charge where useful lives are expected to be shorter than expected, or will write off or write down obsolete assets that have been abandoned or sold. As of December 31, 2017 and 2018 and June 30, 2019, the carrying amounts of property, plant and equipment were approximately RMB11.1 million, RMB104.9 million and RMB182.6 million, respectively, as disclosed in Note 16 to the Accountants' Report set out in Appendix I to this Prospectus.

Fair Value of Convertible Redeemable Preferred Shares

Our Company issued Series A Preferred Shares and Series B Preferred Shares to a group of investors during the Track Record Period as set out in Note 27 to the Accountants' Report set out in Appendix I to this Prospectus. The Series A Preferred Shares and Series B Preferred Shares are convertible redeemable preferred shares measured at fair value for financial reporting purposes. These financial liabilities were valued by our Directors with reference to valuations carried out by an independent qualified professional valuer not connected to us, which has appropriate qualifications and experience in valuation of similar financial instruments. The fair value of these financial liabilities is established by using valuation techniques as disclosed in Note 27 to the Accountants' Report set out in Appendix I to this Prospectus. Valuation techniques are certified by the valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Valuation models established by the valuer make the maximum use of market inputs and rely as little as possible on our specific data. However, it should be noted that some inputs, such as fair value of the ordinary shares as assessed by the Directors of our Company, possibilities under different scenarios such as initial public offerings, liquidation and redemption, and discount for lack of marketability, require management estimates. Our Directors' estimates and assumptions are reviewed periodically and are adjusted if necessary. Should any of the estimates and assumptions change, it might lead to a change in the fair values of the financial liabilities at FVTPL. The fair values of the convertible redeemable preferred shares classified as financial liabilities at FVTPL as of December 31, 2018 and June 30, 2019 were RMB900.6 million and RMB1,288.6 million, respectively.

In relation to the fair value assessment of other financial liabilities, our Directors, based on the professional advice received, adopted the following procedures: (i) reviewed the terms of Preferred Shares agreements; (ii) engaged an independent valuer, provided necessary financial and non-financial information so as to enable the valuer to perform valuation procedures and discussed with the valuer on relevant assumptions; (iii) carefully considered all information especially those non-market related information input, such as fair value of the ordinary shares of our Company, possibilities under different scenarios, time to liquidation and discount for lack of marketability, which require management assessments and estimates; and (iv) reviewed the valuation working papers and results prepared by the valuer. Based on the above procedures, our Directors are of the view that the valuation analysis performed by the valuer is fair and reasonable, and the financial statements of our Group are properly prepared.

Details of the fair value measurement of the level 3 financial liabilities, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs, the relationship of unobservable inputs to fair value and reconciliation of level 3 measurements are disclosed in Notes 27 and 31c to the Historical Financial Information of the Group for the Track Record Period as set out in the accountants report issued by the Reporting Accountants in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 "Accountants' Report on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants in "Appendix I—Accountants' Report" in this Prospectus. The Reporting Accountants' opinion on the Historical Financial Information of the Group during the Track Record Period as a whole is set out on page I-2 of "Appendix I—Accountants' Report" in this Prospectus.

The Joint Sponsors have conducted, among others, the following due diligence work in respect of the valuation analysis on level 3 financial instruments performed by the valuer: (1) discussed with the Company to understand the nature and details of the financial instruments; (2) obtained and reviewed the relevant subscription agreements regarding the financial instruments; (3) discussed with the Company and the Reporting Accountants about the key basis and assumptions for the valuation of the financial instruments; (4) discussed with the valuer about the assumptions and methodology used in the valuation report; and (5) reviewed the relevant notes in the Accountants' Report as contained in Appendix I to this Prospectus and relevant documents provided by valuer, including the valuation report. Having considered the work done by the Company and the Reporting Accountants, and the relevant due diligence work conducted as stated above, nothing has come to the Joint Sponsors' attention that would cause the Joint Sponsors to question the valuation analysis performed by the valuer on the level 3 financial instruments.

Significant Accounting Policies

Share-based Payment Transactions with Cash Alternatives

For cash-settled share-based payments, a liability is recognized for the goods or services acquired, measured initially at the fair value of the liability. The fair value of the cash-settled share-based payments is determined without taking into consideration all non-market vesting conditions.

At the end of each reporting period until the liability is settled, and at the date of settlement, the liability is remeasured to fair value. For cash-settled share-based payments that are already vested, any changes in fair value are recognized in profit or loss for the year. For cash-settled share-based payments which are still subject to non-market vesting conditions, the effects of vesting and non-vesting conditions are accounted on the same basis as equity-settled share based payments.

At the date of settlement, the Group re-measures the liability to its fair value. If the Group issues equity instruments on settlement rather than paying cash, the liability shall be transferred direct to equity, as the consideration for the equity instruments issued. If the Group pays in cash on settlement rather than issuing equity instruments, that payment shall be applied

to settle the liability in full. Any equity component previously recognized shall remain within equity. See Note 4 of the Accountants' Report set out in Appendix I to this Prospectus.

Adoption of IFRS 9, IFRS 15 and IFRS 16

For the purposes of preparing our historical financial information for the Track Record Period, we have consistently applied applicable new and revised IFRSs, including IFRS 15 and IFRS 16, throughout the Track Record Period, except that we adopted IFRS 9 on January 1, 2018 and IAS 39 prior to January 1, 2018. We applied IFRS 9 in accordance with the transition provisions set out in IFRS 9. Apart from certain additional disclosure requirements, the adoption of IFRS 9 and IFRS 15 did not have any material effect on our financial position or results of operations during the Track Record Period. Although IFRS 16 had an impact on the recognition of right-of-use assets and lease liabilities, it did not have a material impact on net assets (liabilities) and net loss. Moreover, the adoption of IFRS 16 did not have a material impact on our current ratio and quick ratio during the Track Record Period.

DESCRIPTION OF CERTAIN KEY ITEMS OF THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth a summary of our consolidated statement of profit or loss and other comprehensive income for the periods indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	For the year ended December 31,		For the six months ended June 30,	
	2017	**2018**	**2018**	**2019**
	(RMB in thousands)			
			(unaudited)	
Other income	1,428	783	403	11,025
Other gains (losses), net	–	(9,833)	(2)	1,280
Fair value change of convertible redeemable preferred shares	–	(26,284)	–	22,436
Research and development expenses	(53,221)	(65,608)	(26,577)	(55,752)
Administrative expenses	(13,025)	(25,857)	(9,240)	(24,661)
Reorganization related expenses	–	(69,416)	(64,453)	–
Finance costs	(8)	(1,507)	(173)	(235)
Listing expenses	–	(4,911)	–	(12,878)
Loss before taxation	**(64,826)**	**(202,633)**	**(100,042)**	**(58,785)**
Income taxation	–	–	–	–
Loss for the year/period	**(64,826)**	**(202,633)**	**(100,042)**	**(58,785)**

	For the year ended December 31,		For the six months ended June 30,	
	2017	2018	2018	2019
	(RMB in thousands)			
			(unaudited)	
Other comprehensive income for the year/period				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of a foreign operation	–	40	2	(9)
Total comprehensive expense for the year/period	(64,826)	(202,593)	(100,040)	(58,794)
Loss for the year/period attributable to:				
Owners of the Company	(33,061)	(149,843)	(51,951)	(58,785)
Non-controlling interests	(31,765)	(52,790)	(48,091)	–
	(64,826)	(202,633)	(100,042)	(58,785)
Total comprehensive expense for the year/period attributable to:				
Owners of the Company	(33,061)	(149,803)	(51,949)	(58,794)
Non-controlling interests	(31,765)	(52,790)	(48,091)	–
	(64,826)	(202,593)	(100,040)	(58,794)

Other Income

Other income primarily consists of interest income, government grants and other miscellaneous income including income generated from one-off sales of protein components to an Independent Third Party. Our interest income during the Track Record Period refers to the interest we generated from bank balances, which primarily consisted of bank deposits of proceeds from our Pre-IPO Investments. We recorded government grants for our oncology drug development programs during the Track Record Period. In 2017, government grants of RMB1.2 million from local government authorities in Suzhou and Jiangsu were primarily for KN026 and KN035, as well as in support of oncology research and development activities. In 2018, government grants of RMB0.4 million were primarily from local government authorities in support of the research and development of KN035. For the six months ended June 30, 2019, we recorded government grants of RMB2.7 million primarily for our clinical trial in Australia. The following table sets forth the breakdown of our other income for the periods indicated.

	For the year ended December 31,				For the six months ended June 30,			
	2017		2018		2018		2019	
	(RMB in thousands, except percentages)							
					(unaudited)			
Interest income	205	14.4%	423	54.0%	57	14.1%	8,362	75.8%
Government grants income	1,183	82.8	353	45.1	340	84.4	2,663	24.2
Others	40	2.8	7	0.9	6	1.5	–	–
Total	**1,428**	**100.0%**	**783**	**100.0%**	**403**	**100.0%**	**11,025**	**100.0%**

Other Gains (Losses), Net

Other net gains or losses mainly consist of net exchange gains or losses in relation to the impact of foreign currency translation, in particular, the exchange rates of the U.S. dollar against the Renminbi, as most of our funds from the Series A Financing and Series B Financing were denominated in the U.S. dollar. The following table sets forth the breakdown of our other net gains or losses for the periods indicated.

	For the year ended December 31,				For the six months ended June 30,			
	2017		2018		2018		2019	
	(RMB in thousands, except percentages)							
					(unaudited)			
Exchange gains (losses), net	–	–	(8,736)	88.9%	(2)	100%	1,385	108.2%
Loss on disposal of plant and equipment	–	–	(2)	–	–	–	–	–
Others	–	–	(1,095)	11.1	–	–	(105)	(8.2)
Total	**–**	**–**	**(9,833)**	**100.0%**	**(2)**	**100.0%**	**1,280**	**100.0%**

Fair Value Change of Convertible Redeemable Preferred Shares

Fair value change of convertible redeemable preferred shares refers to the fair value gains or losses of the Series A Preferred Shares we issued in October 2018 and Series B Preferred Shares we issued in May 2019, which takes into account exchange rate changes. We recorded fair value losses of RMB26.3 million in 2018 and fair value gains of RMB22.4 million for the six months ended June 30, 2019.

We expect to continue to recognize fair value changes of the Preferred Shares after June 30, 2019 to the Listing Date. After the automatic conversion of all Preferred Shares into Shares upon the Listing, we do not expect to recognize any further loss or gain on fair value changes from Preferred Shares in the future.

Research and Development Expenses

Our research and development expenses consist of (i) third-party contracting costs related to services provided by CROs, CMOs, clinical trial sites, consultants and other service providers during the research and development of our pipeline products; (ii) staff costs for our research and development staff, including salary, compensation and benefits; (iii) raw materials costs in relation to the research and development of our drug candidates; (iv) office rental costs, utilities and depreciation and amortization; and (v) other miscellaneous expenses, which primarily include expenses for patent application registration services and transportation expenses of drug samples for clinical trials.

Our third-party contracting costs increased along with the clinical trial advancement of our drug candidates, and were the primary reason for the increase in our research and development expenses during the Track Record Period. For details of the changes to our research and development expenses, see "—Results of Operations" below. The following table sets forth the breakdown of our research and development expenses by nature for the periods indicated.

	For the year ended December 31,				For the six months ended June 30,			
	2017		2018		2018		2019	
	(RMB in thousands, except percentages)							
					(unaudited)			
Third-party contracting costs	16,618	31.2%	34,096	52.0%	16,007	60.2%	27,655	49.6%
Staff costs	10,103	19.0	10,713	16.3	2,227	8.4	11,416	20.5
Raw material costs	11,351	21.3	7,673	11.7	2,273	8.6	8,098	14.5
Office rental costs, utilities, and depreciation and amortization	13,988	26.3	9,988	15.2	4,848	18.2	6,604	11.8
Others	1,161	2.2	3,137	4.8	1,222	4.6	1,979	3.6
Total	**53,221**	**100.0%**	**65,608**	**100.0%**	**26,577**	**100.0%**	**55,752**	**100.0%**

During the Track Record Period, CRO expenses were a major component of our third-party contracting costs, and substantially all of our CRO expenses were attributable to KN046, our Core Product, KN026, KN019 and KN035.

Administrative Expenses

Our administrative expenses primarily comprise staff costs for our administrative staff, including salary, compensation and benefits. For the six months ended June 30, 2019, our staff costs significantly increased because (i) we cancelled certain unvested share options under the pre-IPO share option plan I and, as a result, recognized the corresponding share-based payment expenses immediately under IFRS 2; and (ii) we further increased our headcount to support business expansion. For details of the share-based payment expenses, see Notes 4 and 29(a)(i) of "Appendix I—Accountants' Report" to this Prospectus.

Our administrative expenses also include (i) consulting service fees paid to agents, legal counsel and other professional service providers; (ii) office rental costs, utilities, depreciation and amortization; (iii) office and travel expenses; and (iv) other miscellaneous expenses, which primarily include general administrative expenses and business taxes. The following table sets forth the breakdown of our administrative expenses for the periods indicated.

	For the year ended December 31,				For the six months ended June 30,			
	2017		2018		2018		2019	
	(RMB in thousands, except percentages)							
					(unaudited)			
Staff costs	6,394	49.1%	17,453	67.5%	4,769	51.6%	20,873	84.6%
Consulting service fees	2,125	16.3	3,647	14.1	2,160	23.4	1,757	7.1
Office and travel expense	1,589	12.2	1,906	7.4	1,037	11.2	914	3.7
Office rental costs, utilities, and depreciation and amortization	2,058	15.8	1,320	5.1	616	6.7	443	1.8
Others	859	6.6	1,531	5.9	658	7.1	674	2.8
Total	**13,025**	**100.0%**	**25,857**	**100.0%**	**9,240**	**100.0%**	**24,661**	**100.0%**

Reorganization Related Expenses

In 2018, we recorded a non-recurring expense in the amount of RMB69.4 million, out of which RMB64.5 million reflected Dr. Xu's additional interest value acquired as part of our Reorganization, which is recognized as a share-based payment expense in accordance with IFRS 2 for Dr. Xu's service as a key management personnel of the Group. For details of the Reorganization, see "History, Reorganization and Corporate Structure."

Finance Costs

Our finance costs consist of interest expenses on (i) bank borrowings; (ii) lease liabilities related to our leases of office premises and research and development facilities; and (iii) shareholder's loans that Jiangsu Alphamab obtained from Suzhou Alphamab to fund operations, which were repaid in January 2018. We capitalized the interest expenses on bank borrowings incurred for the construction of our new manufacturing, research and development facilities. The following table sets forth the breakdown of our finance costs for the periods indicated.

	For the year ended December 31,		For the six months ended June 30,	
	2017	**2018**	**2018**	**2019**
	(RMB in thousands)			
Interest expenses on:				
Bank borrowings	–	3,039	70	2,944
Lease liabilities	–	379	118	235
Amount due to a related company	8	54	54	–
Subtotal	*8*	*3,472*	*242*	*3,179*
Less: Interest capitalized	–	(1,965)	(69)	(2,944)
Total	**8**	**1,507**	**173**	**235**

Listing Expenses

We recorded listing expenses of RMB4.9 million and RMB12.9 million for the year ended December 31, 2018 and six months ended June 30, 2019, respectively, reflecting the fees paid to professional parties engaged in preparation for our Listing.

Income Taxation

The Company is exempted from taxation under the laws of the Cayman Islands. Alphamab Oncology (BVI) is exempted from taxation under the laws of the BVI.

Our PRC subsidiaries are subject to a standard EIT rate of 25% under the EIT Law. We have made all the required tax filings with the relevant tax authorities in the PRC and we are not aware of any outstanding or potential disputes with such tax authorities. Jiangsu Alphamab was entitled to a deduction of 175% on qualifying research and development expenses since January 2018.

Alphamab Oncology (HK) is subject to Hong Kong profits tax at a rate of 16.5% on estimated assessable profit. We made no provision for taxation in Hong Kong as we had no assessable profit in Hong Kong during the Track Record Period.

Under the Treasury Law Amendment (Enterprise Tax Plan Base Rate Entities) Bill 2017 of Australia, corporate entities who qualify as "small business entities" are eligible for the lower corporate tax rate at 27.5%. Alphamab Australia is qualified as a small business entity and is subject to a corporate tax rate of 27.5%.

We had unused tax losses of RMB4.6 million, RMB245.0 million and RMB326.6 million available for set off against future profits as of December 31, 2017 and 2018 and June 30, 2019, respectively. No deferred tax asset was recognized in respect of the unused tax losses as of December 31, 2017 and 2018 and June 30, 2019 due to the unpredictability of future profit streams.

RESULTS OF OPERATIONS

Six Months Ended June 30, 2019 Compared to Six Months Ended June 30, 2018

Other Income

Our other income increased significantly to RMB11.0 million for the six months ended June 30, 2019 from RMB0.4 million for the same period in 2018, primarily due to (i) an increase of RMB8.3 million in interest income from bank deposits of proceeds from our Pre-IPO Investments; and (ii) the receipt of RMB2.7 million in government grants primarily for our clinical trial in Australia.

Other Gains (Losses), Net

We recorded other net gains of RMB1.3 million for the six months ended June 30, 2019, which primarily consisted of net exchange gains of RMB1.4 million as a result of the appreciation of the U.S. dollar against the Renminbi on our U.S. dollar–denominated funds.

Fair Value Change of Convertible Redeemable Preferred Shares

For the six months ended June 30, 2019, we recorded fair value gains of RMB22.4 million in relation to our Preferred Shares, which was primarily due to a decrease in the fair value of Series A Preferred Shares as a result of the issuance of Series B Preferred Shares in May 2019. Series B Preferred Shares have liquidation priority over Series A Preferred Shares, which caused the decrease in fair value of Series A Preferred Shares as of June 30, 2019. Our Series A Preferred Shares and Series B Preferred Shares were issued in October 2018 and May 2019, respectively, and as such we did not record any fair value change of convertible redeemable preferred shares for the six months ended June 30, 2018.

Research and Development Expenses

Our research and development expenses increased significantly from RMB26.6 million for the six months ended June 30, 2018 to RMB55.8 million for the six months ended June 30, 2019, primarily due to the clinical trial advancement of our drug candidates. As a result, our third-party contracting costs increased by RMB11.6 million with the engagement of additional CROs, consultants, clinical trial sites and other service providers to support our increased clinical trials. In addition, our staff costs increased by RMB9.2 million as we increased the headcount of our research and development personnel to support our business growth. We also incurred more raw material costs of RMB5.8 million for our research and development of drug candidates.

Administrative Expenses

Our administrative expenses significantly increased from RMB9.2 million for the six months ended June 30, 2018 to RMB24.7 million for the six months ended June 30, 2019, primarily due to an increase of RMB16.1 million in staff costs as (i) we cancelled certain unvested share options under the pre-IPO share option plan I and, as a result, recognized the corresponding share-based payment expenses immediately under IFRS 2; and (ii) we further increased our headcount to support business expansion.

Reorganization Related Expenses

For the six months ended June 30, 2018, we incurred non-recurring expenses in relation to our Reorganization of RMB64.5 million. For details of the Reorganization, see "History, Reorganization and Corporate Structure."

Finance Costs

Our finance costs increased by 35.8% from RMB173,000 for the six months ended June 30, 2018 to RMB235,000 for the six months ended June 30, 2019, primarily due to the increase in lease liabilities as a result of the expansion of our office premises and research and development facilities. Such an increase was partially offset by the decrease in interest expenses on a shareholder's loans that Jiangsu Alphamab obtained from Suzhou Alphamab, which was repaid in January 2018. We capitalized interest expenses of RMB69,000 and RMB2.9 million for bank borrowings for construction of our new facilities for the six months ended June 30, 2018 and 2019, respectively.

Listing Expenses

We did not incur any listing expenses for the six months ended June 30, 2018. We recorded RMB12.9 million of listing expenses for the six months ended June 30, 2019 in relation to the engagement of professional parties in preparation for our Listing.

Income Taxation

We did not incur income taxation for the six months ended June 30, 2018 and 2019.

Loss for the Period

As a result of the foregoing, our losses for the six months ended June 30, 2019 decreased to RMB58.8 million from RMB100.0 million for the same period in 2018.

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

Other Income

Our other income decreased from RMB1.4 million for the year ended December 31, 2017 to RMB0.8 million for the year ended December 31, 2018, primarily because we recorded various government grants, including ones for KN026 and KN035, in 2017. In 2018, the government grants we recorded, which were primarily related to KN035, decreased.

Other Gains (Losses), Net

We recorded net other losses of RMB9.8 million for the year ended December 31, 2018, primarily because we recorded net exchange losses of RMB8.7 million, representing the effect of the depreciation of the U.S. dollar against the Renminbi on our U.S. dollar-denominated funds. We did not record any other net gains or losses in 2017.

Fair Value Change of Convertible Redeemable Preferred Shares

In 2018, we recorded fair value losses of RMB26.3 million in relation to our Series A Preferred Shares. Our Series A Preferred Shares were issued in October 2018, and as such we did not record any fair value change of convertible redeemable preferred shares in 2017.

Research and Development Expenses

Our research and development costs increased from RMB53.2 million for the year ended December 31, 2017 to RMB65.6 million for the year ended December 31, 2018, primarily due to an increase in clinical trials for our drug candidates in 2018, which resulted in an increase in our third-party contracting costs by RMB17.5 million as we engaged additional CROs, consultants, clinical trial sites and other service providers to support our increased clinical trials. The increase was partially offset by (i) a decrease of RMB4.0 million in office rental costs, utilities, depreciation and amortization as we no longer leased certain laboratories in 2018 for early-stage research as our product pipeline advanced to clinical trials and therefore did not incur the related rent costs that we incurred in 2017; and (ii) a decrease of RMB3.7 million in raw material expenses as we temporarily suspended the procurement of raw materials in the fourth quarter of 2018 due to renovations of our leased manufacturing facilities.

Administrative Expenses

Our administrative expenses increased significantly from RMB13.0 million for the year ended December 31, 2017 to RMB25.9 million for the year ended December 31, 2018 primarily due to an increase of RMB11.1 million in staff costs as we increased our headcount to support business expansion.

Reorganization Related Expenses

In 2018, we incurred non-recurring expenses in relation to our Reorganization of RMB69.4 million. For details of the Reorganization, see "History, Reorganization and Corporate Structure."

Finance Cost

Our finance cost increased significantly from RMB8,000 for the year ended December 31, 2017 to RMB1.5 million for the year ended December 31, 2018, primarily because we incurred RMB1.1 million in interest on short-term bank borrowings we obtained to finance our operations, which we repaid in December 2018. We capitalized interest expenses of RMB2.0 million for bank borrowings for construction of our new facilities in 2018.

Listing Expenses

We did not have listing expenses in 2017. We recorded listing expenses of RMB4.9 million in 2018 in relation to the engagement of professional parties in preparation for our Listing.

Income Taxation

Our income taxation in 2017 and 2018 was nil.

Loss for the Period

As a result of the foregoing, our loss for the period increased from RMB64.8 million in 2017 to RMB202.6 million in 2018.

DESCRIPTION OF CERTAIN CONSOLIDATED STATEMENT OF FINANCIAL POSITION ITEMS

The following table sets forth a summary of our consolidated statement of financial position for the periods indicated.

	As of December 31,		As of June 30,
	2017	2018	2019
	(RMB in thousands)		
Non-current assets			
Property, plant and equipment	11,085	104,944	182,642
Right-of-use assets	23,659	27,912	47,808
Deposits paid for acquisition of property, plant and equipment	568	26,965	29,581
Other receivables and deposits	50	10,969	27,019
Total non-current assets	**35,362**	**170,790**	**287,050**
Current assets			
Inventories	3,486	7,068	20,506
Other receivables, deposits and prepayments	7,072	15,323	33,492
Financial assets at fair value through profit or loss ("FVTPL")	600	–	1,680
Time deposits with original maturity over three months	–	–	653,751
Cash and cash equivalents	57	633,712	253,562
Total current assets	**11,215**	**656,103**	**962,991**
Current liabilities			
Trade and other payables	8,258	67,208	87,977
Amount due to a related company	2,008	5,090	378
Lease liabilities – current portion	–	10,502	10,718
Total current liabilities	**10,266**	**82,800**	**99,073**
Net current assets	**949**	**573,303**	**863,918**
Non-current liabilities			
Bank borrowings	–	100,000	150,000
Convertible redeemable preferred shares	–	900,603	1,288,581
Lease liabilities – non-current portion	–	518	15,659
Contract liabilities	10,000	10,000	10,000
Total non-current liabilities	**10,000**	**1,011,121**	**1,464,240**
Net assets/(liabilities)	**26,311**	**(267,028)**	**(313,272)**

Property, Plant and Equipment

Property, plant and equipment primarily consists of construction in progress for our new manufacturing, research and development facilities and office premises. We commenced the construction of our new facilities in 2017. As a result, our property, plant and equipment increased significantly from RMB11.1 million as of December 31, 2017 to RMB104.9 million as of December 31, 2018, and further to RMB182.6 million as of June 30, 2019.

Right-of-use Assets

Under IFRS 16, we recognize right-of-use assets with respect to our property leases. Our right-of-use assets are depreciated over the lease term or the useful life of the underlying asset, whichever is shorter. Our right-of-use assets increased from RMB23.7 million as of December 31, 2017 to RMB27.9 million as of December 31, 2018 and further to RMB47.8 million as of June 30, 2019, primarily due to increases in right-of-use assets for the lease of our office premises in Suzhou and Beijing we entered into in 2018 and 2019.

Deposits for Acquisition of Property, Plant and Equipment

Deposits for acquisition of property, plant and equipment increased from RMB0.6 million as of December 31, 2017 to RMB27.0 million as of December 31, 2018 and further to RMB29.6 million as of June 30, 2019, due to an increase in deposits for the procurement of equipment and machinery in preparation for the completion of phase I of our new facilities in late 2019.

Inventories

Our inventories consist of raw materials and other consumables used in the research and development of our drug candidates. Our inventories increased from RMB3.5 million as of December 31, 2017 to RMB7.1 million as of December 31, 2018, and further to RMB20.5 million as of June 30, 2019, primarily due to the increased raw materials and other consumables in our inventory for our research and development activities. The increase in our inventory from December 31, 2018 to June 30, 2019 was also due to the procurement of additional raw materials and other consumables in anticipation of the completion of phase I of our new facilities in late 2019. As of October 31, 2019, RMB5.0 million, or 24.6% of our inventories as of June 30, 2019, were subsequently consumed.

Other Receivables, Deposits and Prepayments

Our other receivables, deposits and prepayments primarily consist of (i) other receivables, deposits and prepayments mainly related to prepayments made in connection with our purchase of raw materials and payments to CROs and other third parties for services relating to our clinical trials; (ii) VAT recoverable in connection with the procurement of raw materials, third-party services, machinery and equipment for our new facilities, which can offset the VAT to be incurred upon commercialization; and (iii) deferred issue costs, which represent capitalized listing expenses to be deducted from our equity upon the Listing. The following table sets forth the breakdown of our other receivables, deposits and prepayments as of the dates indicated.

	As of December 31,		As of June 30,
	2017	2018	2019
	(RMB in thousands)		
Other receivables, deposits and prepayments	6,444	13,827	27,732
VAT recoverable	678	10,828	26,955
Deferred issue costs	–	1,637	5,824
Total	**7,122**	**26,292**	**60,511**
Presented as current assets	7,072	15,323	33,492
Presented as non-current assets	50	10,969	27,019
Total	**7,122**	**26,292**	**60,511**

Our other receivables, deposits and prepayments increased from RMB7.1 million as of December 31, 2017 to RMB26.3 million as of December 31, 2018 primarily due to (i) an increase of RMB10.2 million in VAT recoverables due to increased procurement of machinery and equipment for our new facilities, as well as raw materials and third-party services for our research and development activities; and (ii) an increase of RMB7.4 million in other receivables, deposits and prepayments related to increased purchases of raw materials and third-party services for clinical trials.

Our other receivables, deposits and prepayments increased further to RMB60.5 million as of June 30, 2019, primarily due to (i) a significant increase of RMB16.1 million in VAT recoverables due to the procurement of machinery and equipment for our new facilities, as well as raw materials and third-party services for our research and development activities; and (ii) a significant increase of RMB13.9 million in other receivables, deposits and prepayments as a result of the increased prepayments to CROs with the advancement of clinical trials of our drug candidates.

Cash and Cash Equivalents and Time Deposits with Original Maturity Over Three Months

We had cash at bank and on hand of RMB57,000, RMB95.5 million and RMB35.3 million as of December 31, 2017 and 2018 and June 30, 2019, respectively. To enjoy higher interest rates on the proceeds from our Series A Financing and Series B Financing, we also placed our cash in time deposits with licensed commercial banks in China and Hong Kong. Time deposits of RMB538.3 million and RMB218.3 million as of December 31, 2018 and June 30, 2019, respectively, had maturities of less than three months and were recorded as cash and cash equivalents. We also had time deposits of RMB653.8 million as of June 30, 2019 which had maturities of over three months. Our bank balances carried interest at prevailing market interest rates ranging from 0.05% to 0.35% per annum during the Track Record Period. The time deposits carried interest at fixed rates ranging from 1.80% to 4.00% per annum, with the actual interest to be received determined at maturity. All of our time deposits may be redeemed on demand at an amortized cost before the maturity date. The following table sets out a breakdown of our cash and cash equivalents and time deposits with original maturity over three months as of the dates indicated.

	As of December 31,		As of June 30,
	2017	2018	2019
	(RMB in thousands)		
Cash and cash equivalents			
Cash at bank and on hand	57	95,462	35,258
Time deposits with original maturity less than three months	–	538,250	218,304
Subtotal	*57*	*633,712*	*253,562*
Time deposits with original maturity over three months	–	–	653,751
	57	**633,712**	**907,313**

RMB571.9 million and RMB321.1 million of our cash and cash equivalents and time deposits with original maturity over three months as of December 31, 2018 and June 30, 2019 were denominated in U.S. dollars, representing funds raised from our Series A Financing and Series B Financing.

Financial Assets Measured at Fair Value through Profit or Loss ("FVTPL")

Our financial assets measured at FVTPL mainly represent RMB-denominated structured deposits we purchased from a commercial bank in the PRC. The structured deposits have a maturity date within one year and an expected interest rate of 3.00% per annum.

The financial assets measured at FVTPL are initially measured at fair value, and transaction costs that are directly attributable to the acquisition of financial assets are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. The fair values of these financial assets at FVTPL are determined based on the redemption valuation quoted by banks with reference to the expected return of the underlying assets. Our financial assets measured at FVTPL decreased from RMB0.6 million as of December 31, 2017 to nil as of December 31, 2018, primarily because the structured deposits we purchased reached maturity and we redeemed such products to fund our operations. Our financial assets measured at FVTPL increased from nil as of December 31, 2018 to RMB1.7 million as of June 30, 2019, primarily due to the purchase of new structured deposits.

We believe that we can make better use of our cash by utilizing wealth management products, such as structured deposits, to enhance our income without interfering with our business operations or capital expenditures. We make investment decisions based on our estimated capital requirements for the next three months and our annual budget, taking into account the duration, expected returns and risks of the wealth management product. We generally limit our purchases to low-risk, short-term products from reputable commercial banks. Our finance department is responsible for the purchase of wealth management products, which is reviewed by our senior management team. In the future, we intend to continue to purchase low-risk wealth management products with a short maturity period based on our operational needs.

Trade and Other Payables

Our trade and other payables primarily consist of payables for the construction of our new facilities and the procurement of equipment and machinery for our new facilities. Our trade and other payables also include accrued research and development expenses and staff costs, which largely relate to staff costs payable to research and development personnel. We also recorded (i) accrued listing expenses and new share issuance costs for the professional parties engaged for the Global Offering, (ii) trade payables to suppliers of raw materials and third-party services, and (iii) interest payables. Accrued listing expenses represent amounts that will be charged to our consolidated statement of profit or loss, while new share issuance costs represent amounts that will be deducted from our equity upon Listing.

The following table sets forth the breakdown of our trade and other payables as of the dates indicated.

	As of December 31,		As of June 30,
	2017	2018	2019
	(RMB in thousands)		
Trade payables	1,728	766	9,364
Accrued expenses			
Listing expenses	–	3,641	11,479
Research and development expenses	2,441	5,891	7,652
New share issuance costs	–	1,213	3,826
Staff costs	956	7,049	3,447
Interest expenses	–	152	208
Others	31	186	9
	3,428	18,132	26,621
Payables for acquisition of property, plant and equipment	1,009	45,964	49,799
Other payables	2,093	2,346	2,193
Total	**8,258**	**67,208**	**87,977**

Our trade and other payables increased significantly from RMB8.3 million as of December 31, 2017 to RMB67.2 million as of December 31, 2018, primarily due to (i) an increase of RMB45.0 million in payables in connection with the construction of our new facilities and the procurement of equipment and machinery for our new facilities; (ii) an increase of RMB6.1 million in accrued staff costs as we provisioned more salaries and benefits in line with our increased headcount in 2018; and (iii) the RMB4.9 million accrued listing expenses and new share issuance costs we recorded.

Our trade and other payables further increased to RMB88.0 million as of June 30, 2019, primarily due to (i) an increase of RMB8.6 million in trade payables in connection with our clinical trials; and (ii) an increase of RMB7.8 million in accrued listing expenses, partially offset by a decrease of RMB3.6 million in accrued staff costs, as we paid the year-end benefits provisioned at 2018 year-end in early 2019.

As of October 31, 2019, RMB9.1 million, or 97.4%, of our trade payables as of June 30, 2019 were subsequently settled.

The following is the aging analysis of trade payables presented based on the invoice dates/issuance dates of bills as of the dates indicated.

	As of December 31,		As of June 30,
	2017	2018	2019
	(RMB in thousands)		
0-30 days	738	580	2,635
31-60 days	990	–	346
61-90 days	–	–	6,259
Over 90 days	–	186	124
Total	**1,728**	**766**	**9,364**

Amount Due to a Related Company

We had amount due to Suzhou Alphamab of RMB2.0 million, RMB5.1 million and RMB0.4 million as of December 31, 2017 and 2018 and June 30, 2019, respectively. Our amounts due to Suzhou Alphamab as of December 31, 2017 represented shareholder's loans that Jiangsu Alphamab obtained from Suzhou Alphamab to fund operations, which were repaid in January 2018. Our amounts due to Suzhou Alphamab as of December 31, 2018 and June 30, 2019 were primarily rent and utilities payable to Suzhou Alphamab. See "—Related Party Transactions."

Lease Liabilities

Under IFRS16, we recorded lease liabilities of nil, RMB11.0 million and RMB26.4 million as of December 31, 2017 and 2018 and June 30, 2019, respectively. Our lease liabilities are in relation to properties we leased for our manufacturing and research and development activities and our office premises. We recognize a lease liability with respect to all lease agreements in which we are the lessee, except for short term leases and leases of low value assets. For these leases, we generally recognize the lease payments as an operating expense on a straight-line basis over the term of the lease. The lease liability is initially measured at present value that are not paid at the commencement date of the lease and subsequently adjusted by interest accretion and lease payments. For details of the accounting treatment, see Note 24 of "Appendix I–Accountants' Report" to this Prospectus.

Convertible Redeemable Preferred Shares

We recorded convertible redeemable preferred shares of RMB900.6 million as of December 31, 2018, representing the fair value of the Series A Preferred Shares that we issued in October 2018. Our convertible redeemable preferred shares increased to RMB1,288.6 million as of June 30, 2019 primarily due to the issuance of Series B Preferred Shares in May 2019. For details on our Preferred Shares, see "History, Reorganization and Corporate Structure—The Pre-IPO Investments." For details on the fair value determination of our Preferred Shares, see "—Critical Accounting Judgment and Estimates and Significant Accounting Policies—Key Sources of Estimation Uncertainty—Fair Value of Convertible Redeemable Preferred Shares" and Note 27 of the Accountant's Report set out in Appendix I to this Prospectus.

Contract Liabilities

We recorded contract liabilities of RMB10.0 million as of December 31, 2017 and 2018 and June 30, 2019, respectively. Our contract liabilities represented the RMB10.0 million upfront payment we received from 3DMed. See "Business—Our Collaboration Arrangements—Co-development Agreements with 3DMed." We own the right to manufacture and supply KN035 to 3DMed. Upon the approval and commercialization of KN035, we will recognize revenue on the upfront payment received. None of the contract liabilities were recognized as revenue during the Track Record Period.

LIQUIDITY AND CAPITAL RESOURCES

Net Current Assets

	As of December 31,		As of June 30,	As of October 31,
	2017	2018	2019	2019
	(RMB in thousands)			
				(unaudited)
Current assets				
Inventories	3,486	7,068	20,506	24,623
Other receivables, deposits and prepayments	7,072	15,323	33,492	55,857
Financial assets at fair value through profit or loss ("FVTPL")	600	–	1,680	1,680
Time deposits with original maturity over three months	–	–	653,751	648,560
Cash and cash equivalents	57	633,712	253,562	198,788
Total current assets	**11,215**	**656,103**	**962,991**	**929,508**
Current liabilities				
Trade and other payables	8,258	67,208	87,977	50,818
Amount due to a related company	2,008	5,090	378	393
Lease liabilities	–	10,502	10,718	11,161
Bank borrowings with maturity within one year	–	–	–	35,938
Total current liabilities	**10,266**	**82,800**	**99,073**	**98,310**
Net current assets	**949**	**573,303**	**863,918**	**831,198**

The increase in our net current assets from RMB0.9 million as of December 31, 2017 to RMB573.3 million as of December 31, 2018 and further to RMB863.9 million as of June 30, 2019 was primarily in relation to the completion of our Series A Financing in December 2018 and Series B Financing in May 2019. For details, see "History, Reorganization and Corporate Structure—The Pre-IPO Investments." Our net current assets decreased to RMB831.2 million as of October 31, 2019 primarily because we used a portion of cash and cash equivalents to fund our operations, and we had bank borrowings with maturity within one year as of October 31, 2019 consisting of short-term bank borrowings and long-term bank borrowings payable within one year. Such decrease were partially offset by settlement of certain payables in connection with the construction of our new facilities.

Working Capital

Our primary uses of cash are to fund our research and development, clinical trials, purchase of equipment and raw materials and other recurring expenses. During the Track Record Period and up to the Latest Practicable Date, we primarily funded our working capital requirements through proceeds from Pre-IPO Investments and bank borrowings. We closely monitor uses of cash and cash balances and strive to maintain a healthy liquidity for our operations.

Going forward, we believe our liquidity requirements will be satisfied by a combination of net proceeds from the Global Offering, our proceeds from Pre-IPO Investments and bank borrowings. As of October 31, 2019, our cash and cash equivalents and time deposits with original maturity over three months amounted to RMB847.3 million and we had bank facilities of RMB550.0 million, of which RMB312.8 million were unrestricted and unutilized. Other than the bank borrowings that we may obtain, we do not have any plans for material external debt financing. Taking these into account, our Directors believe that we have sufficient working capital to cover at least 125% of our costs, including general, administrative and operating costs as well as research and development costs, for at least the next 12 months from the date of this Prospectus.

Cash Flows

The following summary of our consolidated statement of cash flows comprises the cash inflow and outflow of (i) our Group; and (ii) the Oncology Business that are received or paid by Suzhou Alphamab, prior to and during the transition period after the Reorganization. See "—Basis of Presentation" and "—Net Contribution for the Oncology Business by Suzhou Alphamab."

	For the year ended December 31,		For the six months ended June 30,	
	2017	2018	2018	2019
	(RMB in thousands)			
			(unaudited)	
Operating cash flows before movements in working capital	(64,509)	(90,549)	(33,397)	(73,454)
Net cash used in operating activities	(65,161)	(93,874)	(26,483)	(110,014)
Net cash from/(used in) investing activities	2,305	(72,110)	(30,775)	(716,636)
Net cash from financing activities	2,000	798,800	70,814	445,898
Net contribution for the Oncology Business by Suzhou Alphamab	60,868	9,537	9,537	300
Net increase (decrease) in cash and cash equivalents	12	642,353	23,093	(380,452)
Cash and cash equivalent at the beginning of the year or period	45	57	57	633,712
Effect of foreign exchange rate changes	–	(8,698)	–	302
Cash and cash equivalents at the end of the year or period	57	633,712	23,150	253,562

Operating Activities

For the six months ended June 30, 2019, we had net cash used in operating activities of RMB110.0 million, primarily as a result of RMB73.5 million of operating cash outflows before changes in working capital and the negative effect of changes in working capital. The negative changes in working capital were primarily attributable to (i) an increase of RMB24.1 million in other receivables, deposits and prepayments due to a significant increase in VAT recoverables from increased VAT paid for the procurement of machinery and equipment, raw materials and third-party services, and increased prepayments to CROs in connection with clinical trial advancement of our drug candidates; and (ii) an increase of RMB13.4 million in inventories with additional purchases of raw materials to support the clinical trials for our drug candidates and raw materials to be used in phase I of our new facilities, which is expected to be completed in late 2019. The negative working capital change was partially offset by an increase of RMB5.7 million in trade and other payables to suppliers of raw materials and third-party services for our clinical trials.

For the year ended December 31, 2018, we had net cash used in operating activities of RMB93.9 million, primarily as a result of RMB90.5 million of operating cash outflows before changes in working capital and the negative effect of the changes in working capital. The negative changes in working capital were primarily attributable to (i) an increase of RMB17.0 million in other receivables, deposits and prepayments; and (ii) an increase of RMB3.6 million in inventories due to the procurement of additional raw materials to support our clinical trials; and partially offset by an increase of RMB12.2 million in trade and other payables to suppliers of raw materials and third-party services for our clinical trials. The increase in other receivables, deposits and prepayments was mainly due to (a) a significant increase in VAT recoverables from increased VAT paid for the procurement of machinery and equipment, raw materials and third-party services, and (b) an increase in prepayments, other receivables and deposits related to increased purchases of raw materials for our research and development activities.

For the year ended December 31, 2017, we had net cash used in operating activities of RMB65.2 million, primarily as a result of RMB64.5 million of operating cash outflows before changes in working capital and the negative effect of the changes in working capital. The negative changes in working capital were primarily attributable to (i) an increase of RMB3.6 million in other receivables, deposits and prepayments primarily due to increased prepayments to CROs and other third parties for services relating to our clinical trials; and (ii) an increase of RMB3.1 million in inventories with additional raw materials procured to support the clinical trials for our drug candidates; and partially offset by an increase of RMB6.1 million in trade and other payables primarily due to an increase in payables in connection with our purchase of raw materials and third-party services.

Investing Activities

For the six months ended June 30, 2019, our net cash used in investing activities was RMB716.6 million, primarily attributable to (i) an increase in the placement of time deposits with original maturity over three months that we purchased of RMB882.6 million; (ii) the payment of RMB52.8 million in connection with the construction of our new facilities; and (iii) the payment for deposits paid for acquisition of property, plant and equipment of RMB20.8 million in connection with the equipment and machinery procured for our new facilities; and partially offset by proceeds from redemption of time deposits with original maturity over three months of RMB237.2 million.

For the year ended December 31, 2018, our net cash used in investing activities was RMB72.1 million, primarily attributable to (i) the purchase of property, plant and equipment of RMB46.8 million in connection with the construction of our new facilities; (ii) the payment for deposits paid for acquisition of property, plant and equipment of RMB26.3 million in connection with the equipment and machinery procured for our new facilities; and (iii) the purchase of structured deposits of RMB48.9 million; and partially offset by RMB49.5 million of proceeds we received from the redemption of structured deposits.

For the year ended December 31, 2017, our net cash from investing activities was RMB2.3 million, primarily attributable to cash inflows of RMB44.5 million from the proceeds we received from the redemption of structured deposits; and partially offset by (i) the investment of RMB34.0 million in structured deposits; and (ii) the purchase of plant equipment of RMB7.8 million in relation to the construction of our new facilities.

Financing Activities

For the six months ended June 30, 2019, our net cash used in financing activities was RMB445.9 million, primarily due to funds raised from issuance of Series B Preferred Shares in May 2019. For details of our Series B Preferred Shares, see "History, Reorganization and Corporate Structure—The Pre-IPO Investments."

For the year ended December 31, 2018, our net cash from financing activities was RMB798.8 million, primarily attributable to (i) proceeds from the issuance of Series A Preferred Shares of RMB826.6 million; (ii) RMB167.5 million in bank borrowings; and (iii) proceeds from the convertible notes of RMB47.7 million we issued to certain Series A Investors; partially offset by (i) RMB132.2 million relating to the transfer of assets and licensing of patents pursuant to the Asset Transfer and Patent Licensing Agreements as part of the Reorganization; (ii) the repayment of bank borrowings of RMB67.5 million; and (iii) RMB52.6 million relating to the acquisition of Jiangsu Alphamab by Alphamab Oncology (HK) as part of the Reorganization. For details of our Series A Preferred Shares and the convertible notes, see "History, Reorganization and Corporate Structure—The Pre-IPO Investments."

For the year ended December 31, 2017, our net cash from financing activities was RMB2.0 million, primarily from the shareholder's loan that Jiangsu Alphamab obtained from Suzhou Alphamab to fund operations.

Net Contribution for the Oncology Business by Suzhou Alphamab

Before the Reorganization, the Oncology Business (as defined in "—Basis of Presentation") was operated by Suzhou Alphamab and Jiangsu Alphamab, its then-subsidiary. The treasury and cash disbursement functions of the Oncology Business were centrally managed by Suzhou Alphamab, with no separate bank account for the Oncology Business. After the transfer of the Oncology Business from Suzhou Alphamab to Jiangsu Alphamab on April 18, 2018, Jiangsu Alphamab began to maintain separate bank accounts to manage the Oncology Business. However, there was a transition period after the Reorganization where certain funds relating to the Oncology Business were still maintained in the bank accounts of Suzhou Alphamab. The net cash flows relating to the Oncology Business kept in Suzhou Alphamab's bank account are set out in this line item in our consolidated statement of cash flows, and were presented as movements in equity.

Cash Operating Costs

The following table sets forth the key information relating to our cash operating costs for the periods indicated.

	For the year ended December 31,		For the six months ended June 30,	
	2017	**2018**	**2018**	**2019**
	(RMB in thousands)			
Costs relating to research and development of our Core Product:				
Third-party contracting costs	4,352	9,996	1,099	28,219
Raw materials	1,373	9,797	3,105	4,562
Staff costs	2,696	1,827	326	4,169
Others	226	576	255	1,674
Subtotal	*8,647*	*22,196*	*4,785*	*38,624*
Costs relating to research and development of our other drug candidates				
Third-party contracting costs	13,653	21,903	7,809	17,879
Raw materials	12,757	7,759	6,457	7,859
Staff costs	7,283	5,716	1,711	8,388
Others	2,504	2,594	965	2,074
Subtotal	*36,197*	*37,972*	*16,942*	*36,200*
Total	**44,844**	**60,168**	**21,727**	**74,824**
Workforce employment[(1)]	16,497	28,167	5,825	32,290
Direct production[(2)]	–	–	–	–
Commercialization[(2)]	–	–	–	–
Contingency allowance[(3)]	–	–	–	–

(1) Workforce employment costs represent total staff costs, primarily including salaries, compensation and benefits, of our research and development and other employees.

(2) Direct production costs represent costs directly attributable to commercial manufacturing. Commercialization costs represent costs relating to product sales and marketing. We had not commenced commercial manufacturing or product sales as of the Latest Practicable Date.

(3) Contingency allowance represents provisions accrued for contingent liabilities. We had no contingent liabilities during the Track Record Period.

Our research and development cash costs for KN046, our Core Product, for each period reflects the stage and progress of our KN046 drug development program. In 2017, our research and development of KN046 was in an early stage and, as a result, the related research and development cash costs were relatively low. In 2018, as we ramped up our research and development for KN046 and commenced our phase Ia clinical trial in Australia, the related research and development cash costs increased significantly. In the first half of 2019, we further expanded clinical trials for KN046 by commencing a phase Ia clinical trial and two phase Ib/II clinical trials in China and a phase Ib clinical trial in Australia, and therefore the related research and development costs experienced a significant increase compared to the first half of 2018. As we advance our clinical development plan for KN046, we expect our research and development cash costs for KN046 to continue to increase.

Our research and development cash costs for our other drug candidates include costs for KN026, KN019, KN035, pre-clinical programs and general discovery and research work. The overall increase in these research and development cash costs reflects the advancement of these drug candidate development programs, and we expect to incur more cash costs as we commence more clinical trials and pre-clinical studies and enrich our pipeline. The decrease in cash costs of raw materials for other drugs from 2017 to 2018 primarily reflected our inventory level for relevant raw materials in these two years.

Our research and development staff cash costs were relatively low in 2018 compared to 2017 because a number of our drug development programs advanced to clinical trials, which were then supported by CROs and other consultants. We gradually increased our research and development headcount in anticipation of the advancement of our drug development programs in the second half of 2018, and such costs were reflected in our research and development staff cash costs for the six months ended June 30, 2019. The staff cash costs for other drugs were higher than that for KN046 during the Track Record Period because the seven other pipeline products and general research work we conducted required more research and development staff as compared to KN046.

INDEBTEDNESS

The following table sets forth the breakdown of our indebtedness as of December 31, 2017 and 2018, June 30, 2019 and October 31, 2019, being the latest practicable date for determining our indebtedness.

	As of December 31,		As of June 30,	As of October 31,
	2017	2018	2019	2019
	(RMB in thousands)			
				(unaudited)
Consideration of convertible redeemable preferred shares – unsecured and unguaranteed[1]	–	874,319	1,284,733	1,284,733
Bank borrowings – secured and unguaranteed	–	100,000	150,000	230,000
Bank borrowings – unsecured and unguaranteed	–	–	–	7,188
Amount due to a related company – unsecured and unguaranteed	2,008	–	–	–
Lease liabilities – secured and unguaranteed[2]	–	1,244	1,426	1,154
Lease liabilities – unsecured and unguaranteed	–	9,776	24,951	22,126
Total	**2,008**	**985,339**	**1,461,110**	**1,545,201**

(1) Translated at exchange rates at dates of consideration received.

(2) Secured by the rental deposits of the relevant leases.

Consideration of Convertible Redeemable Preferred Shares

The convertible redeemable preferred shares were accounted for as financial liabilities at fair value through profit or loss. As at December 31, 2017 and 2018 and June 30, 2019, the carrying amounts of the convertible redeemable preferred shares were nil, RMB900.6 million and RMB1,288.6 million, respectively, which included the initial proceeds received on issuance of the convertible redeemable preferred shares and their subsequent fair value changes. See "—Description of Certain Consolidated Statement of Financial Position Items—Convertible Redeemable Preferred Shares."

Bank Borrowings

As of December 31, 2018 and June 30, 2019, the outstanding balance of our bank borrowings amounted to RMB100.0 million and RMB150.0 million, respectively, which were borrowings for the construction of our new facilities. The carrying amount of our bank borrowings were repayable based on the schedules set forth as below.

	As of December 31,		As of June 30,	As of October 31,
	2017	2018	2019	2019
	(RMB in thousands)			
Within one year	–	–	–	35,938
More than one year, but not exceeding two years	–	12,500	18,750	57,500
More than two years, but not exceeding five years	–	87,500	131,250	143,750
Total	**–**	**100,000**	**150,000**	**237,188**

As of December 31, 2018 and June 30, 2019, our bank borrowings of RMB100.0 million and RMB150.0 million, respectively, had effective interest rates of 4.99%. As of December 31, 2018, our bank borrowings were secured by the land use rights in our right-of-use assets of RMB23.2 million. As of June 30, 2019, our bank borrowings were secured by construction in progress of RMB137.6 million and land use rights in our right-of-use assets of RMB22.9 million. Our bank borrowings increased to RMB237.2 million as of October 31, 2019, out of which RMB230.0 million were secured by RMB162.3 million in construction in progress, RMB51.4 million in machinery, and RMB22.8 million in land use rights included in right-of-use assets.

Our bank borrowing agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. Our Directors confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Amount Due to a Related Company

As of December 31, 2017, we recorded RMB2.0 million in loans obtained by Jiangsu Alphamab with a fixed interest rate of 6% per annum from Suzhou Alphamab to fund operations, which were repaid in January 2018. See "—Related Party Transactions."

Lease liabilities

As of December 31, 2017 and 2018, June 30, 2019 and October 31, 2019, we recorded lease liabilities of nil, RMB11.0 million, RMB26.4 million and RMB23.3 million, respectively, in relation to properties we leased for our manufacturing and research and development activities and our office premises. The lease terms range from six months to three years. See "—Description of Certain Consolidated Statement of Financial Position Items—Lease Liability."

Save as disclosed above and apart from intra-group liabilities, as of October 31, 2019, we did not have any other borrowing issued and outstanding or any borrowing agreed to be issued, bank overdrafts, borrowings or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities for the purpose of the indebtedness statement.

CAPITAL EXPENDITURES

Our capital expenditures consist primarily of expenditures for construction in progress, purchases of furniture, fixtures and equipment and leasehold improvements. The increase in our capital expenditures for construction in progress in 2018 was because a significant amount of construction of our new facilities was conducted in 2018. The following table sets forth our capital expenditures for the periods indicated.

	For the year ended December 31,		For the six months ended June 30,
	2017	2018	2019
	(RMB in thousands)		
Construction in progress	8,849	93,075	77,608
Furniture, fixtures and equipment	26	973	326
Leasehold improvements	–	88	108
Total	**8,875**	**94,136**	**78,042**

We expect that our capital expenditures for the year ending December 31, 2019 will be RMB282.5 million, and these capital expenditures will primarily relate to the construction of our new facilities, which we intend to fund with proceeds from the Pre-IPO Investments and bank borrowings.

CONTINGENT LIABILITIES

As of the Latest Practicable Date, we were not involved in any material legal, arbitration or administrative proceedings that, if adversely determined, we expected would materially adversely affect our business, financial position or results of operations. We did not have any outstanding loan issued or agreed to be issued, debt securities, debentures, bank overdrafts, liabilities under acceptances or acceptance credits or hire purchase commitments as of the Latest Practicable Date. As of the same date, we had not guaranteed the indebtedness of any Independent Third Parties. Our Directors confirm that there has been no material change in our contingent liabilities since June 30, 2019 to the date of this Prospectus.

CAPITAL COMMITMENTS

We had the following capital commitments in relation to the acquisition of property, plant and equipment for our construction of new facilities as of the dates indicated. Our capital commitments increased steadily as our construction plans progressed.

	As of December 31,		As of June 30,
	2017	2018	2019
	(RMB in thousands)		
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	119,881	130,352	127,578

RELATED PARTY TRANSACTIONS

Transactions

During the Track Record Period, we had the following transactions with Suzhou Alphamab.

	For the year ended December 31,		For the six months ended June 30,
	2017	2018	2019
	(RMB in thousands)		
Transfer of the Oncology Business[(1)]	–	132,180	–
Interest expenses	8	54	–
Utilities[(2)]	–	1,116	719
Lease payment[(2)]	–	–	9,162
Interest expenses – lease liability	–	358	90
Purchases of raw materials[(3)]	–	3,974	–

(1) Transfer of the Oncology Business represented the transfer of certain assets and license of patents to us by Suzhou Alphamab pursuant to the Asset Transfer and Patent Licensing Agreements as part of the Reorganization. See "History, Reorganization and Corporate Structure—Reorganization—Onshore Reorganization."

(2) Lease payment and utilities represented the depreciation of right-of-use assets in relation to property and equipment we leased from Suzhou Alphamab and utilities for the leased property.

(3) Purchases of raw materials represented the raw materials we purchased from Suzhou Alphamab for our research and development activities.

Balances

We had amounts due to Suzhou Alphamab of RMB2.0 million, RMB5.1 million and RMB0.4 million as of December 31, 2017 and 2018 and June 30, 2019, respectively. Our amounts due to Suzhou Alphamab as of December 31, 2017 represented a shareholder's loan

that Jiangsu Alphamab obtained from Suzhou Alphamab to fund operations, which was repaid in January 2018. Our amounts due to Suzhou Alphamab of RMB5.1 million as of December 31, 2018 represented the rent due in relation to property and equipment we leased from Suzhou Alphamab, utilities for the leased property and raw materials costs payable to Suzhou Alphamab. Our amounts due to Suzhou Alphamab of RMB0.4 million as of June 30, 2019 represented utilities of leased property payable to Suzhou Alphamab.

Guarantees

We had certain banking facilities as of December 31, 2018 that were guaranteed by Suzhou Alphamab. These guarantees were released in the first quarter of 2019.

In 2018, we issued convertible notes to Advantech II and PAG Growth, which were secured by Dr. Xu's personal guarantee and 16,425,000 pledged shares of Rubymab as part of the Reorganization. See "History, Reorganization and Corporate Structure—The Pre-IPO Investments." These guarantees were released upon the completion of the Reorganization and the conversion of the notes into the Series A Preferred Shares.

Our Directors are of the view that each of the related party transactions set out in Note 35 to the Accountants' Report in Appendix I to this Prospectus was conducted in the ordinary course of business on an arm's-length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our historical results or make our historical results not reflective of our future performance.

KEY FINANCIAL RATIOS

The following table set forth our key financial ratios as of the dates or for the periods indicated.

	As of December 31,		As of June 30,
	2017	2018	2019
Current ratio[(1)]	1.09	7.92	9.72
Quick ratio[(2)]	0.75	7.84	9.51

(1) Current ratio represents current assets divided by current liabilities as of the same date.

(2) Quick ratio represents current assets less inventories and divided by current liabilities as of the same date.

Our current ratio increased from 1.09 as of December 31, 2017 to 7.92 as of December 31, 2018 and further to 9.72 as of June 30, 2019, and our quick ratio increased from 0.75 as of December 31, 2017 to 7.84 as of December 31, 2018 and further to 9.51 as of June 30, 2019, mainly due to an increase in our cash and cash equivalents and time deposits with original maturities over three months as a result of the Pre-IPO Investments, partially offset by an increase in our trade and other payables.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to a variety of market risks, including currency risk and interest rate risk as set out below. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. For further details, including relevant sensitivity analysis, see Note 31b in the Accountant's Report set out in Appendix I to this Prospectus.

Currency Risk

Certain bank balances, trade and other payables and convertible redeemable preferred shares of our Group are denominated in currencies other than the functional currency, which exposes us to foreign currency risk. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

We are mainly exposed to the fluctuation of foreign exchange rate of the U.S. dollar. The following table details our sensitivity to a 10% increase and decrease in the U.S. dollar against the Renminbi. 10% is the sensitivity rate used when reporting foreign currency internally to key management personnel. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 10% change in U.S. dollars.

	For the year ended December 31,		For the six months ended June 30,
	2017	2018	2019
Impact of the U.S. dollar on loss for the year/period	–	(32,997)	(96,788)

In our management's opinion, the sensitivity analysis is not representative of the inherent foreign exchange risk as the year/period end exposure does not reflect the exposure during the Track Record Period. For further details, see Note 31b in the Accountant's Report set out in Appendix I to this Prospectus.

Interest Rate Risk

We are exposed to fair value interest rate risk in relation to fixed-rate convertible redeemable preferred shares and time deposits with original maturity over three months. We are also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings, variable-rate cash and cash equivalents and variable-rate bank balances over three months. Our cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and time deposits and benchmark rate arising from borrowings. If interest rates had

been 50 basis points higher/lower and all other variables were held constant, our loss for the years ended December 31, 2017 and 2018 and the six months ended June 30, 2019, would increase/decrease by nil, RMB23,000 and RMB574,000, respectively.

Other Price Risk

We are exposed to other price risk for our financial assets at FVTPL. The amount of financial assets at FVTPL is not material and no sensitivity analysis is presented as the exposure is considered to be immaterial. For further details, see Note 31b in the Accountant's Report set out in Appendix I to this Prospectus.

Credit and Counterparty Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to us. In order to minimize the credit risk, our management reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, our management considers that our credit risk is significantly reduced.

For other receivables, we assessed the expected credit losses based on internal credit rating which, in the opinion of the Directors, have no significant increase in credit risk since initial recognition. We review the recoverable amount of each individual receivable at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, our Directors consider that the credit risk is significantly reduced.

A significant portion of our bank balances and deposits are placed with a few state-owned banks in China and international banks in Hong Kong. The credit risks on bank balances and deposits are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Other than the credit risks mentioned above, we do not have any other significant concentration of credit risk. For further details, see Note 31b in the Accountant's Report set out in Appendix I to this Prospectus.

Liquidity Risk

As of June 30, 2019, we recorded net liabilities of RMB313.3 million. In the management of the liquidity risk, our Directors have reviewed our cash flow projections to ensure that we maintain a level of cash and cash equivalents deemed adequate by our management to finance our operations and mitigate the effects of fluctuations in cash flows. We are dependent upon bank borrowings and convertible redeemable preferred shares as significant sources of liquidity. For further details, see Note 31b in the Accountant's Report set out in Appendix I to this Prospectus.

DIVIDENDS

We did not declare or pay any dividend during the Track Record Period. Any future declarations and payments of dividends will be at the absolute discretion of our Directors. There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all. Currently, we do not have any dividend policy or intention to declare or pay any dividends in the near future.

DISTRIBUTABLE RESERVES

As of June 30, 2019, our Company had retained nil profits under IFRSs as reserves available for distribution to our equity shareholders.

LISTING EXPENSES

Listing expenses to be borne by us are estimated to be approximately RMB105.0 million (including underwriting commission), assuming an Offer Price of HK$9.65 per Share, which is the mid-point of the indicative Offer Price range stated in this Prospectus, and assuming that the Over-allotment Option is not exercised. As of June 30, 2019, we incurred a total of RMB23.6 million in listing expenses, of which RMB17.8 million were recognized in our consolidated statement of profit or loss and other comprehensive income and RMB5.8 million were capitalized. After June 30, 2019, approximately RMB23.3 million is expected to be charged to our consolidated statement of profit or loss and other comprehensive income, and approximately RMB58.1 million is expected to be accounted for as a deduction from equity upon the Listing. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

PROPERTIES AND VALUATION

JLL, an independent property valuer, has valued our property interests as of October 31, 2019. Particulars of our property interests are set out in "Appendix III—Property Valuation Report" to this Prospectus.

The table below sets out the reconciliation between the net book value of our property as of June 30, 2019 as extracted from the Accountants' Report set out in Appendix I to this Prospectus and the market value of our property as of October 31, 2019 as extracted from the Property Valuation Report set out in Appendix III to this Prospectus.

	(RMB in thousands)
Net book value of our property as of June 30, 2019 as set out in Appendix I to this Prospectus	160,467
Additional capital expenditures	35,848
Valuation surplus	34,285
Market value of the property as of October 31, 2019 as set out in Appendix III to this Prospectus	230,600

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of our Group attributable to owners of our Company prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Global Offering on the audited consolidated tangible assets less liabilities of our Group attributable to owners of our Company as of June 30, 2019 as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of our Group attributable to owners of our Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group attributable to owners of our Company as of June 30, 2019 or at any future dates.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of our Group attributable to owners of our Company is prepared based on the audited consolidated tangible assets less liabilities of our Group attributable to owners of our Company as of June 30, 2019 as shown in the Accountants' Report as set out in Appendix I to this Prospectus and adjusted as described below.

	Audited consolidated tangible assets less liabilities of our Group attributable to owners of our Company as of June 30, 2019	**Estimated net proceeds from the Global Offering**	**Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company as of June 30, 2019**	**Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company as of June 30, 2019 per Share**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on Offer Price of HK$9.10 per Offer Share	(313,272)	1,383,615	1,070,343	1.54	1.71
Based on Offer Price of HK$10.20 per Offer Share	(313,272)	1,553,436	1,240,164	1.78	1.98

Notes:

(1) The audited consolidated tangible assets less liabilities of our Group attributable to owners of our Company as of June 30, 2019 is extracted from the consolidated statement of financial position as of June 30, 2019 set out in "Appendix I—Accountants' Report" to this Prospectus.

(2) The estimated net proceeds from the Global Offering are based on 179,403,000 new Shares to be issued by the Company and the Offer Price of HK$9.10 (equivalent to RMB8.18) and HK$10.20 (equivalent to RMB9.17) per Offer Share being the low end and high end of the indicative Offer Price range respectively, after deduction of the estimated underwriting fee and other related expenses (excluding listing expenses charged to the profit or loss up to June 30, 2019) in connection with the Global Offering and without taking into account any Shares (i) which may be allotted and issued upon the exercise of the Over-allotment Option; (ii) which may be issued under the Pre-IPO Share Option Plans; or (iii) which may be allotted and issued or repurchased by our Company under general mandates for the allotment and issue or repurchase of Shares granted to directors of our Company or (iv) the conversion of the Series A Preferred Shares and Series B Preferred Shares into ordinary shares.

    For the purpose of the net proceeds from the Global Offering, the amount denominated in Hong Kong dollars has been converted into Renminbi at the rate of HK$1 to RMB0.89864, which was the exchange rate prevailing on November 22, 2019 with reference to the rate published by the People's Bank of China. No representation is made that the Hong Kong dollars amounts have been, could have been or may be converted into Renminbi, or vice versa, at that rate or any other rate or at all.

(3) The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company as of June 30, 2019 per Share is calculated based on 695,036,420 Shares were in issue (retrospectively adjusted for the Share Subdivision) assuming that Global Offering has been completed on June 30, 2019 and without taking into account any Shares (i) which may be allotted and issued upon the exercise of the Over-allotment Option; (ii) which may be issued under the Pre-IPO Share Option Plans; (iii) which may be allotted and issued or repurchased by our Company under general mandates for the allotment and issue or repurchase of Shares granted to the Directors of our Company; or (iv) the conversion of the Series A Preferred Shares and Series B Preferred Shares into ordinary shares.

(4) For the purpose of the unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company as of June 30, 2019 per Share, the amount denominated in Renminbi has been converted into Hong Kong dollars at the rate of HK$1 to RMB0.89864, which was the exchange rate prevailing on November 22, 2019 with reference to the rate published by the People's Bank of China. No representation is made that the Renminbi amounts have been, could have been or may be converted into Hong Kong dollars, or vice versa, at that rate or any other rate or at all.

(5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to the owners of our Company as of June 30, 2019 to reflect any trade result or other transaction of our Group entered into subsequent to June 30, 2019. In particular, the unaudited pro forma adjusted net tangible assets of our Group attributable to the owners of our Company as shown above have not been adjusted to illustrate the effect of the following:–

    (I) Upon completion of the Global Offering, the conversion of the Series A Preferred Shares would have reclassified the carrying amount of Series A Preferred Shares of RMB877,430,000 to ordinary shares under equity. The conversion of Series A Preferred Shares in issue would have increased the total number of shares in issue assumption stated in Note 3 by 141,238,725 Shares (retrospectively adjusted for the Share Subdivision) and would have increased the unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to the owners of our Company as of June 30, 2019 by RMB877,430,000.

    (II) Upon completion of the Global Offering, the conversion of the Series B Preferred Shares would have reclassified the carrying amount of Series B Preferred Shares of RMB411,151,000 to ordinary shares under equity. The conversion of the Series B Preferred Shares would have increased the total number of shares in issue assumption in Note 3 by 60,736,430 Shares (retrospectively adjusted for the Share Subdivision) and would have increased the unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to the owners of our Company as of June 30, 2019 by RMB411,151,000.

The combined effect of above conversion of Series A Preferred Shares and Series B Preferred Shares would have increased the unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company as of June 30, 2019 by RMB1,288,581,000 and would have increased the total shares in issue by 201,975,155 shares to a total of 897,011,575 Shares in issue.

	Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company taking into account the Global Offering and the conversion of Series A Preferred Shares and Series B Preferred Shares as of June 30, 2019	**Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company taking into account the Global Offering and the conversion of Series A Preferred Shares and Series B Preferred Shares as of June 30, 2019 per Share**	
	RMB'000	*RMB*	*HK$*
		(Note a)	*(Note 4)*
Based on Offer Price of HK$9.10 per Offer Share	2,358,924	2.63	2.93
Based on Offer Price of HK$10.20 per Offer Share	2,528,745	2.82	3.14

(a) The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of the Company taking into account the Global Offering and conversion of the Series A Preferred Shares and Series B Preferred Shares as of June 30, 2019 per Share is calculated based on 897,011,575 Shares in issue (retrospectively adjusted for the Share Subdivision) assuming that the Global Offering and the conversion of the Series A Preferred Shares and Series B Preferred Shares have been completed on June 30, 2019 and without taking into account any Shares (i) which may be allotted and issued upon the exercise of the Over-allotment Option; (ii) which may be issued under the Pre-IPO Share Option Plans; or (iii) which may be allotted and issued or repurchased by our Company under general mandates for the allotment and issue or repurchase of shares granted to directors of our Company.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed, after performing all the due diligence work which our Directors consider appropriate, that, as of the date of this Prospectus, there has been no material adverse change in our financial or trading position or prospects since June 30, 2019 and up to the date of this Prospectus.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, they were not aware of any circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a "**Cornerstone Investment Agreement**", and together the "**Cornerstone Investment Agreements**") with the cornerstone investors set out below (each a "**Cornerstone Investor**", and together the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) that may be purchased for an aggregate amount of US$133 million (or approximately HK$1,040.62 million) (the "**Cornerstone Placing**").

Assuming an Offer Price of HK$9.10, being the low-end of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 114,353,000 Offer Shares, representing approximately 63.74% of the Offer Shares pursuant to the Global Offering and approximately 12.75% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised, the share options granted under the Pre-IPO Share Option Plans are not exercised and each Preferred Share will be automatically converted to one Share upon the Global Offering becoming unconditional).

Assuming an Offer Price of HK$9.65, being the mid-point of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 107,830,000 Offer Shares, representing approximately 60.10% of the Offer Shares pursuant to the Global Offering and approximately 12.02% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised, the share options granted under the Pre-IPO Share Option Plans are not exercised and each Preferred Share will be automatically converted to one Share upon the Global Offering becoming unconditional).

Assuming an Offer Price of HK$10.20, being the high-end of the indicative Offer Price range set out in this Prospectus, the total number of Shares to be subscribed by the Cornerstone Investors would be 102,019,000 Offer Shares, representing approximately 56.87% of the Offer Shares pursuant to the Global Offering and approximately 11.37% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised, the share options granted under the Pre-IPO Share Option Plans are not exercised and each Preferred Share will be automatically converted to one Share upon the Global Offering becoming unconditional).

Worldwide Healthcare, an existing Shareholder of our Company and certain of its close associates, namely OrbiMed Partners Master Fund Limited, The Biotech Growth Trust Plc and OrbiMed Genesis Master Fund, L.P., have been permitted to participate in the Cornerstone Placing pursuant to paragraph 5.2 of Stock Exchange Guidance Letter HKEX-GL92-18 and the waiver from Rule 9.09(b) of the Listing Rules as further described in the section headed "Waivers from Strict Compliance with the Listing Rules and Exemptions from Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance".

Save as disclosed above and to the best knowledge of our Company, each of the Cornerstone Investors is an Independent Third Party and is making independent investment decisions, and none of the Cornerstone Investors is an existing shareholder of our Company or its close associate. Details of the allocations to each of the Cornerstone Investors will be disclosed in the allotment results announcement to be published by the Company on or around December 11, 2019.

The Cornerstone Placing will form part of the International Offering, and the Cornerstone Investors will not acquire any Offer Shares under the Global Offering other than and pursuant to the Cornerstone Investment Agreements. The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respect with the fully paid Shares in issue. Immediately following the completion of the Global Offering, none of the Cornerstone Investors will have any Board representation in our Company, nor will any of the Cornerstone Investors become a substantial shareholder of the Company. The Cornerstone Investors do not have any preferential rights in the Cornerstone Investment Agreements compared with other public Shareholders.

Certain Cornerstone Investors have agreed that the Joint Global Coordinators may defer the delivery of all or any part of the Offer Shares it has subscribed for to a date later than the Listing Date. The deferred delivery arrangement was in place to facilitate the over-allocation in the International Offering. In case of such a deferral, each Cornerstone Investor has agreed that it shall nevertheless pay for the relevant Offer Shares on the Listing Date. For details of the Over-allotment Option and the stabilization action by the Stabilizing Manager, please refer to the sections headed "Structure of the Global Offering—The International Offering—Over-allotment Option" and "Structure of the Global Offering—Stabilization" in this Prospectus, respectively.

The total number of Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Placing may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed "Structure of the Global Offering—The Hong Kong Public Offering—Reallocation".

THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by our Cornerstone Investors in connection with the Cornerstone Placing.

Matthews Funds

Matthews Asia China Small Companies Fund, Matthews Asia Growth Fund, Matthews Asia Innovators Fund and Matthews Asia Small Companies Fund, which are series of Matthews International Funds (d/b/a "**Matthews Asia Funds**"), an open-end management company registered under the U.S. Investment Company Act of 1940, as amended, and Matthews Asia Funds – Asia Small Companies Fund and Matthews Asia Funds – China Small Companies

Fund, which are sub-funds of Matthews Asia Funds, a public limited company ("**société anonyme**") qualifying as an investment company organized with variable share capital within the meaning of the Luxembourg law of 17 December 2010 on collective investment undertakings incorporated as an umbrella fund comprised of separate sub-funds (together referred to as the "**Matthews Funds**") have agreed to subscribed for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased with an aggregate amount of US$28 million at the Offer Price. Assuming an Offer Price of HK$9.10, being the low-end of the indicative Offer Price range set out in this Prospectus, Matthews Funds will subscribe for 24,074,000 Shares, representing approximately 2.68% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised, the share options granted under the Pre-IPO Share Option Plans are not exercised and each Preferred Share will be automatically converted to one Share upon the Global Offering becoming unconditional).

Matthews International Capital Management, LLC ("**Matthews Asia**") is the authorized agent of the Matthews Funds. Matthews Asia manages portfolios of securities primarily in the Asia Pacific region on a discretionary basis for institutional clients, including U.S. registered investment companies and similar non-U.S. investment funds (some of which are registered under the laws of the country where they are formed) and other clients worldwide.

OrbiMed Funds

OrbiMed Partners Master Fund Limited ("**OrbiMed Partners**"), The Biotech Growth Trust Plc ("**BGT**"), OrbiMed Genesis Master Fund, L.P. ("**OrbiMed Genesis**"), and Worldwide Healthcare (together, the "**OrbiMed Funds**") have agreed to subscribe for such number of the Offer Shares (rounded down to the nearest whole board lot) which may be purchased with an aggregate amount of US$20 million at the Offer Price. Assuming an Offer Price of HK$9.10, being the low-end of the indicative Offer Price range set out in this Prospectus, OrbiMed Funds will collectively subscribe for 17,196,000 Shares, representing approximately 1.92% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised, the share options granted under the Pre-IPO Share Option Plans are not exercised and each Preferred Share will be automatically converted to one Share upon the Global Offering becoming unconditional).

OrbiMed Partners is a private fund that focuses on healthcare investments. BGT is a closed-end fund incorporated in the United Kingdom. OrbiMed Capital LLC is the portfolio manager of OrbiMed Partners and BGT. Worldwide Healthcare is a closed-end fund incorporated in the United Kingdom managed by OrbiMed Capital LLC. OrbiMed Genesis is an exempted limited partnership incorporated under the laws of the Cayman Islands and a pooled-investment fund with OrbiMed Advisors LLC acting as the investment manager. OrbiMed Capital LLC and OrbiMed Advisors LLC are under common control of Sven Borho, Carl Gordon, and Jonathan Silverstein.

Greenwoods

Greenwoods Asset Management Limited ("**Greenwoods**") has agreed to subscribe for such number of the Offer Shares (rounded down to the nearest whole board lot) which may be purchased with an aggregate amount of US$20 million at the Offer Price. Assuming an Offer Price of HK$9.10, being the low-end of the indicative Offer Price range set out in this Prospectus, Greenwoods will subscribe for 17,196,000 Shares, representing approximately 1.92% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised, the share options granted under the Pre-IPO Share Option Plans are not exercised and each Preferred Share will be automatically converted to one Share upon the Global Offering becoming unconditional).

Greenwoods is an exempted company incorporated in Cayman Islands with limited liability. Established in 2004, Greenwoods is one of the largest and earliest China-based asset managers mainly specializing in investing in Chinese companies. Greenwoods focuses on fundamental research approach, local knowledge, policy insights, industry experience, contrarian views and strict due diligence. Greenwoods' investors mainly consist of global institutional investors such as sovereign wealth funds, university endowments, family offices, banks and insurers from the USA, Europe and Asia.

MSAL

Morgan Stanley Asia Limited ("MSAL"), in its capacity as investment manager acting as agent on behalf of certain discretionary funds (and not as principal), has agreed to subscribe for such number of the Offer Shares (rounded down to the nearest whole board lot) which may be purchased with an aggregate amount of US$15 million at the Offer Price. Assuming an Offer Price of HK$9.10, being the low-end of the indicative Offer Price range set out in this prospectus, MSAL in its capacity as investment manager will, as agent on behalf of certain discretionary funds (and not as principal), in aggregate, subscribe for 12,897,000 Shares, representing approximately 1.44% of our total issued share capital immediately upon completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised). MSAL has confirmed that Morgan Stanley's shareholders' approval is not required for MSAL's subscription of the Offer Shares pursuant to the Cornerstone Investment Agreement.

Morgan Stanley Asia Limited (MSAL) is a company incorporated in Hong Kong and is ultimately wholly owned by Morgan Stanley. MSAL offers its complete range of products and services to clients across the region and globally including investment banking, foreign exchange sales and trading, introductory brokerage, investment management and provision of support services. MSAL is licensed with the Hong Kong Securities and Futures Commission to carry on business in 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 Securities and Futures Ordinance (Cap. 571).

The investment management business of Morgan Stanley has more than 699 investment professionals around the world and US$507 billion in assets under management or supervision as of September 30, 2019. The Morgan Stanley investment management business strives to provide outstanding long-term investment performance, service and a comprehensive suite of investment management solutions to a diverse client base, which includes governments, institutions, corporations and individuals worldwide.

Morgan Stanley (NYSE: MS) is a leading global financial services firm providing investment banking, securities, wealth management and investment management services. With offices in more than 41 countries, the firm's employees serve clients worldwide including corporations, governments, institutions and individuals.

MSAL, in its capacity as investment manager acting as agent on behalf of certain discretionary funds, is the investment management division of MSAL. MSAL, acting through its investment banking division, is a Joint Sponsor, Joint Global Coordinator, Joint Bookrunner (in relation to the Hong Kong Public Offering), Joint Lead Manager (in relation to the Hong Kong Public Offering) and Hong Kong Underwriter in the Global Offering, and further, MSAL is a member of the same group of companies as Morgan Stanley & Co. International plc, a Joint Bookrunner (in relation to the International Offering), Joint Lead Manager (in relation to the International Offering) and International Underwriter in the Global Offering. Given such relationship, MSAL, in its capacity as investment manager acting as agent on behalf of certain discretionary funds, is considered a "connected client" of the investment banking division of MSAL and Morgan Stanley & Co. International plc under paragraph 13 of Appendix 6 to the Listing Rules, despite the investment banking division and the investment management division of MSAL have at all times been operating at arm's length in respect of the Listing and the participation of MSAL, in its capacity as investment manager acting as agent on behalf of certain discretionary funds, in the Global Offering as a cornerstone investor is purely an investment decision of MSAL's investment management division and is not connected in any way to the roles played by the investment banking division of MSAL in the Listing.

The participation of MSAL, in its capacity as investment manager acting as agent on behalf of certain discretionary funds, in the Global Offering as a cornerstone investor is therefore subject to the written consent from the Stock Exchange. The Shares to be allocated and issued to MSAL, in its capacity as investment manager acting as agent on behalf of certain discretionary funds, will be held on a discretionary basis for and on behalf of clients who are Independent Third Parties. It is confirmed by the Company that the cornerstone investment agreement entered with MSAL, in its capacity as investment manager acting as agent on behalf of certain discretionary funds, will not contain any material terms which are more favourable to MSAL, in its capacity as investment manager acting as agent on behalf of certain discretionary funds, than those in other Cornerstone Investment Agreements. In addition, apart from the preferential treatment of assured entitlement under a cornerstone investment, (i) each of MSAL and Morgan Stanley & Co. International plc (as Joint Bookrunners) and the Company has also confirmed that no preferential treatment has been, nor will be, given to MSAL, in its capacity as investment manager acting as agent on behalf of certain discretionary funds, by virtue of its relationship with MSAL and Morgan Stanley & Co. International plc (as Joint

Bookrunners); (ii) MSAL, in its capacity as investment manager acting as agent on behalf of certain discretionary funds, has confirmed that, to the best of its knowledge and belief, it has not received and will not receive preferential treatment in the allocation of the Global Offering by virtue of its relationship with MSAL and Morgan Stanley & Co. International plc (as Joint Bookrunners); (iii) each of the Joint Bookrunners (other than MSAL and Morgan Stanley & Co. International plc) has confirmed that, to the best of their respective knowledge and belief, no preferential treatment has been, nor will be, given to MSAL, in its capacity as investment manager acting as agent on behalf of certain discretionary funds, by virtue of its relationship with MSAL and Morgan Stanley & Co. International plc (as Joint Bookrunners); and (iv) each of the Joint Sponsors has confirmed that it has no reason to believe that MSAL, in its capacity as investment manager acting as agent on behalf of certain discretionary funds, received any preferential treatment in the allocation of the Global Offering by virtue of its relationship with MSAL and Morgan Stanley & Co. International plc (as Joint Bookrunners). An application has been made to the Stock Exchange, and the Stock Exchange has granted its consent, under paragraph 5(1) of Appendix 6 to the Listing Rules to allow Offer Shares to be placed to MSAL, in its capacity as investment manager acting as agent on behalf of certain discretionary funds, as a "connected client" of MSAL and Morgan Stanley & Co. International plc.

Lake Bleu Capital

Lake Bleu Prime Healthcare Master Fund Limited ("**Lake Bleu Prime**", previously known as Ally Bridge LB Healthcare Fund) has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased with an aggregate amount of US$15 million at the Offer Price. Assuming an Offer Price of HK$9.10, being the low-end of the indicative Offer Price range set out in this Prospectus, Lake Bleu Prime will subscribe for 12,897,000 Shares, representing approximately 1.44% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised, the share options granted under the Pre-IPO Share Option Plans are not exercised and each Preferred Share will be automatically converted to one Share upon the Global Offering becoming unconditional).

Lake Bleu Capital (Hong Kong) Limited acts as the investment advisor to Lake Bleu Prime. Lake Bleu Prime, an Exempted Company incorporated in the Cayman Islands, is a long-bias public equity fund with investments focused on Asia/Greater China healthcare, including pharmaceuticals, biotech, medical devices, and healthcare services.

Luye Pharma

Luye Pharma Group Ltd. ("**Luye Pharma**", together with its subsidiaries, "**Luye Pharma Group**") has agreed to subscribe for such number of the Offer Shares (rounded down to the nearest whole board lot) which may be purchased with an aggregate amount of US$5 million at the Offer Price. Assuming an Offer Price of HK$9.10, being the low-end of the indicative Offer Price range set out in this Prospectus, Luye Pharma will subscribe for 4,299,000 Shares, representing approximately 0.48% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised, the

share options granted under the Pre-IPO Share Option Plans are not exercised and each Preferred Share will be automatically converted to one Share upon the Global Offering becoming unconditional). Luye Pharma has confirmed that shareholders' approval is not required for its subscription of the Offer Shares pursuant to the Cornerstone Investment Agreement.

Luye Pharma is a company incorporated in Bermuda with limited liability. Its shares are listed and traded on the main board of the Hong Kong Stock Exchange (stock code: 2186). Luye Pharma focuses on developing, producing, marketing and selling innovative pharmaceutical products in four of the largest and fast growing therapeutic areas in the China, the United States, Europe and other countries or jurisdictions, namely oncology, central nervous system (CNS), cardiovascular system, alimentary tract and metabolism. Luye Pharma Group's research and development activities are organised around four platforms—long-acting and extended release technology, liposome and targeted drug delivery, transdermal drug delivery systems and new compounds. Luye Pharma Group has a pipeline of over 40 PRC product candidates in various stages of development, and a pipeline of 10 candidate products in the U.S., Europe and Japan in various stages of development.

Taikang Life

Taikang Life Insurance Co., Ltd (泰康人壽保險有限責任公司) ("**Taikang Life**") has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased with an aggregate amount of US$30 million at the Offer Price. Assuming an Offer Price of HK$9.10, being the low-end of the indicative Offer Price range set out in this Prospectus, Taikang Life will subscribe for 25,794,000 Shares, representing approximately 2.88% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised, the share options granted under the Pre-IPO Share Option Plans are not exercised and each Preferred Share will be automatically converted to one Share upon the Global Offering becoming unconditional).

Taikang Life is a company established in the PRC with limited liability and a wholly-owned subsidiary of Taikang Insurance Group Inc. Taikang Life provides a full range of insurance and investment and wealth management products and services for individuals and families. The products on offer correspond to the different requirements of customers in terms of market segments such as the children and teenagers, females and high-income population groups. They also meet multidimensional demands regarding health care and accident cover, pensions and wealth management, among others.

The table below sets forth details of the Cornerstone Placing:

		Assuming a final Offer Price of HK$9.10 per Share (being the low-end of the indicative Offer Price range)					Assuming a final Offer Price of HK$9.65 per Share (being the mid-point of the indicative Offer Price range)					Assuming a final Offer Price of HK$10.20 per Share (being the high-end of the indicative Offer Price range)				
			Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised			Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised			Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
Cornerstone Investor	Total investment Amount[1]	Number of Offer Shares to be acquired[2]	Approximate % of the Offer Shares	Approximate % of ownership[3]	Approximate % of the Offer Shares	Approximate % of ownership[3]	Number of Offer Shares to be acquired[2]	Approximate % of the Offer Shares	Approximate % of ownership[3]	Approximate % of the Offer Shares	Approximate % of ownership[3]	Number of Offer Shares to be acquired[2]	Approximate % of the Offer Shares	Approximate % of ownership[3]	Approximate % of the Offer Shares	Approximate % of ownership[3]
Matthews Funds	US$28,000,000 HK$219,077,600	24,074,000	13.42%	2.68%	11.67%	2.61%	22,702,000	12.65%	2.53%	11.00%	2.46%	21,478,000	11.97%	2.39%	10.41%	2.32%
OrbiMed Funds	US$20,000,000 HK$156,484,000	17,196,000	9.59%	1.92%	8.33%	1.86%	16,215,000	9.04%	1.81%	7.86%	1.76%	15,341,000	8.55%	1.71%	7.44%	1.66%
Greenwoods	US$20,000,000 HK$156,484,000	17,196,000	9.59%	1.92%	8.33%	1.86%	16,215,000	9.04%	1.81%	7.86%	1.76%	15,341,000	8.55%	1.71%	7.44%	1.66%
MSAL	US$15,000,000 HK$117,363,000	12,897,000	7.19%	1.44%	6.25%	1.40%	12,161,000	6.78%	1.36%	5.89%	1.32%	11,506,000	6.41%	1.28%	5.58%	1.25%
Lake Bleu Capital	US$15,000,000 HK$117,363,000	12,897,000	7.19%	1.44%	6.25%	1.40%	12,161,000	6.78%	1.36%	5.89%	1.32%	11,506,000	6.41%	1.28%	5.58%	1.25%
Luye Pharma	US$5,000,000 HK$39,121,000	4,299,000	2.40%	0.48%	2.08%	0.47%	4,053,000	2.26%	0.45%	1.96%	0.44%	3,835,000	2.14%	0.43%	1.86%	0.42%
Taikang Life	US$30,000,000 HK$234,726,000	25,794,000	14.38%	2.88%	12.50%	2.79%	24,323,000	13.56%	2.71%	11.79%	2.63%	23,012,000	12.83%	2.57%	11.15%	2.49%

Notes:

(1) Calculated based on an exchange rate of US$1.00 to HK$7.8242 as described in the section headed "Information about this Prospectus and the Global Offering—Exchange Rate Conversion". The actual investment amount of each Cornerstone Investor in Hong Kong dollars may vary due to the actual exchange rate prescribed in the relevant Cornerstone Investment Agreement.

(2) Subject to rounding down to the nearest whole board lot of 1,000 Shares.

(3) Immediately upon completion of the Global Offering and based on the assumption that all Preferred Shares will automatically be converted into Shares on a 1:1 basis on the Listing Date and that the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of share options under the Pre-IPO Share Option Plans.

CLOSING CONDITIONS

The obligation of each of the Cornerstone Investors to acquire the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

(i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Hong Kong Underwriting Agreement and the International Underwriting Agreement;

(ii) neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated;

(iii) the Listing Committee having granted the approval for the listing of, and permission to deal in, the Shares (including the Shares under the Cornerstone Placing) as well as other applicable waivers and approvals and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(iv) the Offer Price having been agreed according to the Hong Kong Underwriting Agreement, the International Underwriting Agreement and the Price Determination Agreement to be signed among the parties to such agreements in connection with the Global Offering;

(v) no laws shall have been enacted or promulgated which prohibits the consummation of the transactions contemplated in Hong Kong Public Offering, the International Offering or the Cornerstone Investment Agreements, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(vi) the respective representations, warranties, acknowledgements, undertakings and confirmations of the Cornerstone Investor under the Cornerstone Investment Agreements are and will be (as of the closing of the Cornerstone Investment Agreements) accurate and true in all material respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of the Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTOR

Each of the Cornerstone Investors has agreed that without the prior written consent of our Company, the Joint Sponsors and the Joint Global Coordinators, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the "**Lock-up Period**"), (i) dispose of, in any way, any of the Offer Shares it has purchased pursuant to the Cornerstone Investment Agreement or any interest in any company or entity holding any of such Offer Shares; (ii) agree or contract to, or publicly announce any intention to enter into a transaction with a third party for disposal of such Offer Shares or (iii) enter into any transactions directly or indirectly with the same economic effect as any aforesaid transactions, pursuant to the Cornerstone Investment Agreements.

FUTURE PLANS AND PROSPECTS

See "Business—Business Strategy" for a detailed description of our future plans.

USE OF PROCEEDS

The primary reason for our Listing is to raise funding for the research and development and commercialization of our key research and development programs. We estimate that we will receive net proceeds from the Global Offering of approximately HK$1,614.4 million, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering, and assuming an Offer Price of HK$9.65 per Share, which is the mid-point of the indicative Offer Price range stated in this Prospectus. If the Offer Price is set at HK$10.20 per Share, which is the high end of the indicative Offer Price range, the net proceeds from the Global Offering will increase by approximately HK$94.7 million. If the Offer Price is set at HK$9.10 per Share, which is the low end of the indicative Offer Price range, the net proceeds from the Global Offering will decrease by approximately HK$94.7 million.

Assuming an Offer Price at the mid-point of the indicative Offer Price range, we currently intend to apply these net proceeds for the following purposes:

- approximately 75%, or HK$1,210.8 million, will be allocated to our key drug development programs as follows:
    - approximately 50%, or HK$807.2 million, will be used for the research and development and commercialization of KN046, our Core Product, including:
        - 40% of our net proceeds, or HK$645.8 million, will be used for the ongoing and planned clinical trials of, and preparation of registration filings for, KN046, of which approximately 80% will be allocated to our activities in China and 20% to our activities in the United States. Our current clinical development plan includes but is not limited to (i) the phase II clinical trials we initiated for NSCLC (which we may expand into a global trial), TNBC and ESCC in May 2019; (ii) a phase Ib clinical trial for NPC in the third quarter of 2019, and for UC, melanoma and SCLC in the first quarter of 2020; and (iii) a phase II clinical trial for pancreatic cancer in the first quarter of 2020. See "Business" for details. We may also initiate further clinical trials with standard of care comparator arms (such as chemotherapy and/or PD-(L)1 inhibitors) for major indications that show promising efficacy results in proof-of-concept and other clinical trials. We plan to allocate approximately 15% to 30% of the proceeds allocated to the clinical development of KN046 to such trials. It should be noted that we adopt an adaptive clinical development strategy and may adjust our strategy for different indications as deemed fit as we continue to advance various clinical trials. Therefore, the amount of proceeds allocated to each indication or clinical trial is subject to change;
        - 10% of our net proceeds, or HK$161.4 million, will be used for the launch and, subject to regulatory approval, commercialization of KN046. The initiatives we plan to take primarily include recruiting commercialization personnel and establishing sales channels, mainly in the one year before the expected launch of KN046;

- approximately 20%, or HK$322.9 million, will be used for the research and development and commercialization of KN026, including:

  - 16% of our net proceeds, or HK$258.3 million, will be used for the ongoing and planned clinical trials of, and preparation of registration filings for, KN026, of which approximately 70% will be allocated to our activities in China and 30% to our activities in the United States. Our current clinical development plan includes but is not limited to indications for breast cancer, GC/GEJ, urothelial cancer and ovarian cancer, as well as the combination therapy of KN026 with KN046. Based on our current clinical development plan, we expect to allocate approximately 10% to 20% of the proceeds allocated to the clinical development of KN026 to the combination therapy of KN026 with KN046, which we expect to commence clinical trial in the third quarter of 2020 and submit a BLA to the NMPA in the fourth quarter of 2022. For details, see "Business." It should be noted that we adopt an adaptive clinical development strategy and may adjust our strategy for different indications as deemed fit as we continue to advance various clinical trials. Therefore, the amount of proceeds allocated to each indication or clinical trial is subject to change;

  - 4% of our net proceeds, or HK$64.6 million, for the launch and, subject to regulatory approval, commercialization of KN026 (including the combination therapy of KN026 with KN046), which primarily includes recruiting commercialization personnel and establishing sales channels;

- approximately 5%, or HK$80.7 million, will be used for the research and development of KN019, as further described in the "Business" section of this Prospectus;

- approximately 15%, or HK$242.2 million, will be used for the construction of our new manufacturing and research and development facilities in Suzhou. Our new manufacturing facilities are expected to have a capacity of over 30,000L; and

- approximately 10%, or HK$161.4 million, will be used for our early-stage pipeline and our working capital and general corporate purposes.

The above allocation of the net proceeds from the Global Offering will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the indicative Offer Price range stated in this Prospectus.

If the Over-allotment Option is exercised in full, the net proceeds that we will receive will be approximately HK$1,863.7 million, assuming an Offer Price of HK$9.65 per Share (being the mid-point of the indicative Offer Price range). In the event that the Over-allotment Option is exercised in full, we intent to apply the additional net proceeds to the above purposes in the proportions stated above.

To the extent that the net proceeds from the Global Offering are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we intend to deposit the net proceeds into short-term demand deposits and/or money market instruments.

HONG KONG UNDERWRITERS

Morgan Stanley Asia Limited
CLSA Limited
Jefferies Hong Kong Limited
BOCOM International Securities Limited
Fosun Hani Securities Limited
Orient Securities (Hong Kong) Limited
BOCI Asia Limited

UNDERWRITING

This Prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis on the terms and conditions set out in this Prospectus, the Application Forms relating thereto and the Hong Kong Underwriting Agreement. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us on or before Monday, December 9, 2019, or such other date as agreed between the parties, the Global Offering will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 17,942,000 Hong Kong Offer Shares and the International Offering of initially 161,461,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed "Structure of the Global Offering" of this Prospectus as well as to the Over-allotment Option.

UNDERWRITING ARRANGEMENTS

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering Hong Kong Offer Shares for subscription by the public in Hong Kong in accordance with the terms and conditions of this Prospectus and the Application Forms relating thereto.

Subject to (i) the Listing Committee granting listing of, and permission to deal in, the Shares to be offered as mentioned in this Prospectus pursuant to the Global Offering (including any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option) and (ii) certain other conditions set out in the Hong Kong Underwriting Agreement (including, among others, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us agreeing upon the Offer Price), the Hong Kong Underwriters have agreed severally and not jointly to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this Prospectus and the Application Forms relating thereto and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, among others, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination. If at any time prior to 8:00 a.m. on the day that trading in the Shares commences on the Stock Exchange:

(1) there develops, occurs, exists or comes into force:

(a) any new law or regulation or any change or development involving a prospective change in existing law or regulation, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the PRC, Singapore, the United States, the United Kingdom, the European Union (or any member thereof) or Japan (each a "**Relevant Jurisdiction**"); or

(b) any change or development involving a prospective change or development, or any event or series of events likely to result in or representing a change or development, or prospective change or development, in local, national, regional or international financial, political, military, industrial, economic, currency market, fiscal or regulatory or market conditions or any monetary or trading settlement system (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets, the inter-bank markets and credit markets in or affecting any Relevant Jurisdiction; or

(c) any event or series of events in the nature of force majeure (including, without limitation, acts of government, labor disputes, strikes, lock-outs, fire, explosion, earthquake, flooding, tsunami, civil commotion, riots, public disorder, acts of war, acts of terrorism (whether or not responsibility has been claimed), acts of God, destruction of power plant, outbreak of diseases or epidemics including, but not limited to, SARS, swine or avian flu, H5N1, H1N1, H1N7, H7N9, Ebola virus, Middle East respiratory syndrome (MERS) and such related/mutated forms, economic sanction, any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis, in whatever form) in or directly or indirectly affecting any Relevant Jurisdiction; or

(d) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities of generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Singapore Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or

(e) any general moratorium on commercial banking activities in any Relevant Jurisdiction or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any Relevant Jurisdiction; or

(f) any change or prospective change in or affecting Taxation (as defined in the Hong Kong Underwriting Agreement), exchange controls, currency exchange rates or foreign investment regulations (including, without limitation, a change of the Hong Kong dollars or RMB against any foreign currencies, a change in the system under which the value of the Hong Kong dollars is linked to that of the United States dollars or RMB is linked to any foreign currency or currencies), or the implementation of any exchange control, in any Relevant Jurisdiction; or

(g) the issue or requirement to issue by the Company of a supplemental or amendment to the Prospectus, Application Forms, preliminary offering circular or offering circular or other documents in connection with the offer and sale of the Shares pursuant to the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange or the SFC, except with prior consent of the Joint Global Coordinators; or

(h) any change or development involving a prospective change which has the effect of materialisation of any of the risks set out in the section headed "Risk Factors" in this Prospectus; or

(i) any contravention by any member of the Group, any Controlling Shareholder, any Director of the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the PRC Company Law, the Listing Rules or any other applicable Laws; or

(j) any litigation or claim being threatened or instigated against any member of the Group, any Controlling Shareholder, any Director; or

(k) any of the chairman, chief executive officer, Director of the Company vacating his office, or being charged with an indictable offence or prohibited by operation of Laws or otherwise disqualified from taking part in the management of a company; or

(l) a Governmental Authority (as defined in the Hong Kong Underwriting Agreement) or a regulatory body or organization in any Relevant Jurisdiction commencing any investigation or action or other Proceedings (as defined in the Hong Kong Underwriting Agreement), or announcing an intention to investigate or take other action or Proceedings against any member of the Group, any Controlling Shareholders or any of the chairman, chief executive officer or the Director of the Company; or

(m) any order or petition for the winding-up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group; or

(n) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction on the Company or any member of the Group; or

(o) any demand by creditors for repayment of indebtedness or payment of any indebtedness of any member of the Group or in respect of which any members of the Group is liable prior to its stated maturity; or

which, in any such case individually or in the aggregate, in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters): (A) is or will be or may be materially adverse to, or materially and prejudicially affects, the assets, liabilities, business, general affairs, management, Shareholder's equity, profit, losses, results of operations, position or condition (financial or otherwise), or prospect of the Company or the Group as a whole or to any present or prospective shareholder of the Company in its capacity as such; or (B) has or will have or may have a material adverse effect on the success of the Global Offering or the level of Offer Shares being applied for or accepted or subscribed for or purchased or the distribution of Offer Shares and/or has made or is likely to make or may make it impracticable or inadvisable or incapable for any material part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged; or (C) makes or will make it or may make it impracticable or inadvisable or incapable to proceed with the Hong Kong Public Offering and/or the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by the Prospectus, the Application Forms, the Formal Notice, the Preliminary Offering Circular or the Offering Circular; or (D) would have or may have the effect of making a part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(2) there has come to the notice of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

(a) a prohibition on the Company for whatever reason from allotting, issuing, selling, or delivering any of the Shares (including the Over-allotment Option Shares) pursuant to the terms of the Global Offering; or

(b) that any statement contained in the Hong Kong Public Offering Documents and/or any notices, announcements, advertisements, communications issued or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) (but excluding information relating to the Underwriters) was or has become untrue, incomplete, inaccurate, incorrect in any material respect or misleading, or any forecasts, estimate, expressions of opinion, intention or expectation expressed in the Hong Kong Public Offering Documents and/or any notices, announcements, advertisements, communications so issued or used are not fair and honest and made on reasonable grounds or, where appropriate, based on reasonable assumptions, when taken as a whole; or

(c) non-compliance of the Prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable Law which may have a Material Adverse Effect (as defined in the Hong Kong Underwriting Agreement) or materially and adversely affect the Global Offering; or

(d) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of the Prospectus, not having been disclosed, constitutes a material omission from any of the Prospectus and the Application Forms and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or

(e) either (i) there has been a breach of any of the representations, warranties, undertakings, obligations or provisions of either the Hong Kong Underwriting Agreement or the International Underwriting Agreement by any parties (other than any of the Hong Kong Underwriters or the International Underwriters) or (ii) any of the representations, warranties and undertakings given by any parties (other than any of the Joint Sponsors, the Hong Kong Underwriters or the International Underwriters) in the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable, is (or would when repeated be) untrue, incorrect, incomplete or misleading; or

(f) any event, act or omission which gives or is likely to give rise to any material liability of any of the Company and the Controlling Shareholders pursuant to clause 9 (Indemnity) of the Hong Kong Underwriting Agreement; or

(g) any material adverse change or prospective material adverse change or development involving a prospective material adverse change, in or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of any member of the Group; or

(h) any expert, whose consent is required for the issue of the Prospectus with the inclusion of its reports, letters or opinions and references to its name included in the form and context in which it respectively appears, has withdrawn its respective consent (other than the Joint Sponsors) prior to the issue of the Prospectus; or

(i) any person (other than the Joint Sponsors) has withdrawn or is subject to withdrawal of its consent to being named in any of the Offering Documents (as defined in the Hong Kong Underwriting Agreement) or to the issue of any of the Offering Documents; or

(j) Admission is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the Admission is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or

(k) the Company has withdrawn the Prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or

(l) the Stock Borrowing Agreement is not duly authorised, executed and delivered or it is terminated; or

then the Joint Global Coordinators may (for themselves and on behalf of the Hong Kong Underwriters), in their sole and absolute discretion and upon giving notice orally or in writing to the Company, terminate the Hong Kong Underwriting Agreement with immediate effect.

Undertakings pursuant to the Listing Rules and the Hong Kong Underwriting Agreement

(A) Undertakings by the Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Hong Kong Stock Exchange that we will not issue any further Shares or securities convertible into equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the date on which our securities first commence dealings on the Hong Kong Stock Exchange (whether or not such issue of Shares or securities will be completed within six months from the commencement of dealings), except pursuant to the Global Offering, the Over-allotment Option or any of the circumstances provided under Rule 10.08 of the Listing Rules.

The Company hereby undertakes to each of the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that except pursuant to the Global Offering (including pursuant to the Over-allotment Option), at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the Listing Date (the "**Hong Kong Underwriting Agreement First Six-Month Period**"), it will not, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) (and such consent shall not be unreasonably withheld or delayed) and unless in compliance with the requirements of the Listing Rules:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, assign, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, claim, defect, right, interest or preference granted to any third party, or any other encumbrance or security interest of any kind (an "**Encumbrance**") over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in the share capital or any other equity securities of the Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represents the right to receive, or any warrants or other rights to purchase any share capital or other equity securities of the Company, as applicable), or deposit any share capital or other equity securities of the Company, as applicable, with a depositary in connection with the issue of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of the Shares or any other equity securities of the Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares, as applicable); or

(c) enter into any transaction with the same economic effect as any transaction described in (a) or (b) above; or

(d) offer to or agree to do any of the foregoing or announce any intention to do so,

in each case, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise (whether or not the issue of such share capital or other securities will be completed within the Hong Kong Underwriting Agreement First Six-Month Period). The Company further agrees that, in the event the Company is allowed to enter into any of the transactions described in Clause (a), (b) or

(c) above or offers to or agrees to or announces any intention to effect any such transaction during the period of six months commencing on the date on which the Hong Kong Underwriting Agreement First Six Month Period expires (the "**Hong Kong Underwriting Agreement Second Six-Month Period**"), it will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of the Company will, create a disorderly or false market for any Shares or other securities of the Company. Each of the Controlling Shareholders has undertaken to each of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters to procure the Company to comply with such undertakings.

(B) Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and to the Company that except to the Global Offering, he/she/it will not and will procure that the relevant registered holder(s) will not:

(a) in the period commencing on the date by reference to which disclosure of its shareholding in the Company is made in this Prospectus and ending on the date which is six months from the date on which dealings in the Shares commence on the Stock Exchange (the "**First Six-Month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any share of the Company directly or indirectly beneficially owned by it; or

(b) in the period of six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any shares of the Company directly or indirectly beneficially owned by it, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be the controlling shareholder of the Company.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and to the Company that, within the period commencing on the date by reference to which disclosure of its shareholding in the Company is made in this Prospectus and ending on the date which is 12 months from the date on which dealings in the Shares commence on the Stock Exchange, it will:

(a) when it pledges and/or charges any shares or other securities of the Company beneficially owned by him/her/it directly or indirectly in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan) pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform the Company of such pledge and/or charge together with the number of Shares so pledged and/or charged; and

(b) when he/she/it receives indications, either verbal or written, from the pledgee and/or chargee that any of the pledged and/or charged shares will be disposed of, immediately inform the Company of such indications.

We will also, as soon as we have been informed of the above matters (if any) by the Controlling Shareholders, inform the Stock Exchange and disclose such matters as soon as possible by way of an announcement to be published as required under the Listing Rules.

Each of the Controlling Shareholders hereby jointly and severally undertakes to each of the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) it will not, at any time during the Hong Kong Underwriting Agreement First Six-Month Period and the Hong Kong Underwriting Agreement Second Six-Month Period, (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other equity securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other equity securities, as applicable or any interest in any of the foregoing), or deposit any Shares or other equity securities of the Company with a depositary in connection with the issue of depositary receipts, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other equity securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other equity securities, as applicable or any interest in any of the foregoing), or (iii) enter into any transaction with the same economic effect as any transaction specified in (i) and (ii), or (iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii), in each case, whether any of the transactions specified in (i), (ii) or (iii) is to be settled by delivery of Shares or other equity securities of the Company or in cash or otherwise (whether or not the issue of such Shares or other equity securities will be completed within the Hong Kong Underwriting Agreement First Six-Month Period and the Hong Kong Underwriting Agreement Second Six-Month Period);

(b) until the expiry of the Hong Kong Underwriting Agreement First Six-Month Period and the Hong Kong Underwriting Agreement Second Six-Month Period, in the event that it enters into any of the transactions specified in (a)(i), (ii) or (iii) above, offers to or agrees to or announces any intention to effect any such transaction, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company;

(c) at any time during the Hong Kong Underwriting Agreement First Six-Month Period and the Hong Kong Underwriting Agreement Second Six-Month Period, it will (i) if and when it pledges or charges any Shares or other securities of the Company beneficially owned by it, immediately inform the Company and the Joint Global Coordinators in writing of such pledge or charge together with the number of Shares or other securities of the Company so pledged or charged; and (ii) if and when it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or other securities of the Company will be disposed of, immediately inform the Company and the Joint Global Coordinators in writing of such indications,

provided none of the foregoing shall prevent the Controlling Shareholders from (i) purchasing additional Shares or other securities of the Company and disposing of such additional Shares or securities of the Company, (ii) using the Shares or other securities of the Company or any interest therein beneficially owned by them as security (including a charge or a pledge) in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan. The Company hereby undertakes to the Joint Global Coordinators, the Joint Sponsors and the Hong Kong Underwriters that upon receiving such information in writing from any Controlling Shareholder, it will, as soon as practicable and if required pursuant to the Listing Rules and/or the SFO, notify the Stock Exchange and make a public disclosure in relation to such information by way of an announcement.

Undertakings by Existing Shareholders

Without prejudice to any other lock-ups as described in this Prospectus, each of the existing Shareholders (each an "**Existing Shareholder**") has undertaken to the Company and each of the Joint Global Coordinators (for themselves and on behalf of each of the International Underwriters and the Hong Kong Underwriters) that such Existing Shareholder will not and will procure that no company controlled by the Existing Shareholder or any nominee or trustee holding the Shares in trust for the Existing Shareholder will, at any time during the period commencing on the date of the Existing Shareholder's undertaking, and ending on a date which is 180 days from the pricing date of the Global Offering (the "**Existing Shareholder Lock-up Period**"):

(a) offer, pledge, charge, sell, contract or agree to sell, mortgage, charge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant, or purchase any option, warrant, contract or right to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other equity securities of the Company or any interest in any of the foregoing (including, but not limited to, any securities that are convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other equity securities of the Company) held by such Existing Shareholder immediately prior to the completion of the Global Offering (the "**Existing Shares**");

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of, any Existing Shares;

(c) enter into any transaction with the same economic effect as any transaction described in (a) or (b) above; or

(d) offer to or contract to or agree to or publicly disclose that such Existing Shareholder will or may enter into any transaction described in (a), (b) or (c) above,

whether any such transaction described in (a), (b) or (c) above is to be settled by delivery of such Shares or other equity securities of the Company, in cash or otherwise (whether or not the settlement or delivery of such Shares or other equity securities will be completed within the Existing Shareholder Lock-up Period), provided that the above restrictions:

(a) shall not prevent the Existing Shareholder from transferring any Existing Shares: (i) as may be required by applicable law or regulation or by any competent authority; (ii) with the prior written consent of the Joint Global Coordinators; (iii) to any affiliate of the Existing Shareholder, provided that such affiliate transferee shall be subject to the same undertakings provided by the Existing Shareholder; (iv) as part of the acceptance of a general or public tender offer for the Shares of the Company made in accordance with the relevant public takeover rules, the provision of an irrevocable undertaking to accept such an offer, a sale to an offeror (or potential offeror) which is named in a public announcement of a firm intention to make an offer (or possible intention to make such an offer) or a sale of shares to an offeror (or potential offeror) during an offer period (as defined by the relevant public takeover rules); (v) pursuant to any scheme of compromise or arrangement providing for the acquisition, by any person or group of persons acting in concert, of 50.0% or more of the equity share capital of the Company, or any disposal of Shares in connection with a scheme of reconstruction under laws applicable to the Company; (vi) pursuant to an offer by the Company to repurchase its own Shares, as long as it is executed on a pro-rata basis; or (vii) as part of a mortgage, charge or pledge granted over such Existing Shares by the Existing Shareholder to a third party as collateral for any financing or a transfer of such Existing Shares on enforcement of security; and

(b) shall not apply to Shares subscribed by the Existing Shareholder under the Global Offering or acquired by the Existing Shareholder subsequent to the completion of the Global Offering.

Each Existing Shareholder has further undertaken, that during the Existing Shareholder Lock-up Period, (i) if and when the Existing Shareholder pledges or charges any Existing Shares or other equity securities of the Company beneficially owned by it, to immediately inform the Company and the Joint Global Coordinators of such pledge or charge together with the number of Shares so pledged or charged, and (ii) when the Existing Shareholder receives indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, to immediately inform the Company and the Joint Global Coordinators of such indications.

Hong Kong Underwriters' Interests in the Company

Except for its obligations under the Hong Kong Underwriting Agreement and save as disclosed in this Prospectus, none of the Hong Kong Underwriters has any shareholding interest in the Company or any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in the Company.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

The International Offering

International Underwriting Agreement

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with, among others, the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set out therein, it is expected that the International Underwriters would, severally and not jointly, agree to procure purchasers for, or to purchase, Offer Shares being offered pursuant to the International Offering (excluding, for the avoidance of doubt, the Offer Shares which are subject to the Over-allotment Option). It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Over-allotment Option

We expect to grant to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the date of the International Underwriting Agreement until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require the Company to allot and issue up to an aggregate of 26,910,000 Shares, representing no more than 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering.

Commissions and Expenses

The Underwriters will receive a commission of 3% of the aggregate Offer Price of all the Offer Shares, out of which they will pay any sub-underwriting commissions. The Underwriters may receive an additional incentive fee of up to 1% of the Offer Price of all the Offer Shares.

For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay the underwriting commission attributable to such reallocated Hong Kong Offer Shares to the Joint Global Coordinators and the relevant International Underwriters (but not the Hong Kong Underwriters). The underwriting commission was determined between the Company and the Underwriters after arm's length negotiations with reference to current market conditions.

The aggregate commissions and fees, together with Hong Kong Stock Exchange listing fees, SFC transaction levy and Hong Kong Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering, which are estimated to amount in aggregate to approximately HK$116.8 million (assuming (i) an Offer Price of HK$9.65 per Offer Share (being the mid-point of the indicative Offer Price range stated in this Prospectus), (ii) the full payment of the discretionary incentive fee, and (iii) the Over-allotment Option is not exercised at all), are payable and borne by the Company.

Joint Sponsors' Fee

An amount of US$350,000 is payable by the Company as sponsor fees to each of the Joint Sponsors, totaling an amount of US$1,050,000.

Other Services Provided by the Underwriters

The Joint Global Coordinators and the Underwriters may in their ordinary course of business provide financing to investors subscribing for the Offer Shares offered by this Prospectus. Such Joint Global Coordinators and Underwriters may enter into hedges and/or dispose of such Offer Shares in relation to the financing which may have a negative impact on the trading price of the Shares.

Indemnity

We have agreed to indemnify, among others, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including, among other matters, losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement as the case may be.

INDEPENDENCE OF THE JOINT SPONSORS

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares, and entering into over-the-counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Hong Kong Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed "Structure of the Global Offering" in this Prospectus. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members (other than the Stabilizing Manager or its affiliates or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, such as the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

THE GLOBAL OFFERING

This Prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

(1) the Hong Kong Public Offering of initially 17,942,000 Shares in Hong Kong as described below in the section headed "Structure of the Global Offering—The Hong Kong Public Offering" below; and

(2) the International Offering of an aggregate of initially 161,461,000 Shares to be offered to (i) to persons in the United States or to or for the account or benefit of, U.S. Persons, in each case that are Qualified Institutional Buyers in transactions exempt from or not subject to the registration requirements the Securities Act in reliance on Rule 144A; or (ii) outside the United States to investors in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales occur. At any time from the date of the International Underwriting Agreement until 30 days after the last day for the lodging of applications in the Hong Kong Public Offering, the Joint Global Coordinators, as representatives of the International Underwriters, have an option to require the Company to issue and allot up to an aggregate of 26,910,000 additional Offer Shares, representing approximately 15% of the initial number of Offer Shares to be offered in the Global Offering, at the Offer Price to cover over-allocation in the International Offering, if any.

Investors may apply for Hong Kong Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 20.0% of the enlarged issued share capital of the Company immediately after completion of the Global Offering without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 22.3% of the enlarged issued share capital immediately after completion of the Global Offering and the exercise of the Over-allotment Option as set out in the section headed "Structure of the Global Offering—The International Offering—Over-allotment Option" below.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in the section headed "Structure of the Global Offering—The Hong Kong Public Offering—Reallocation" below.

References in this Prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares Initially Offered

The Company is initially offering 17,942,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering. The Hong Kong Offer Shares will represent approximately 2.0% of the Company's registered share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the section headed "Structure of the Global Offering–Conditions of the Global Offering" below.

Allocation

Allocation of the Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications to be received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of the Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided into two pools for allocation purposes: pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate price of HK$5.0 million (excluding the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate price of more than HK$5.0 million (excluding the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable) and up to the total value in pool B. Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in this other pool and be allocated accordingly.

For the purpose of this paragraph only, the "price" for Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 8,971,000 Hong Kong Offer Shares are liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation under the Listing Rules. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached on the following basis:

- If the number of the Shares validly applied for in the Hong Kong Public Offering represents 15 times or more but less than 50 times of the number of Shares initially available under the Hong Kong Public Offering, then Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 53,822,000 Shares, representing approximately 30% of the Shares initially available under the Global Offering.

- If the number of the Shares validly applied for in the Hong Kong Public Offering represents 50 times or more but less than 100 times of the number of the Shares initially available under the Hong Kong Public Offering, then the number of Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the Shares available under the Hong Kong Public Offering will be 71,762,000 Shares, representing approximately 40% of the Shares initially available under the Global Offering.

- If the number of the Shares validly applied for in the Hong Kong Public Offering represents 100 times or more of the number of the Shares initially available for subscription under the Hong Kong Public Offering, then the number of Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the Shares available under the Hong Kong Public Offering will be 89,702,000 Shares, representing approximately 50% of the Shares initially available under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators deem appropriate.

In addition, the Joint Global Coordinators may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In accordance with Guidance Letter HKEx-GL91-18 issued by the Stock Exchange, if (i) the International Offering is not fully subscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed; or (ii) the International Offering is fully subscribed or oversubscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed with the number of Offer Shares validly applied for in the Hong Kong Public Offering representing less than 15 times of the number of Shares initially available for subscription under the Hong Kong Public Offering, the Joint Global Coordinators have the authority to reallocate International Offer Shares originally included in the International Offering to the Hong Kong Public Offering in such number as they deem appropriate, provided that the total number of Offer Shares available under the Hong Kong Public Offering following such reallocation shall be not more than 35,884,000 Offer Shares (representing approximately 20% of the total number of Offer Shares initially available under the Global Offering), and the final Offer Price shall be fixed at the low-end of the indicative offer price range (i.e., HK$9.1 per Offer Share) stated in this Prospectus.

If the Hong Kong Public Offering is not fully subscribed for, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Global Coordinators deem appropriate.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it and any person(s) for whose benefit he/she/it is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or he/she/it has been or will be placed or allocated Offer Shares under the International Offering.

The listing of the Shares on the Hong Kong Stock Exchange is sponsored by the Joint Sponsors. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$10.2 per Hong Kong Offer Share in addition to any brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable on each Hong Kong Offer Share. If the Offer Price, as finally determined in the manner described in the section headed "Structure of the Global Offering–Pricing of the Global Offering" below, is less than the maximum price of HK$10.2 per Hong Kong Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section entitled "How to Apply for Hong Kong Offer Shares."

References in this Prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

Number of Offer Shares Offered

Subject to reallocation as described above, the International Offering will consist of an initial offering of 161,461,000 International Offer Shares representing approximately 90% of the Offer Shares under the Global Offering and approximately 18.0% of the Company's enlarged share capital immediately after the completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Allocation

The International Offering will include selective marketing of the International Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such International Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of the International Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the section headed "Structure of the Global Offering–Pricing of the Global Offering" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell the Offer Shares, after the listing of the Offer Shares on the Hong Kong Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Company and our Shareholders as a whole.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered the International Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant application under the Hong Kong Public Offering and to ensure that he/she/it is excluded from any application of the Hong Kong Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback mechanism described in the sub-section headed "—The Hong Kong Public Offering—Reallocation" above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation or unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

Over-allotment Option

In connection with the Global Offering, we expect to grant an Over-allotment Option to the International Underwriters exercisable by the Joint Global Coordinators on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the Joint Global Coordinators have the right, exercisable at any time from the Listing Date until 30 days after the last day for the lodging of applications in the Hong Kong Public Offering, to require the Company to issue and allot up to an aggregate of 26,910,000 additional Offer Shares, representing approximately 15% of the initial number of Offer Shares to be offered in the Global Offering, at Offer Price to cover over-allocation in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 2.9% of the Company's enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in many markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent, any decline in the market price of the securities below the offer price. In Hong Kong and certain other jurisdictions, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager or its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. Short sales involve the sale by the Stabilizing Manager of a greater number of Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Over-allotment Option. The Stabilizing Manager may close out the covered short position by either exercising the Over-allotment Option to purchase additional Shares or purchasing Shares in the open market. In determining the source of the Shares to close out the covered short position, the Stabilizing Manager will consider, among others, the price of Shares in the open market as compared to the price at which they may purchase additional Shares pursuant to the Over-allotment Option. Stabilizing transactions consist of certain bids or purchases to be made for the purpose of preventing or retarding a decline in the market price of the Shares while the Global Offering is in progress. Any market purchases of the Shares may be effected on any stock exchange, including the Hong Kong Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager or its affiliates or any person acting for it to conduct any such stabilizing activity, which if commenced, will be done at the absolute discretion of the Stabilizing Manager and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering.

The number of the Shares that may be over-allocated will not exceed the number of the Shares that may be sold under the Over-allotment Option, namely, 26,910,000 Shares, which is approximately 15% of the number of Offer Shares initially available under the Global Offering, in the event that the whole or part of the Over-allotment Option is exercised.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules. Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include:

(a) over-allocation for the purpose of preventing or minimizing any reduction in the market price;

(b) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any deduction in the market price;

(c) subscribing, or agreeing to subscribe, for the Shares pursuant to the Over-allotment Option in order to close out any position established under (a) or (b) above;

(d) purchasing, or agreeing to purchase, the Shares for the sole purpose of preventing or minimizing any reduction in the market price;

(e) selling the Shares to liquidate a long position held as a result of those purchases; and

(f) offering or attempting to do anything described in (b), (c), (d) and (e) above.

Stabilizing actions by the Stabilizing Manager, or its affiliates or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

As a result of effecting transactions to stabilize or maintain the market price of the Shares, the Stabilizing Manager, or its affiliates or any person acting for it, may maintain a long position in the Shares. The size of the long position, and the period for which the Stabilizing Manager, or its affiliates or any person acting for it, will maintain the long position is at the discretion of the Stabilizing Manager and is uncertain. In the event that the Stabilizing Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the Shares.

Stabilizing action by the Stabilizing Manager, or its affiliates or any person acting for it, is not permitted to support the price of the Shares for longer than the stabilizing period, which begins on the day on which trading of the Shares commences on the Hong Kong Stock Exchange and ends on the thirtieth day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilizing period is expected to end on the 30th day after the last day for lodging applications under the Hong Kong Public Offering. As a result, demand for the Shares, and their market price, may fall after the end of the stabilizing period. These activities by the Stabilizing Manager may stabilize, maintain or otherwise affect the market price of the Shares. As a result, the price of the Shares may be higher than the price that otherwise may exist in the open market. Any stabilizing action taken by the Stabilizing Manager, or its affiliates or any person acting for it, may not necessarily result in the market price of the Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of the Shares by the Stabilizing Manager, or its affiliates or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid for the Shares by applicants. A public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilizing Manager (or its affiliate(s)) may choose to borrow up to 26,910,000 Shares pursuant to the Stock Borrowing Agreement. The stock borrowing arrangements under the Stock Borrowing Agreement will comply with the requirements set out in Listing Rules 10.07(3).

PRICING OF THE GLOBAL OFFERING

The International Underwriters will be soliciting from prospective investors' indications of interest in acquiring the International Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of the International Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around Thursday, December 5, 2019, and in any event on or before Monday, December 9, 2019, by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us and the number of Offer Shares to be allocated under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$10.2 per Offer Share and is expected to be not less than HK$9.1 per Offer Share unless to be otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this Prospectus.**

The Joint Global Coordinators, on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with these consent of the Company, reduce the number of Offer Shares offered in the Global Offering and/or the indicative Offer Price stated below in this Prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, the Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause there to be published in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and to be posted on the website of the Hong Kong Stock Exchange **(www.hkexnews.hk)** and on the website of the Company **(www.alphamabonc.com)** notices of the reduction. As soon as practicable of such reduction of the number of Offer Shares and/or the indicative Offer Price range, the Company will also

issue a supplemental prospectus updating investors of such reduction together with an update of all financial and other information in connection with such change and, where appropriate, extend the period under which the Hong Kong Public Offering was open for acceptance, and give potential investors who had applied for the Offer Shares the right to withdraw their applications. Upon issue of such a notice, the number of Offer Shares offered in the Global Offering and/or the revised offer price range will be final and conclusive and the offer price, if agreed upon by the Joint Global Coordinators, on behalf of the Underwriters, and the Company, will be fixed within such revised offer price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the Global Offering statistics as currently set out in this Prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon with the Company and the Joint Global Coordinators, will under no circumstances be set outside the Offer Price range as stated in this Prospectus.

In the event of a reduction in the number of Offer Shares being offered under the Global Offering, the Joint Global Coordinators may at their discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, provided that the number of the initial Hong Kong Offer Shares shall not be less than 10% of the total number of Offer Shares in the Global Offering. The International Offer Shares to be offered in the International Offering and the Offer Shares to be offered in the Hong Kong Public Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Global Coordinators.

The net proceeds of the Global Offering accruing to the Company (after deduction of underwriting commissions and other expenses in relation to the Global Offering, assuming the Over-allotment Option is not exercised) are estimated to be approximately HK$1,519.7 million, assuming an Offer Price per Offer Share of HK$9.1, or approximately HK$1,709.1 million, assuming an Offer Price per Offer Share of HK$10.2 (or if the Over-allotment Option is exercised in full, approximately HK$1,754.8 million, assuming an Offer Price per Offer Share of HK$9.1, or approximately HK$1,972.6 million, assuming an Offer Price per Offer Share of HK$10.2). The Offer Price under the Global Offering is expected to be announced on Wednesday, December 11, 2019. The indications of interest in the Global Offering, the results of applications and the basis of allotment of the Hong Kong Offer Shares available under the Hong Kong Public Offering, are expected to be announced on Wednesday, December 11, 2019 in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and to be posted on the website of the Hong Kong Stock Exchange (**www.hkexnews.hk**) and on the website of the Company **(www.alphamabonc.com)**.

HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is conditional upon the International Underwriting Agreement being signed and becoming unconditional.

The Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements, and the respective Underwriting Agreements, are summarized in the section headed "Underwriting."

ADMISSION OF THE SHARE INTO CCASS

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the Shares and the Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Hong Kong Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, December 12, 2019, it is expected that dealings in the Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on Thursday, December 12, 2019. Our Shares will be traded in board lots of 1,000 Shares each and the stock code of our Shares will be 9966.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Hong Kong Offer Shares pursuant to the Hong Kong Public Offering will be conditional on:

(a) the Listing Committee granting listing of, and permission to deal in, the Offer Shares being offered pursuant to the Global Offering (including the additional Offer Shares which may be made available pursuant to the exercise of the Over-allotment Option) (subject only to allotment) and such listing permission not subsequently having been revoked prior to the commencement of dealing in the Shares on the Hong Kong Stock Exchange;

(b) the Offer Price having been fixed on or around the Price Determination Date;

(c) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(d) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements.

If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on for themselves and on behalf of the Underwriters) and us on or before Monday, December 9, 2019, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by the Company in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares." In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares are expected to be issued on Wednesday, December 11, 2019 but will only become valid certificates of title at 8:00 a.m. on Thursday, December 12, 2019 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting—Underwriting Arrangements—Hong Kong Public Offering—Grounds for Termination" has not been exercised.

1. HOW TO APPLY

If you apply for the Hong Kong Offer Shares, then you may not apply for or indicate an interest for the International Offer Shares.

To apply for the Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Joint Global Coordinators, the **White Form eIPO Service Provider** and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act) or a person described in paragraph (h)(3) of Rule 902 of Regulation S under the U.S. Securities Act; and
- are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorized officer, who must state his/her representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules and guidance letters issued by the Stock Exchange, or any relevant waivers that have been granted by the Stock Exchange , you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in the Company and/or any its subsidiaries;
- a Director or chief executive officer of the Company and/or any of its subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.eipo.com.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a Prospectus during normal business hours from 9:00 a.m. on Monday, December 2, 2019 till 12:00 noon on Thursday, December 5, 2019 from:

any of the following offices of the Hong Kong Underwriters:

Morgan Stanley Asia Limited	46/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
CLSA Limited	18/F, One Pacific Place 88 Queensway Hong Kong

Jefferies Hong Kong Limited	Suite 2201, 22/F Cheung Kong Center 2 Queen's Road Central Hong Kong
BOCOM International Securities Limited	9/F, Man Yee Building 68 Des Voeux Road Central Hong Kong
Fosun Hani Securities Limited	Suite 2101-2105, 21/F Champion Tower 3 Garden Road Central, Hong Kong
Orient Securities (Hong Kong) Limited	Rooms 1, 1A, 6-8, 27/F Rooms 2803-07, 28/F Wing On House 71 Des Voeux Road Central Hong Kong
BOCI Asia Limited	26th Floor, Bank of China Tower 1 Garden Road Hong Kong

any of the following branches of the receiving bank, **Standard Chartered Bank (Hong Kong) Limited**:

Region	**Branch Name**	**Address**
Hong Kong Island	Des Voeux Road Branch	Standard Chartered Bank Building, 4-4A, Des Voeux Road Central, Central
	Aberdeen Branch	Shop 4A, G/F and Shop 1, 1/F, Aberdeen Centre Site 5, No.6-12, Nam Ning Street, Aberdeen
Kowloon	Telford Gardens Branch	Shop P9-12, Telford Centre, Telford Gardens, Tai Yip Street, Kowloon Bay
	Lok Fu Shopping Centre Branch	Shop G201, G/F., Lok Fu Shopping Centre
New Territories	Maritime Square Branch	Shop 308E, Level 3, Maritime Square, Tsing Yi

You can collect a **YELLOW** Application Form and a Prospectus during normal business hours from 9:00 a.m. on Monday, December 2, 2019 till 12:00 noon on Thursday, December 5, 2019 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a check or a banker's cashier order attached and marked payable to "HORSFORD NOMINEES LIMITED — Alphamab Oncology PUBLIC OFFER" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

Monday, December 2, 2019 – 9:00 a.m. to 5:00 p.m.
Tuesday, December 3, 2019 – 9:00 a.m. to 5:00 p.m.
Wednesday, December 4, 2019 – 9:00 a.m. to 5:00 p.m.
Thursday, December 5, 2019 – 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, December 5, 2019, the last application day or such later time as described in the section headed "How to Apply for Hong Kong Offer Shares—10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO** service, among other things, you:

(i) **undertake** to execute all relevant documents and instruct and authorize the Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) **agree** to comply with the Companies Ordinance, the Companies (Winding up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(iii) **confirm** that you have read the terms and conditions and application procedures set out in this Prospectus and in the Application Form and agree to be bound by them;

(iv) **confirm** that you have received and read this Prospectus and have only relied on the information and representations contained in this Prospectus in making your application and will not rely on any other information or representations except those in any supplement to this Prospectus;

(v) **confirm** that you are aware of the restrictions on the Global Offering in this Prospectus;

(vi) **agree** that none of the Company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this Prospectus (and any supplement to it);

(vii) **undertake** and **confirm** that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering nor participated in the International Offering;

(viii) **agree** to disclose to the Company, our Hong Kong Share Registrar, receiving banks, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, **agree** and **warrant** that you have complied with all such laws and none of the Company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this Prospectus and the Application Form;

(x) **agree** that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) **agree** that your application will be governed by the laws of Hong Kong;

(xii) **represent**, **warrant** and **undertake** that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) **warrant** that the information you have provided is true and accurate;

(xiv) **agree** to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) **authorize** the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any e-Refund payment instructions and/or any refund check(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned as set out in "—15. Personal Collection" of this Prospectus to collect the share certificate(s) and/or refund check(s) in person;

(xvi) **declare** and **represent** that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) **understand** that the Company and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) **warrant** that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO Service Provider** by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in "Who can apply" section, may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorize the **White Form eIPO Service Provider** to apply on the terms and conditions in this Prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the White Form eIPO

You may submit your application to the **White Form eIPO Service Provider** at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Monday, December 2, 2019 until 11:30 a.m. on Thursday, December 5, 2019 and the latest time for completing full payment of application monies in respect of such applications will be 12:00

noon on Thursday, December 5, 2019 or such later time under the section headed "How to Apply for Hong Kong Offer Shares–10. Effects of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you apply by means of **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this Prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding up and Miscellaneous Provisions) Ordinance (as applied by Section 42E of the Companies (Winding up and Miscellaneous Provisions) Ordinance).

Commitment to sustainability

The obvious advantage of **White Form eIPO** service is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO Service Provider**, will contribute HK$2 for each "ALPHAMAB ONCOLOGY" **White Form eIPO** application submitted via **www.eipo.com.hk** to support sustainability.

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square,
8 Connaught Place, Central,
Hong Kong

and complete an input request form.

You can also collect a Prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Global Coordinators and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this Prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering;

- (if the electronic application instruction are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;

- confirm that you understand that the Company, the Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorize the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this Prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this Prospectus and have relied only on the information and representations in this Prospectus in causing the application to be made, save as set out in any supplement to this Prospectus;

- agree that none of the Company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this Prospectus (and any supplement to it);

- agree to disclose your personal data to the Company, our Hong Kong Share Registrar, receiving banks, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this Prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this Prospectus under Section 40 of the Companies (Winding up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this Prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance, the Companies (Winding up and Miscellaneous Provisions) Ordinance and the Articles of Association;

- agree with the Company, for itself and for the benefit of each of the Shareholder and each director, supervisor, manager and other senior officer of the Company (and so that the Company will be deemed by its acceptance in whole or in part of this application to have agreed, for itself and on behalf of each of the Shareholder and each director, supervisor, manager and other senior officer of the Company, with each CCASS Participant giving **electronic application instructions**):

  (a) to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association;

  (b) that any award made in such arbitration shall be final and conclusive; and

  (c) that the arbitration tribunal may conduct hearings in open sessions and publish its award;

- agree with the Company (for the Company itself and for the benefit of each shareholder of the Company) that the Shares are freely transferable by their holders;

- authorize the Company to enter into a contract on its behalf with each director and officer of the Company whereby each such director and officer undertakes to observe and comply with his obligations to shareholders stipulated in the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this Prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for 1,000 Hong Kong Offer Shares. Instructions for more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:[(1)]

- Monday, December 2, 2019 – 9:00 a.m. to 8:30 p.m.
- Tuesday, December 3, 2019 – 8:00 a.m. to 8:30 p.m.
- Wednesday, December 4, 2019 – 8:00 a.m. to 8:30 p.m.
- Thursday, December 5, 2019 – 8:00 a.m. to 12:00 noon

(1) These times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, December 2, 2019 until 12:00 noon on Thursday, December 5, 2019 (24 hours daily, except on the last application day (Thursday, December 5, 2019)).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, December 5, 2019, the last application day or such later time as described in the section headed "10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this Prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving banks, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO Service Provider** to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Joint Bookrunners, the Joint Sponsors, the Joint Global Coordinators and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, December 5, 2019.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"**Unlisted company**" means a company with no equity securities listed on the Hong Kong Stock Exchange.

"**Statutory control**" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for the Hong Kong Offer Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee in full upon application for the Hong Kong Offer Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 1,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Hong Kong Stock Exchange trading fee are paid to the Hong Kong Stock Exchange (in the case of the SFC transaction levy, collected by the Hong Kong Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed "Structure of the Global Offering—Pricing of the Global Offering".

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a typhoon warning signal number 8 or above;
- an announcement of "extreme conditions" caused by a super typhoon by the Government of Hong Kong in accordance with revised "Code of Practice in Times of Typhoons and Rainstorms" issued by the Hong Kong Labour Department in June 2019; and/or
- a "black" rainstorm warning

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, December 5, 2019. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Thursday, December 5, 2019 or if there is a typhoon warning signal number 8 or above, an announcement of "extreme conditions" caused by a super typhoon by the Government of Hong Kong in accordance with revised "Code of Practice in Times of Typhoons and Rainstorms" issued by the Hong Kong Labour Department in June 2019, and/or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable", an announcement will be made in such event.

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Wednesday, December 11, 2019 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on the Company's website at **www.alphamabonc.com** and the website of the Hong Kong Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at **www.alphamabonc.com** and the Hong Kong Stock Exchange's website at **www.hkexnews.hk** by no later than 8:00 a.m. on Wednesday, December 11, 2019;

- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Wednesday, December 11, 2019 to 12:00 midnight on Tuesday, December 17, 2019;

- by telephone enquiry line by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Wednesday, December 11, 2019 to Saturday, December 14, 2019;

- in the special allocation results booklets which will be available for inspection during opening hours from Wednesday, December 11, 2019 to Friday, December 13, 2019 at all the receiving banks' designated branches and sub-branches.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering".

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) If Your Application is Revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **White Form eIPO Service Provider**, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this Prospectus under Section 40 of the Companies (Winding up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this Prospectus.

If any supplement to this Prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or Its Agents Exercise Their Discretion to Reject Your Application:

The Company, the Joint Global Coordinators, the **White Form eIPO Service Provider** and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the Allotment of Hong Kong Offer Shares is Void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the check or banker's cashier order paid by you is dishonored upon its first presentation;

- the Underwriting Agreements do not become unconditional or are terminated;

- the Company or the Joint Global Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or

- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$10.2 per Offer Share (excluding brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering—Conditions of the Global Offering" in this Prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee, will be refunded, without interest or the check or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Wednesday, December 11, 2019.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

- refund check(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the

maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first named applicant (if you are joint applicants), may be printed on your refund check, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund check(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund check(s).

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund checks and share certificates are expected to be posted on or before Wednesday, December 11, 2019. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of check(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Thursday, December 12, 2019 provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" in this Prospectus has not been exercised. Investors who trade the Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

15. PERSONAL COLLECTION

(i) If You Apply Using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund check(s) and/or share certificate(s) from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, December 11, 2019 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund check(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund check(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Wednesday, December 11, 2019, by ordinary post and at your own risk.

(ii) If You Apply Using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund check(s) will be sent to the address on the relevant Application Form on or before Wednesday, December 11, 2019, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Wednesday, December 11, 2019, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- ***If You Apply through a Designated CCASS Participant (other than a CCASS Investor Participant)***

  For Hong Kong Public Offering shares credited to your designated CCASS Participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Public Offering shares allotted to you with that CCASS Participant.

- ***If You are Applying as a CCASS Investor Participant***

  The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in the section headed "How to apply for Hong Kong Offer Shares—11. Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, December 11, 2019 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If You Apply through the White Form eIPO Service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, December 11, 2019, or such other date as notified by the Company in the newspapers as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund checks.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Wednesday, December 11, 2019 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund check(s) by ordinary post at your own risk.

(iv) If You Apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, December 11, 2019, or, on any other date determined by HKSCC or HKSCC Nominees.

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on Wednesday, December 11, 2019. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, December 11, 2019 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, December 11, 2019. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, December 11, 2019.

16. ADMISSION OF THE SHARES INTO CCASS

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-73, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ALPHAMAB ONCOLOGY, MORGAN STANLEY ASIA LIMITED, CLSA CAPITAL MARKETS LIMITED AND JEFFERIES HONG KONG LIMITED

Introduction

We report on the historical financial information of Alphamab Oncology (the "Company") and its subsidiaries (together the "Group") set out on pages I-4 to I-73, which comprises the consolidated statements of financial position as at 31 December 2017 and 31 December 2018 and 30 June 2019, the statements of financial position of the Company as at 31 December 2018 and 30 June 2019, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the two years ended 31 December 2018 and the six months ended 30 June 2019 (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-73 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 2 December 2019 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation and presentation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 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 of the Company, as well as evaluating the overall presentation of the Historical Financial Information. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 December 2017 and 31 December 2018 and 30 June 2019, of the Company's financial position as at 31 December 2018 and 30 June 2019, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 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 statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2018 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 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 Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 12 to the Historical Financial Information which states that no dividends have been paid by the Company since its incorporation.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
2 December 2019

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 accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"), and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended 31 December		Six months ended 30 June	
		2017	2018	2018	2019
		RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Other income	*7*	1,428	783	403	11,025
Other gains (losses), net	*8*	–	(9,833)	(2)	1,280
Fair value change of convertible redeemable preferred shares	*27*	–	(26,284)	–	22,436
Research and development expenses		(53,221)	(65,608)	(26,577)	(55,752)
Administrative expenses		(13,025)	(25,857)	(9,240)	(24,661)
Reorganization related expenses		–	(69,416)	(64,453)	–
Finance costs	*9*	(8)	(1,507)	(173)	(235)
Listing expenses		–	(4,911)	–	(12,878)
Loss before taxation		(64,826)	(202,633)	(100,042)	(58,785)
Income taxation	*10*	–	–	–	–
Loss for the year/period	*11*	(64,826)	(202,633)	(100,042)	(58,785)
Other comprehensive income for the year/period					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of a foreign operation		–	40	2	(9)
Total comprehensive expense for the year/period		(64,826)	(202,593)	(100,040)	(58,794)
Loss for the year/period attributable to:					
Owners of the Company		(33,061)	(149,843)	(51,951)	(58,785)
Non-controlling interests		(31,765)	(52,790)	(48,091)	–
		(64,826)	(202,633)	(100,042)	(58,785)
Total comprehensive expense for the year/period attributable to:					
Owners of the Company		(33,061)	(149,803)	(51,949)	(58,794)
Non-controlling interests		(31,765)	(52,790)	(48,091)	–
		(64,826)	(202,593)	(100,040)	(58,794)
Loss per share	*15*				
– Basic (RMB)		(0.19)	(0.42)	(0.21)	(0.11)
– Diluted (RMB)		N/A	(0.42)	N/A	(0.12)

STATEMENTS OF FINANCIAL POSITION

		The Group			The Company	
		As at 31 December		As at 30 June	As at 31 December	As at 30 June
	NOTES	**2017**	**2018**	**2019**	**2018**	**2019**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets						
Property, plant and equipment	*16*	11,085	104,944	182,642	–	–
Right-of-use assets	*17*	23,659	27,912	47,808	–	–
Deposits paid for acquisition of property, plant and equipment		568	26,965	29,581	–	–
Other receivables and deposits	*19*	50	10,969	27,019	–	–
Investments in subsidiaries	*38*	–	–	–	563,098	982,055
Amounts due from subsidiaries	*21*	–	–	–	29,591	29,684
		35,362	170,790	287,050	592,689	1,011,739
Current assets						
Inventories	*18*	3,486	7,068	20,506	–	–
Other receivables, deposits and prepayments	*19*	7,072	15,323	33,492	1,812	9,231
Financial assets at fair value through profit or loss ("FVTPL")	*20*	600	–	1,680	–	–
Time deposits with original maturity over three months	*22*	–	–	653,751	–	249,964
Cash and cash equivalents	*22*	57	633,712	253,562	259,249	1,897
		11,215	656,103	962,991	261,061	261,092
Current liabilities						
Trade and other payables	*23*	8,258	67,208	87,977	6,021	15,309
Amount due to a related company	*21*	2,008	5,090	378	–	–
Lease liabilities – current portion	*24*	–	10,502	10,718	–	–
		10,266	82,800	99,073	6,021	15,309
Net current assets		949	573,303	863,918	255,040	245,783
Total assets less current liabilities		36,311	744,093	1,150,968	847,729	1,257,522
Non-current liabilities						
Bank borrowings	*26*	–	100,000	150,000	–	–
Convertible redeemable preferred shares	*27*	–	900,603	1,288,581	900,603	1,288,581
Lease liabilities – non-current portion	*24*	–	518	15,659	–	–
Contract liabilities	*25*	10,000	10,000	10,000	–	–
		10,000	1,011,121	1,464,240	900,603	1,288,581
Net assets (liabilities)		26,311	(267,028)	(313,272)	(52,874)	(31,059)
Capital and reserves						
Paid-in capital/share capital	*28*	20,400	7	7	7	7
Reserves	*37*	(6,981)	(267,035)	(313,279)	(52,881)	(31,066)
Equity attributable to owners of the Company		13,419	(267,028)	(313,272)	(52,874)	(31,059)
Non-controlling interests		12,892	–	–	–	–
Total equity (deficit)		26,311	(267,028)	(313,272)	(52,874)	(31,059)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Paid-in capital/share capital	Other reserve	Translation reserve	Accumulated losses	Subtotal	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2017	20,400	(3,446)	–	(1,517)	15,437	14,832	30,269
Loss and total comprehensive expense for the year *(note i)*	–	(30,403)	–*	(2,658)	(33,061)	(31,765)	(64,826)
Net contribution by Suzhou Alphamab (as defined in Note 2) *(note ii)*	–	31,043	–	–	31,043	29,825	60,868
At 31 December 2017	20,400	(2,806)	–	(4,175)	13,419	12,892	26,311
Loss for the year *(note i)*	–	(6,645)	–	(143,198)	(149,843)	(52,790)	(202,633)
Other comprehensive income for the year	–	–	40	–	40	–	40
Total comprehensive (expense) income for the year	–	(6,645)	40	(143,198)	(149,803)	(52,790)	(202,593)
Capital injection in Jiangsu Alphamab (as defined in Note 2) on 9 February 2018	10,200	–	–	–	10,200	9,800	20,000
Issue of ordinary shares by the Company *(Note 28)*	7	–	–	–	7	–	7
Net contribution by Suzhou Alphamab *(note ii)*	–	4,864	–	–	4,864	4,673	9,537
Acquisition of additional equity interest in Jiangsu Alphamab *(note iii)*	8,820	32,635	–	–	41,455	22,998	64,453
Transfer of the Oncology Business (as defined and detailed in Note 2)	–	(67,412)	–	–	(67,412)	(64,768)	(132,180)
Arising from the Reorganisation	(39,420)	(80,338)	–	–	(119,758)	67,195	(52,563)
At 31 December 2018	7	(119,702)	40	(147,373)	(267,028)	–	(267,028)
Loss for the period *(note i)*	–	(404)	–	(58,381)	(58,785)	–	(58,785)
Other comprehensive expense for the period	–	–	(9)	–	(9)	–	(9)
Total comprehensive expense for the period	–	(404)	(9)	(58,381)	(58,794)	–	(58,794)
Net contribution by Suzhou Alphamab *(note ii)*	–	300	–	–	300	–	300
Cancellation of certain pre-IPO share options *(Note 29(a))*	–	–	–	12,250	12,250	–	12,250
At 30 June 2019	7	(119,806)	31	(193,504)	(313,272)	–	(313,272)
At 1 January 2018 (audited)	20,400	(2,806)	–	(4,175)	13,419	12,892	26,311
Loss for the period *(note i)*	–	(6,645)	–	(45,306)	(51,951)	(48,091)	(100,042)
Other comprehensive income for the period	–	–	2	–	2	–	2
Total comprehensive (expense) income for the period	–	(6,645)	2	(45,306)	(51,949)	(48,091)	(100,040)
Capital injection in Jiangsu Alphamab on 9 February 2018	10,200	–	–	–	10,200	9,800	20,000
Issue of ordinary shares by the Company *(Note 28)*	1	–	–	–	1	–	1
Net contribution by Suzhou Alphamab *(note ii)*	–	4,864	–	–	4,864	4,673	9,537
Transfer of the Oncology Business (as defined and detailed in Note 2)	–	(67,412)	–	–	(67,412)	(64,768)	(132,180)
Acquisition of additional equity interest in Jiangsu Alphamab *(note iii)*	8,820	32,635	–	–	41,455	22,998	64,453
At 30 June 2018 (unaudited)	39,421	(39,364)	2	(49,481)	(49,422)	(62,496)	(111,918)

Notes:

The other reserve comprises:

(i) the accumulated losses derived from the Oncology Business carried out by Suzhou Alphamab prior to its transfer to Jiangsu Alphamab as such accumulated losses legally belong to Suzhou Alphamab which is not a member of the Group;

(ii) the net contribution from Suzhou Alphamab on the funding used in the Oncology Business, which was provided by Suzhou Alphamab prior to and during the transition period after the transfer of Oncology Business on 18 April 2018;

(iii) the effect of an increase of Dr. Xu's effective shareholding in Jiangsu Alphamab from 51% to 65.7% on 20 June 2018 at a cash consideration of RMB16,188,000 as part of the Reorganization (as defined and detailed in Note 2). This resulted in recognition of a reorganization related expense as detailed in Note 35 (iv) of RMB64,453,000 charged to profit or loss to reflect Dr. Xu's additional interest value acquired as part of the Reorganization, which has been determined by the directors of Company with reference to a valuation carried out by an independent qualified professional valuer not connected with the Group, less the consideration paid to Suzhou Alphamab which is attributable to the non-controlling interests of Suzhou Alphamab. The difference of the above reorganization related expense and the paid-in capital of Jiangsu Alphamab attributable to Dr. Xu of RMB8,820,000 and the carrying amount of the non-controlling interests of RMB22,998,000 is recognized in the other reserve; and

(iv) the difference between the cash consideration of RMB52,563,000, which is accounted for as deemed distribution to the shareholders, for the acquisition of 100% equity interest in Jiangsu Alphamab by Alphamab Hong Kong (as defined in Note 2) as part of the Reorganization, and the share capital of Jiangsu Alphamab attributable to Dr. Xu of RMB39,420,000 plus the carrying amount of the non-controlling interests of RMB67,195,000 at the date of completion of the acquisition. Jiangsu Alphamab became the wholly owned subsidiary of the Group thereafter.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Prior to transfer of the Oncology Business as detailed in Note 2, the Oncology Business was operated under Suzhou Alphamab and no separate bank accounts were maintained for the Oncology Business. The treasury and cash disbursement functions of the Oncology Business were centrally administrated by Suzhou Alphamab. During the transition period after the transfer of Oncology Business to Jiangsu Alphamab on 18 April 2018, while Jiangsu Alphamab has already maintained separate bank accounts to manage the Oncology Business, there are still insignificant funds provided by Suzhou Alphamab related to the Oncology Business. The net cash flows generated by the Oncology Business that were kept in the bank accounts of Suzhou Alphamab, are reflected in "Net contribution for the Oncology Business by Suzhou Alphamab" in the consolidated statements of cash flows. Accordingly, the net funds provided by Suzhou Alphamab were presented as movements in the equity.

For the purpose of presenting a complete set of Historical Financial Information of the Group, the following comprises the information of cash inflow/outflow of the Group and the Oncology Business received/paid by Suzhou Alphamab prior to and during the transition period after the transfer of Oncology Business.

	Year ended 31 December		Six months ended 30 June	
	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
OPERATING ACTIVITIES				
Loss before taxation	(64,826)	(202,633)	(100,042)	(58,785)
Adjustments for:				
Interest income	(205)	(423)	(57)	(8,362)
Depreciation of right-of-use assets	413	6,296	2,017	4,685
Depreciation of property, plant and equipment	101	266	57	344
Exchange losses (gains), net	–	8,736	2	(1,385)
Fair value change of convertible redeemable preferred shares	–	26,284	–	(22,436)
Finance costs	8	1,507	173	235
Loss on disposal of plant and equipment	–	2	–	–
Share-based payment expense	–	–	–	12,250
Reorganization related expenses	–	69,416	64,453	–
Operating cash flows before movements in working capital	(64,509)	(90,549)	(33,397)	(73,454)
Increase in inventories	(3,121)	(3,582)	(5,036)	(13,438)
Increase in other receivables, deposits and prepayments	(3,589)	(17,040)	(2,401)	(24,128)
Increase in trade and other payables	6,058	12,207	14,351	5,718
Increase (decrease) in amount due to a related company	–	5,090	–	(4,712)
NET CASH USED IN OPERATING ACTIVITIES	(65,161)	(93,874)	(26,483)	(110,014)
INVESTING ACTIVITIES				
Proceeds from disposal of financial assets at FVTPL	44,450	49,500	9,650	–
Interest received	205	399	57	4,032
Proceeds from disposal of plant and equipment	–	9	–	–
Proceeds from redemption of time deposits with original maturity over three months	–	–	–	237,225
Purchase of financial assets at FVTPL	(34,000)	(48,900)	(13,900)	(1,680)
Purchase of property, plant and equipment	(7,782)	(46,782)	(26,565)	(52,824)
Payment for deposits paid for acquisition of property, plant and equipment	(568)	(26,336)	(17)	(20,810)
Placement of time deposits with original maturity over three months	–	–	–	(882,579)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	2,305	(72,110)	(30,775)	(716,636)

	Year ended 31 December		Six months ended 30 June	
	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
FINANCING ACTIVITIES				
Advance from a related company	2,000	10,000	10,000	–
Proceeds on issue of convertible redeemable preferred shares	–	826,637	–	410,414
New bank borrowings raised	–	167,526	52,987	50,000
Proceeds from issue of convertible notes	–	47,682	–	–
Capital injection in Jiangsu Alphamab	–	20,000	20,000	–
Proceeds on issue of ordinary shares by the Company	–	7	1	–
Transfer of the Oncology Business *(Note 2)*	–	(132,180)	–	–
Acquisition of Jiangsu Alphamab by Alphamab Hong Kong	–	(52,563)	–	–
Repayment of bank borrowings	–	(67,526)	–	–
Repayment to a related company	–	(12,062)	(12,062)	–
Issue costs paid for convertible redeemable preferred shares	–	(4,963)	–	(348)
Interest paid	–	(3,266)	(112)	(3,123)
Issue costs paid for initial listing of shares	–	(468)	–	(1,574)
Repayment of lease liabilities	–	(24)	–	(9,471)
NET CASH FROM FINANCING ACTIVITIES	2,000	798,800	70,814	445,898
Net contribution for the Oncology Business by Suzhou Alphamab	60,868	9,537	9,537	300
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12	642,353	23,093	(380,452)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD	45	57	57	633,712
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	–	(8,698)	–	302
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/ PERIOD	57	633,712	23,150	253,562

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 28 March 2018 under the Companies Law of the Cayman Islands. The Company's immediate and ultimate holding company is Rubymab Limited ("Rubymab"), a limited liability company incorporated in the British Virgin Islands (the "BVI") which is wholly owned by Dr. Xu Ting ("Dr. Xu"), the controlling shareholder. The addresses of the registered office and the principal place of business are set out in the section headed "Corporate Information" the Prospectus.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred as the "Group") are principally engaged in research and development, manufacturing and commercialization of biologics of oncology.

The Historical Financial Information is presented in Renminbi ("RMB"), which is also the same as the functional currency of the Company.

No statutory financial statements of the Company have been prepared since its date of incorporation as it is incorporated in the jurisdiction where there are no statutory audit requirements.

2. REORGANIZATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Notwithstanding that the Group recorded net liabilities of RMB313,272,000 as at 30 June 2019 and incurred recurring losses from operations, the Historical Financial Information has been prepared on a going concern basis as the series A convertible redeemable preferred shares (the "Series A Preferred Shares") and the series B convertible redeemable preferred shares (the "Series B Preferred Shares") are not redeemable within the next twelve months from the end of the Track Record Period. The Group may seek to obtain financing through equity and debt issuances to finance its financial liabilities and research and development activities and operations. The directors of the Company have reviewed the Group's cash flow projections, which cover a period of twelve months from the end of the Track Record Period. The directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for the next twelve months from the end of the Track Record Period.

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with IFRSs issued by the IASB and the principle of merger accounting applicable to group reorganization (details are set out below).

Prior to the group reorganization as more fully explained in the section headed "History, Reorganization and Corporate Structure" in the Prospectus (the "Reorganization"), the entire equity interest of Jiangsu Alphamab Biopharmaceuticals Co., Ltd. (江蘇康寧傑瑞生物製藥有限公司) ("Jiangsu Alphamab") was directly held by Suzhou Alphamab Co., Ltd. (蘇州康寧傑瑞生物科技有限公司) ("Suzhou Alphamab"), a company controlled by Dr. Xu, who held 51% of its paid-in capital and the remaining 49% of the paid-in capital was held by two non-controlling shareholders, namely Mr. Xue Chuanxiao ("Mr. Xue") and Mr. Zhang Xitian ("Mr. Zhang"), as to 24.5% and 24.5%, respectively. Jiangsu Alphamab and Suzhou Alphamab are companies established in the People's Republic of China (the "PRC").

The companies and the Oncology Business (as defined below) now comprising the Group underwent the Reorganization which involved:

(a) Transfer of the Oncology Business from Suzhou Alphamab to Jiangsu Alphamab on 18 April 2018 at a total cash consideration of RMB132,180,000, which is accounted for as deemed distribution to the shareholders. Jiangsu Alphamab was established to engage in oncology-treatment business earlier and Suzhou Alphamab continues to focus on its businesses other than the Oncology Business after this transfer;

(b) Acquisition of 30% equity interest of Jiangsu Alphamab from Suzhou Alphamab by Dr. Xu at a cash consideration of RMB16,188,000 on 20 June 2018, which increased Dr. Xu's effective holding in Jiangsu Alphamab from 51% to 65.7%;

(c) Incorporation of the Company on 28 March 2018 to wholly own Alphamab Oncology (BVI) Ltd. ("Alphamab BVI"), a limited liability company incorporated in the BVI on 19 April 2018 and indirectly wholly own Alphamab Oncology (HK) Limited ("Alphamab Hong Kong"), a limited liability company incorporated in Hong Kong on 11 May 2018. The Company was beneficially owned by Dr. Xu (through Rubymab), Mr. Xue, Mr. Zhang and certain employees of Suzhou Alphamab ("SZ ESOP Holders"), who were awarded share options of Suzhou Alphamab under the share incentive plan adopted by Suzhou Alphamab ("SZ ESOP Plan" and details of which can be referred to Note 29(b)) prior to the Reorganization, as to approximately 63.71%, 16.63%, 16.63% and 3.03%, respectively. The SZ ESOP Holders were awarded with the 3.03% equity interest in the Company at nominal consideration, however, such interest was deemed to be part of the consideration for the transfer of the Oncology Business from Suzhou Alphamab to Jiangsu Alphamab as set out in note (a) as such transfer has to be agreed by the SZ ESOP Holders; and

(d) Acquisition of Jiangsu Alphamab at a total cash consideration of RMB52,563,000 (after conversion as sino-foreign joint venture company), together with its wholly owned subsidiary, namely Alphamab (Australia) Co. Pty. Ltd. ("Alphamab Australia"), a company incorporated in Australia, by Alphamab Hong Kong from Dr. Xu and Suzhou Alphamab on 30 August 2018 and an independent investor on 25 September 2018.

Upon completion of the Reorganization on 25 September 2018, the Company became a holding company of the companies now comprising the Group.

Transfer of the Oncology Business

Suzhou Alphamab, which does not form part of the Group, was established in the PRC and owned as to 51% by Dr. Xu. Prior to 18 April 2018, Suzhou Alphamab engaged in the development and manufacture of biologics therapeutics for both oncology treatment areas (the "Oncology Business") and non-oncology treatment related areas including autoimmune diseases, haematology, infertility and etc., and also acted as an investment holding company primarily holding Jiangsu Alphamab and Alphamab Australia.

For the purpose of delineating the Oncology Business between Suzhou Alphamab and Jiangsu Alphamab, on 18 April 2018, Suzhou Alphamab and Jiangsu Alphamab entered into an asset transfer and patent licensing agreement at a total cash consideration of RMB132,180,000 (together with three supplemental agreements subsequently entered into in June 2018, December 2018 and February 2019), pursuant to which:

(i) Suzhou Alphamab transferred its rights and interests in assets associated with clinical research, development and commercialization of the KN019, KN026, KN046 and KN035 (the "Transferred Patents");

(ii) Suzhou Alphamab transferred 50% of its rights and interest in assets in relation to the research and development and commercialization of two antibody platforms to Jiangsu Alphamab;

(iii) Jiangsu Alphamab granted Suzhou Alphamab, on a royalty-free basis, to use the Transferred Patents in non-oncology area for a perpetual term; and

(iv) Suzhou Alphamab granted Jiangsu Alphamab, on a royalty-free basis, to use the certain patents and patent rights in oncology treatment related area for a perpetual term.

The transfer of the operations of the Oncology Business was principally completed on 18 April 2018 while the transition period of providing technical support by Suzhou Alphamab was completed by end of May 2019.

Since Suzhou Alphamab and Jiangsu Alphamab were under common control by Dr. Xu, the transfer of the Oncology Business has been accounted for as a business combination involving entities under common control using the principles of merger accounting.

The consolidated statement of financial position of the Group at 31 December 2017 has been prepared to present the assets and liabilities of the entities comprising the Group and the Oncology Business, on the basis mentioned below, as if the Oncology Business had been operated under the Group on 31 December 2017, taken into account the respective dates of incorporation, with consideration of the controlling interest held by Dr. Xu in these entities and the Oncology Business.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for each of the two years ended 31 December 2018 include the results, changes in equity and cash flows of the entities comprising the Group and the Oncology business, on the basis as if the Oncology Business had been operated under the Group throughout the Track Record Period or since the respective dates of incorporation which is a shorter period, with consideration of the controlling interest held by Dr. Xu in these entities and the Oncology Business.

To the extent the assets, liabilities, income and expenses that are specifically identified to the Oncology Business, such items are included in the Historical Financial Information throughout the Track Record Period. To the extent the assets, liabilities, income and expenses that are impracticable to identify specifically, these items are allocated to the Oncology Business on the basis set out below (such items include certain research and development expenses and administrative expenses as a whole). Items that do not meet the criteria above are not included in the Historical Financial Information of the Group.

Expenses which are impracticable to identify specifically to the Oncology Business are determined on the following basis: included in research and development expenses are other material costs, depreciation of property, plant and equipment, depreciation of right-of-use assets and repair and maintenance fee of property, plant and equipment, which were allocated based on the percentage of direct materials consumed specifically by the Oncology Business over the total consumption in Suzhou Alphamab; while the administrative expenses as a whole were allocated based on the percentage of research and development expense ratio of the Oncology Business to Suzhou Alphamab's total research and development expenses. The directors of the Company believe and confirm that the methods of allocation of the above expense items present the best and reasonable basis of estimating what the Oncology Business's operating results would have been on a stand-alone basis for the Track Record Period. Other than those items mentioned above, all other items or assets and liabilities, income and expenses of the Oncology Business are specifically identified.

3. APPLICATION OF IFRSs

For the purposes of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with the IFRSs, and are effective for the Group's accounting periods beginning on 1 January 2019 throughout the Track Record Period, including IFRS 15 *Revenue from Contracts with Customers and* IFRS 16 *Leases*, throughout the Track Record Period except that the Group adopted IFRS 9 *Financial Instruments* on 1 January 2018 and International Accounting Standard ("IAS") 39 *Financial Instruments: Recognition and Measurement* prior to 1 January 2018. The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

IFRS 9

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of IFRS 9 which are relevant to the Group are:

- all recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods; and

- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss ("ECL") model, as opposed to an incurred credit loss model under IAS 39. The ECL model requires an entity to account for ECL and changes in those ECLs at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Classification and measurement

All financial assets and liabilities continued to be measured on the same bases as are measured under IAS 39 prior to 1 January 2018.

Impairment

The application of the ECL model of IFRS 9 on 1 January 2018 resulted in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost that subject to the impairment provisions.

ECL for financial assets at amortised cost, including other receivables and deposits, time deposits, bank balances and amounts due from subsidiaries are assessed on 12-month ECL basis as there had been no significant increase in credit risk since initial recognition.

Based on the assessment by the directors of the Company, the credit loss allowance for the Group's financial assets at amortised cost is not material as at 1 January 2018 and was not materially different from that under IAS 39. Accordingly, no additional loss allowance was recognized for those asset at 1 January 2018.

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts[2]
Amendments to IFRS 3	Definition of a Business[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IAS 1 and IAS 8	Definition of Material[4]
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform[4]

[1] Effective for annual periods beginning on or after a date to be determined

[2] Effective for annual periods beginning on or after 1 January 2021

[3] Effective for business combination for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

[4] Effective for annual periods beginning on or after 1 January 2020

In addition to the above new and amendments to IFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in IFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

The directors of the Company anticipate that the application of the new and amendments to IFRSs will have no material impact on the Group's consolidated financial statements in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with the following accounting policies set out below which conform with IFRSs issued by the IASB. In addition, the Historical Financial Information includes applicable disclosure required by the Rules Governing the Listing of Securities on the Stock Exchange and complied with the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments that are at fair value at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payments*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year/period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

Investments in subsidiaries

Investments in subsidiaries are included in the statements of financial position of the Company at cost less any identified impairment loss.

Merger accounting for business combination involving businesses under common control

The Historical Financial Information incorporates the financial statements items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining businesses are combined using the existing book values from the controlling party's perspective. No amount is recognized in respect of goodwill or bargain purchase gain at the time of common control combination.

The consolidated statements of profit or loss and other comprehensive income include the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Revenue from contracts with customers

Revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service.

Upfront payment received by the Group is initially recognized as contract liabilities.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The Group did not generate and recognize any revenue during the Track Record Period.

Leases

As a lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted for under IAS 39/IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognized until reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

Retirement benefits costs and termination benefits

Payments to the state-managed retirement benefit schemes are recognized as an expense when employees have rendered service entitling them to the contributions.

A liability for a termination benefit is recognized at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognizes any related restructuring costs.

Short-term and other employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payment reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognized in share-based payment reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share-based payment reserve will be transferred to accumulated losses.

An expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where the modification reduces the fair value of the equity instruments granted, measured immediately before and after the modification, the decrease in fair value will not be recognized. The amount recognized for services received continues to be measured based on the grant date fair value of the instrument originally granted.

Where the modification reduces the number of equity instruments granted to an employee, the reduction is accounted for as a cancellation of that portion of the grant.

Where the modification of vesting conditions is a manner that is not beneficial to the employee, the amount recognized for services received shall not take the modified vesting conditions into account and continues to be measured based on the grant date vesting conditions of the instrument originally granted.

When share options are cancelled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the Group immediately recognizes the cancellation of share options as an acceleration of vesting as share based payment expenses.

Share-based payment transactions with cash-settled alternatives

Suzhou Alphamab operates a share-based payment plan which provides the employees with a choice of settlement of share-based payment transactions either in cash or by equity upon fulfilment of certain conditions.

For this kind of share-based payment transactions, the Group's entity is considered to have issued a compound financial instrument, which includes a debt component (the employees' right to demand payment in cash) and an equity component (the employees' right to demand settlement in equity instruments rather than in cash).

The Group measures the fair value or the compound financial instrument at the measurement date, taking into account the terms and conditions on which the rights to cash or equity instruments were granted. To apply this, the Group first measures the fair value of the debt component, and then measures the fair value of the equity component, taking into account that the counterparty must forfeit the right to receive cash in order to receive the equity instrument. The fair value of the compound financial instrument is the sum of the fair values of the two components.

The Group accounts separately for the services received in respect of each component of the compound financial instrument. For the debt component, the Group recognizes the services received and a liability to pay for those services in accordance with the requirements applying to cash-settled share-based payment transactions. For the equity component, the Group's entity recognizes the services received and an increase in equity in accordance with the requirements applying to equity-settled share-based payment transactions.

For cash-settled share-based payments, a liability is recognized for the goods or services acquired, measured initially at the fair value of the liability. The fair value of the cash-settled share-based payments is determined without taking into consideration all non-market vesting conditions.

Taxation

Income taxation represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the Track Record Period. Taxable profit differs from 'loss before taxation' as reported in the consolidated statements of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognized in profit or loss.

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Property, plant and equipment in the course of construction for production or supply purposes are carried at cost less any recognized impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such property, plant and equipment are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Impairment on assets other than financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets 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).

The recoverable amount of assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;

- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Classification and subsequent measurement of financial assets (upon application of IFRS 9 on 1 January 2018 with transitions in accordance with Note 3)

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

Amortised cost and interest income

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Interest income is recognized in profit or loss and is included in the "other income" line item.

Financial assets at FVTPL

Financial assets of the Group that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any interest earned on the financial asset and is included in the "other gains (losses), net" line item.

Impairment of financial assets

The Group recognizes a loss allowance for ECL on financial assets which are subject to impairment under IFRS 9 (including other receivables and deposits, cash and cash equivalents and time deposits with original maturity over three months and amounts due from subsidiaries). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

For all financial instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- significant increases in credit risk on other financial instruments of the same debtor; and

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

Financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any recoveries made are recognized in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risk of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to twelve-months ECL at the current reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting carrying amount.

Classification and subsequent measurement of financial assets (before application of IFRS 9 on 1 January 2018)

Financial assets are classified into the following specified categories: financial assets at FVTPL and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

(i) Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is (i) held for trading or (ii) it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading (or contingent consideration that may be received by an acquirer as part of a business combination) may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial assets and is included in the "other gains (losses), net" line item. Fair value is determined in the manner described in Note 31.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including other receivables and deposits and cash and cash equivalents) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

(iii) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or

- breach of contract, such as a default or delinquency in interest or principal payments; or

- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or

- disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) designated as at FVTPL.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and IFRS 9/IAS 39 permits the entire combined contract to be designated as at FVTPL.

Upon application of IFRS 9, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated losses upon derecognition of the financial liability.

Convertible redeemable preferred shares

Convertible redeemable preferred shares, which contain redemption features and other embedded derivatives, are designated as at financial liabilities at FVTPL.

Financial liabilities at amortised cost

Financial liabilities including bank borrowings, trade and other payables and amount due to a related company are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the Historical Financial Information.

Research and development expenses

Development costs incurred on the Group's drug candidates are capitalized and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, 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.

The directors of the Company will assess the progress of each of the research and development projects and determine whether the criteria are met for capitalization. During the Track Record Period, all the related development costs are expensed when incurred.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting periods, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the coming twelve months, are described below.

Equity-settled pre-IPO share option scheme conditional upon completion of the Listing (as defined in Note 29(a))

The Group's pre-IPO share options are exercisable only upon completion of the Listing which requires the estimation by the directors of the Company on the probability of the Listing. When the Listing becomes highly probable, the fair value of the share options will start to be charged to profit or loss in the remainder of the vesting period. The estimates by the directors of the Company are reference to the most likely outcome of the Listing. The directors of the Company shall revise its estimate if subsequent information indicates that the IPO (as defined in Note 27) becomes highly probable. During the Track Record Period, except for an amount of RMB12,250,000 which was recognized during the six months ended 30 June 2019 as a result of the cancellation of 833,211 pre-IPO share options granted under the Pre-IPO Share Options Scheme I (as defined and detailed in Note 29(a)), no share-based payment expense has been recognized in relation to the Pre-IPO Share Options Scheme I and the Pre-IPO Share Options Scheme II (as defined in Note 29(a)) granted by the Company as the directors of the Company considered the Listing is not probable at the end of the each reporting period.

Useful lives of property, plant and equipment

The directors of the Company determine the estimated useful lives and the depreciation method in determining the related depreciation charges for its property, plant and equipment. This estimate is reference to the useful lives of property, plant and equipment of similar nature and functions in the industry. The directors of the Company will increase the depreciation charge where useful lives are expected to be shorter than expected, or will write-off or write-down obsolete assets that have been abandoned or sold. As at 31 December 2017 and 31 December 2018 and 30 June 2019, the carrying amounts of property, plant and equipment were RMB11,085,000, RMB104,944,000 and RMB182,642,000, respectively as disclosed in Note 16.

Fair value of convertible redeemable preferred shares

The convertible redeemable preferred shares of the Group and the Company are measured at fair value for financial reporting purpose. No quoted prices in an active market are available for these financial liabilities. These financial liabilities were valued by the directors of the Company with reference to valuations carried out by an independent qualified professional valuer not connected with the Group, which has appropriate qualifications and experience in valuation of similar financial instruments. The fair value of these financial liabilities is established by using valuation techniques as disclosed in Note 27. Valuation techniques are certified by the valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Valuation models established by the valuer make the maximum use of market inputs and rely as little as possible on the Group's specific data. However, it should be noted that some inputs, such as fair value of the ordinary shares as assessed by the directors of the Company, possibilities under different scenarios such as initial public offerings, liquidation and redemption, and discount for lack of marketability, require management estimates. The estimates and assumptions by the directors of the Company are reviewed periodically and are adjusted if necessary. Should any of the estimates and assumptions changed, it may lead to a change in the fair value of the financial liabilities at FVTPL. The fair values of the convertible redeemable preferred shares which are classified as financial liabilities at FVTPL as at 31 December 2018 and 30 June 2019 were RMB900,603,000 and RMB1,288,581,000, respectively.

6. REVENUE AND SEGMENT INFORMATION

Revenue

Co-development agreement with 3D Medicines Corporation ("3D Medicines") in relation to KN035 drug candidate

In February 2016, the Group entered into an agreement with 3D Medicines and pursuant to which, the Group will jointly develop and commercialize KN035 drug candidate with 3D Medicines. Under the agreement, the Group received a non-refundable upfront payment of RMB10 million from 3D Medicines and has an exclusive right to manufacture and supply KN035 to 3D Medicines for further commercialization to ultimate customers. Upon the Group manufacturing the product and transferring the control of goods to 3D Medicines for commercialization, the Group will recognize revenue in respect of the upfront payment received.

Unsatisfied performance obligations

The following table shows the aggregate amount of the contract liabilities allocated to performance obligations that are unsatisfied at the end of each reporting period.

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Co-development and commercialization of KN035	10,000	10,000	10,000

Deferred revenue included in contract liabilities will be recognized over the period of KN035 product life cycle with reference to the budgeted manufacture order from 3D Medicines (i.e. when 3D Medicines receives and consumes the benefits during the commercialization stage).

Segment information

For the purposes of resources allocation and performance assessment, the executive directors of the Company, being the chief operating decision makers, review the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment and no further analysis of this single segment is presented.

Geographical information

The Group did not record any revenue during the Track Record Period and the Group's non-current assets are substantially located in the PRC, accordingly, no analysis of geographical segment is presented.

7. OTHER INCOME

	Year ended 31 December		Six months ended 30 June	
	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest income	205	423	57	8,362
Government grants income *(Note)*	1,183	353	340	2,663
Others	40	7	6	–
	1,428	783	403	11,025

Note: Government grants income mainly includes: (i) subsidies from the PRC local government in support of oncology during development and (ii) unconditional subsidies from the Australian government which are specifically for supporting the research and development activities carried out in Australia.

Pursuant to the research and development tax incentive program launched by the Australia Taxation Office, Alphamab Australia enjoys a 43.5% refund on the research and development expenditures occurred throughout the Track Record Period. Upon enjoyment of such incentive, the relevant research and development expenditures will not be qualified as tax losses and will be treated as non-deductible expenses.

8. OTHER GAINS (LOSSES), NET

	Year ended 31 December		Six months ended 30 June	
	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Loss on disposal of plant and equipment	–	(2)	–	–
Exchange (losses) gains, net	–	(8,736)	(2)	1,385
Others	–	(1,095)	–	(105)
	–	(9,833)	(2)	1,280

9. FINANCE COSTS

	Year ended 31 December		Six months ended 30 June	
	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest expenses on:				
Bank borrowings	–	3,039	70	2,944
Amount due to a related company *(Note 21)*	8	54	54	–
Lease liabilities	–	379	118	235
	8	3,472	242	3,179
Less: Interest capitalized in construction in progress ("CIP")	–	(1,965)	(69)	(2,944)
	8	1,507	173	235

Borrowing costs capitalized during the Track Record Period arose on the specific bank borrowings for the construction of new facilities as disclosed in Note 26.

10. INCOME TAXATION

The Company is exempted from taxation under the laws of the Cayman Islands.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the Track Record Period.

Under the Treasury Law Amendment (Enterprise Tax Plan Base Rate Entities) Bill 2017 of Australia, corporate entities who qualify as a small business entity are eligible for a lower corporate tax rate at 27.5%. Alphamab Australia is qualified as a small business entity and is subject to a corporate tax rate of 27.5%.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit.

No provision for income taxation has been made as the Company and its subsidiaries either had no assessable profit or incurred tax losses in all relevant places of operation for Track Record Period.

The income taxation for the Track Record Period can be reconciled to the loss before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December		Six months ended 30 June	
	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Loss before taxation	(64,826)	(202,633)	(100,042)	(58,785)
Tax at the PRC EIT rate of 25%	(16,206)	(50,658)	(25,011)	(14,696)
Tax effect of expenses not deductible for tax purpose	15,044	31,668	19,346	1,461
Tax effect of deductible temporary differences not recognized	–	20	6	18
Tax effect of tax losses not recognized	1,162	27,049	8,350	20,391
Effect of super deduction for research and development expenses *(note)*	–	(8,079)	(2,691)	(7,174)
Income taxation for the year/period	–	–	–	–

Note: Pursuant to Caishui 2018 circular No. 99, Jiangsu Alphamab enjoys super deduction of 175% on qualifying research and development expenditures from 1 January 2018 to 31 December 2020.

The Group had unused tax losses of RMB4,647,000 and RMB245,022,000 and RMB326,625,000 available for offset against future profits as at 31 December 2017 and 31 December 2018 and 30 June 2019, respectively. Included in unused tax losses as at 31 December 2018 and 30 June 2019 is a consideration paid of RMB132,180,000 for the transfer of the Oncology Business which can be offset against future profits. No deferred tax asset has been recognized in respect of the unused tax losses due to the unpredictability of future profit streams. As 31 December 2017 and 31 December 2018 and 30 June 2019, the unrecognized tax losses will be carried forward and expire in years as follows:

	At 31 December		At 30 June
	2017	2018	2019
2022	4,647	4,647	4,647
2023	–	240,375	240,375
2024	–	–	81,603
	4,647	245,022	326,625

11. LOSS FOR THE YEAR/PERIOD

	Year ended 31 December		Six months ended 30 June	
	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Loss for the year/period has been arrived at after charging:				
Directors' remuneration *(Note 13(a))*	537	3,509	193	2,061
Other staff costs:				
Salaries and other allowances	13,057	21,439	4,654	15,395
Retirement benefits scheme contributions	2,711	2,956	715	2,478
Share-based payment expenses	192	263	263	12,356
Total staff costs	16,497	28,167	5,825	32,290
Auditor's remuneration	2	88	44	44
Cost of inventories included in research and development expenses	11,351	7,673	2,273	8,098
Contracting costs included in research and development expenses	16,618	34,096	16,007	27,655
Issue costs paid for Series A Preferred Shares included in reorganization related expenses	–	4,963	–	–
Issue costs paid for Series B Preferred Shares included in administrative expenses	–	–	–	348
Short-term lease expenses	649	394	224	172
Depreciation of property, plant and equipment *(Note i)*	10,329	2,172	1,935	344
Depreciation of right-of-use assets *(Note ii)*	3,827	7,637	3,110	4,932
Less: capitalization	(82)	(495)	(247)	(247)
	3,745	7,142	2,863	4,685

Notes:

(i) The depreciation of property, plant and equipment included the portions related to the Oncology Business of RMB10,228,000, RMB1,906,000, RMB1,878,000 (unaudited) and Nil, which were recognized by the Group for the years ended 31 December 2017 and 2018 and the six months ended 30 June 2018 and 2019, respectively.

(ii) The depreciation of right-of-use assets included the portions related to the Oncology Business of RMB3,332,000, RMB846,000, RMB846,000 (unaudited) and Nil, which were recognized by the Group for the years ended 31 December 2017 and 2018 and the six months ended 30 June 2018 and 2019, respectively.

12. DIVIDENDS

No dividend was paid or declared by the Company since its incorporation or by other group entities during the Track Record Period.

13. DIRECTORS AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to the directors and chief executive of the Company (including the emoluments for services as directors of the group entities prior to becoming the directors of the Company) during the Track Record Period are as follows:

(a) Executive and non-executive directors

Year ended 31 December 2017

	Directors' fees	Salaries and other allowances	Discretionary bonuses	Retirement benefits scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive director:					
Dr. Xu *(note i)*	–	250	174	113	537

Year ended 31 December 2018

	Directors' fees	Salaries and other allowances	Discretionary bonuses	Retirement benefits scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Dr. Xu *(note i)*	–	1,650	1,282	81	3,013
Ms. Liu Yang *(note ii)*	–	253	226	17	496
Non-Executive directors:					
Mr. Qiu Yu Min *(note ii)*	–	–	–	–	–
Mr. Xu Zhan Kevin *(note ii)*	–	–	–	–	–
Total	–	1,903	1,508	98	3,509

Six months ended 30 June 2018 (unaudited)

	Directors' fees	Salaries and other allowances	Discretionary bonuses	Retirement benefits scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive director:					
Dr. Xu *(note i)*	–	146	–	47	193

Six months ended 30 June 2019

	Directors' fees	Salaries and other allowances	Discretionary bonuses	Retirement benefits scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Dr. Xu *(note i)*	–	1,483	–	36	1,519
Ms. Liu Yang *(note ii)*	–	506	–	36	542
Non-Executive directors:					
Mr. Qiu Yu Min *(note ii)*	–	–	–	–	–
Mr. Xu Zhan Kevin *(note ii)*	–	–	–	–	–
Total	–	1,989	–	72	2,061

Notes:

(i) Dr. Xu was appointed as a director of the Company on 28 March 2018 and was re-designated as the chairman, chief executive and an executive director of the Company on 28 March 2018. In addition, a reorganization related expense of RMB64,453,000 in June 2018 was recognized in relation to the additional equity interest acquired by Dr. Xu as part of the Reorganization. Details are disclosed in note (iii) to the consolidated statements of changes in equity.

(ii) Ms. Liu Yang was appointed as an executive director of the Company on 16 October 2018.

Mr. Qiu Yu Min and Mr. Xu Zhan Kevin were appointed as non-executive directors of the Company on 16 October 2018. No emoluments were paid or payable to them during Track Record Period for their services as non-executive directors of the Company.

(iii) None of the directors nor the chief executive of the Company waived or agreed to waive any emoluments during the Track Record Period.

(iv) During the Track Record Period, no emoluments were paid by the Group to any of the directors nor the chief executive of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

(v) The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Group. The discretionary bonuses were determined with reference to their duties, responsibilities and performance.

(b) Independent non-executive directors

No independent non-executive directors were appointed by the Company during the Track Record Period. Dr. Jiang Hualiang, Mr. Wei Kevin Cheng and Mr. Wu Dong are appointed as independent non-executive directors of the Company subsequently on 24 November 2019.

14. EMPLOYEES' EMOLUMENTS

The five highest paid individuals of the Group for the Track Record Period include one and one and one (unaudited) and two executive director(s) of the Company for the years ended 31 December 2017 and 2018 and the six months ended 30 June 2018 and 2019, respectively. Details of whose emoluments are set out in Note 13(a) above. Details of the emoluments of the remaining individuals are as follows:

	Year ended 31 December		Six months ended 30 June	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries and other allowances	1,487	4,672	1,579	2,734
Discretionary bonuses	265	744	–	–
Retirement benefits scheme contributions	575	225	91	79
Share-based payment expense *(Note 29(a))*	–	–	–	12,250
	2,327	5,641	1,670	15,063

Their emoluments were within the following bands:

	Year ended 31 December		Six months ended 30 June	
	2017	**2018**	**2018**	**2019**
	No. of employees	*No. of employees*	*No. of employees (unaudited)*	*No. of employees*
Nil to HK$1,000,000	4	–	4	–
HK$1,000,000 to HK$1,500,000	–	2	–	–
HK$1,500,001 to HK$2,000,000	–	1	–	1
HK$2,000,001 to HK$2,500,000	–	1	–	–
HK$7,500,001 to HK$8,000,000	–	–	–	1
HK$8,000,001 to HK$8,500,000	–	–	–	1

During the Track Record Period, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

15. LOSS PER SHARE

The calculations of the basic and diluted loss per share are based on the following data:–

	Year ended 31 December		Six months ended 30 June	
	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Loss:				
Loss for the year/period attributable to owners of the Company for the purpose of calculating basic loss per share	(33,061)	(149,843)	(51,951)	(58,785)
Effect of dilutive potential ordinary shares:				
Fair value change of convertible redeemable preferred shares	–	–	–	(22,436)
Loss for the year/period attributable to owners of the Company for the purpose of calculating diluted loss per share	(33,061)	(149,843)	(51,951)	(81,221)
Number of shares ('000):				
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	175,315	354,186	248,692	515,633
Effect of dilutive potential ordinary shares:				
Convertible redeemable preferred shares	–	–	–	152,648
Weighted average number of ordinary shares for the purpose of calculating diluted loss per share	175,315	354,186	248,692	668,281

The computations of basic loss per share for the years ended 31 December 2017 and the six months ended 30 June 2018 (unaudited) and basic and diluted loss per share for the year ended 31 December 2018 and the six months ended 30 June 2019 are based on weighted average number of shares assumed to be in issue after taking into account the retrospective adjustments on the assumption that the Reorganization as disclosed in Note 2, the share subdivision as disclosed in Note 28 and the Share Subdivision as defined and disclosed in Note 39 had been in effect on 1 January 2017.

The computations of basic and diluted loss per share for each of the years ended 31 December 2017 and 2018 and the six months ended 30 June 2018 (unaudited) and 2019 excluded the restricted shares and ordinary shares already canceled by the Company as part of the Reorganization. Details of which are set out in Note 28.

As the Group incurred losses for the year ended 31 December 2018, the convertible redeemable preferred shares issued by the Company and the shares options awarded under the pre-IPO share option scheme as disclosed in Note 29(a) 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 year ended 31 December 2018 is the same as basic loss per share of the respective year/period. No diluted earnings per share for the year ended 31 December 2017 and the six months ended 30 June 2018 were presented as there were no potential ordinary shares in issue for the relevant year/period.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Furniture and other equipment	CIP	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(Note)	
COST				
As at 1 January 2017	116	124	2,088	2,328
Additions	–	26	8,849	8,875
As at 31 December 2017	116	150	10,937	11,203
Additions	88	973	93,075	94,136
Transfer	–	142	(142)	–
Disposals	–	(22)	–	(22)
As at 31 December 2018	204	1,243	103,870	105,317
Additions	108	326	77,608	78,042
Transfer	–	1,233	(1,233)	–
As at 30 June 2019	312	2,802	180,245	183,359
DEPRECIATION				
As at 1 January 2017	14	3	–	17
Provided for the year	59	42	–	101
As at 31 December 2017	73	45	–	118
Provided for the year	62	204	–	266
Eliminated on disposals	–	(11)	–	(11)
As at 31 December 2018	135	238	–	373
Provided for the period	23	321	–	344
As at 30 June 2019	158	559	–	717
CARRYING VALUES				
As at 31 December 2017	43	105	10,937	11,085
As at 31 December 2018	69	1,005	103,870	104,944
As at 30 June 2019	154	2,243	180,245	182,642

Note: The CIP primarily consists of new facilities for manufacturing, research and development and office premises in the PRC. The construction of which commenced in November 2017 and it is expected to be completed in late 2019.

The above items of property, plant and equipment other than CIP are depreciated over their estimated useful lives, using straight-line method after taking into account the residual values, at the following rates per annum:

Leasehold improvements	Over the shorter of the term of the relevant lease or 20%
Furniture and other equipment	19% – 31.67%

Details of the pledged property, plant and equipment are set out in Note 34.

17. RIGHT-OF-USE ASSETS

	Land use rights	Property, plant and equipment	Total
	RMB'000	*RMB'000*	*RMB'000*
COST			
As at 1 January 2017 and 31 December 2017	24,730	–	24,730
Additions	–	11,044	11,044
As at 31 December 2018	24,730	11,044	35,774
Additions	–	24,828	24,828
As at 30 June 2019	24,730	35,872	60,602
DEPRECIATION			
As at 1 January 2017	576	–	576
Provided for the year	495	–	495
As at 31 December 2017	1,071	–	1,071
Provided for the year	495	6,296	6,791
As at 31 December 2018	1,566	6,296	7,862
Provided for the period	247	4,685	4,932
As at 30 June 2019	1,813	10,981	12,794
CARRYING VALUES			
As at 31 December 2017	23,659	–	23,659
As at 31 December 2018	23,164	4,748	27,912
As at 30 June 2019	22,917	24,891	47,808

The right-of-use assets are depreciated over their estimated useful lives, using straight-line method, at the following rates per annum:

Land use rights	Over the lease term
Property, plant and equipment	Over the lease term

As at 31 December 2017 and 31 December 2018 and 30 June 2019, all right-of use assets are located in the PRC. Included in property, plant and equipment of the right-of-use assets are i. offices of Nil, RMB1,385,000 and RMB1,204,000 and ii. plant and equipment of Nil, RMB3,363,000 and RMB23,687,000 as at 31 December 2017 and 31 December 2018 and 30 June 2019, respectively.

Details of pledged land use rights in support of the Group's general banking facilities are set out in Note 34.

18. INVENTORIES

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Raw materials and other consumables	3,486	7,068	20,506

19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group			The Company	
	As at 31 December		As at 30 June	As at 31 December	As at 30 June
	2017	2018	2019	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables, deposits and prepayments	6,444	13,827	27,732	175	3,407
Deferred issue costs	–	1,637	5,824	1,637	5,824
Value-added tax recoverable	678	10,828	26,955	–	–
Total trade and other receivables	7,122	26,292	60,511	1,812	9,231
Presented as non-current assets	50	10,969	27,019	–	–
Presented as current assets	7,072	15,323	33,492	1,812	9,231
	7,122	26,292	60,511	1,812	9,231

20. FINANCIAL ASSETS AT FVTPL

As at 31 December 2017 and 30 June 2019, the Group placed with one licensed commercial bank (31 December 2018: N/A) in the PRC for a RMB-denominated structured deposit with maturity within 1 year after the end of the reporting period. The expected annual interest rate for the structured deposit is indicated at 3% per annum, however, the actual interest to be received is uncertain until maturity and the principal is not protected. Such structured deposits were accounted for as financial assets at FVTPL under IAS 39/IFRS 9.

21. AMOUNT(S) DUE FROM (TO) A RELATED COMPANY/SUBSIDIARIES

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
The Group			
Amount due to a related company			
Suzhou Alphamab	(2,008)	(5,090)	(378)
The Company			
Amounts due from subsidiaries			
Alphamab Hong Kong	N/A	9	159
Jiangsu Alphamab	N/A	29,582	29,525
	N/A	29,591	29,684

The Group

As at 31 December 2018 and 30 June 2019, the balances are trade in nature, unsecured, interest-free and have no fixed repayment terms. As at 31 December 2017, the balance was non-trade in nature, carried fixed interest rate of 6% per annum and was due within one year. During the year ended 31 December 2018, such loan had been fully settled.

The following is an aged anaylsis of the amount due to a related company which is trade in nature.

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
0 – 90 days	–	–	378
Over 91 days	–	5,090	–
	–	5,090	378

The Company

The amounts are non-trade in nature, unsecured, interest-free and repayable in between July and October 2020.

The amount due from Jiangsu Alphamab is denominated in US$.

22. CASH AND CASH EQUIVALENTS/TIME DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS

	The Group			The Company	
	As at 31 December		As at 30 June	As at 31 December	As at 30 June
	2017	2018	2019	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cash at banks and on hand	57	95,462	35,258	9,253	1,897
Time deposits with original maturity less than three months *(Note)*	–	538,250	218,304	249,996	–
Cash and cash equivalents	57	633,712	253,562	259,249	1,897
Time deposits with original maturity over three months *(Note)*	–	–	653,751	–	249,964
	57	633,712	907,313	259,249	251,861

Note: The time deposits were placed with licensed commercial banks in the PRC and Hong Kong. The time deposits confer the Group rights of early redemption at amortised cost before the maturity date. The time deposits carry interest at fixed rates ranging from 1.80% to 4.00% per annum during the Track Record Period.

Bank balances carry interest at prevailing market interest rates ranging from 0.05% to 0.35% per annum during the Track Record Period.

The Group and the Company's cash and cash equivalents and time deposits with original maturity over three months that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
The Group			
US$	–	570,900	321,056
HKD	–	618	499
The Company			
US$	N/A	258,647	251,526
HKD	N/A	602	335

23. TRADE AND OTHER PAYABLES

	The Group			The Company	
	As at 31 December		As at 30 June	As at 31 December	As at 30 June
	2017	2018	2019	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	1,728	766	9,364	–	–
Accrued expenses					
– Research and development expenses	2,441	5,891	7,652	–	–
– Listing expenses	–	3,641	11,479	3,641	11,479
– Issue costs	–	1,213	3,826	1,213	3,826
– Staff costs	956	7,049	3,447	1,047	–
– Interest expenses	–	152	208	–	–
– Others	31	186	9	4	4
	3,428	18,132	26,621	5,905	15,309
Payables for acquisition of property, plant and equipment	1,009	45,964	49,799	–	–
Other payables	2,093	2,346	2,193	116	–
Total	8,258	67,208	87,977	6,021	15,309

The average credit period of trade payables ranged from 30 to 60 days.

The following is an aged analysis of trade payables presented based on the invoice dates at the end of each reporting period:

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
0 – 30 days	738	580	2,635
31 – 60 days	990	–	346
61 – 90 days	–	–	6,259
Over 90 days	–	186	124
	1,728	766	9,364

The Group's trade payables that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
US$	–	268	355
EUR	–	15	267
GBP	–	–	180

24. LEASE LIABILITIES

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Non-current	–	518	15,659
Current	–	10,502	10,718
	–	11,020	26,377

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Minimum lease payments due:			
Within one year	–	10,635	11,866
More than one year, but not exceeding two years	–	442	10,449
More than two years, but not exceeding five years	–	99	5,872
	–	11,176	28,187
Less: future finance charges	–	(156)	(1,810)
Present value of lease liabilities	–	11,020	26,377

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Maturity analysis			
Present value of lease liabilities:			
Within one year	–	10,502	10,718
More than one year, but not exceeding two years	–	421	9,911
More than two years, but not exceeding five years	–	97	5,748
	–	11,020	26,377

The Group leased various property, plant and equipment as disclosed in Note 17 to operate its research and development activities. The lease terms range from 6 months to 3 years. These lease liabilities were measured at the present value of the lease payments that are not yet paid.

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

The lease agreement did not contain any contingent rent nor any extension or purchase option for leasee.

As at 31 December 2018 and 30 June 2019, the lease liabilities included an amount due to Suzhou Alphamab, a related company, of RMB9,776,000 and RMB24,951,000, respectively.

The total cash outflows for lease amount to RMB112,000, RMB670,000, RMB209,000 (unaudited) and RMB9,878,000 for the years ended 31 December 2017 and 31 December 2018 and the six months ended 30 June 2018 and 30 June 2019, respectively, out of which Nil, Nil, Nil (unaudited) and RMB9,162,000 were paid to Suzhou Alphamab.

25. CONTRACT LIABILITIES

	As at 1 January	As at 31 December		As at 30 June
	2017	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts received in advance for co-development and commercialization of KN035 *(Note 6)*	10,000	10,000	10,000	10,000
Analyzed for reporting purposes as:				
Non-current *(Note)*	10,000	10,000	10,000	10,000

Note: The directors of the Company did not expect to recognize the deferred revenue of RMB10,000,000 in respect of co-development and commercialization of KN035 within twelve months from the end of the reporting period. Therefore, the amounts were classified as non-current liabilities.

26. BANK BORROWINGS

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Secured bank borrowings	–	100,000	150,000

The bank borrowings amounts of Nil and RMB100,000,000 and RMB150,000,000 as at 31 December 2017 and 31 December 2018 and 30 June 2019, respectively, are specific borrowings in relation to construction of new facilities as set out in Note 16.

Carrying amounts of secured bank borrowings are repayable based on repayment schedules as follows:

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Within one year	–	–	–
More than one year, but not exceeding two years	–	12,500	18,750
More than two years, but not exceeding five years	–	87,500	131,250
	–	100,000	150,000
Amounts shown under non-current liabilities	–	100,000	150,000

The amounts due are based on scheduled payment dates set out in the loan agreements.

The Group's variable-rate bank borrowings carry interests at 105% of the People's Bank of China benchmark rate per annum.

The effective interest rates on the Group's bank borrowings are as follows:

	Year ended 31 December		Six months ended 30 June
	2017	2018	2019
Effective interest rate:			
Variable-rate bank borrowings	–	4.99%	4.99%

Details of pledge of assets in support of the secured bank borrowings are disclosed in Note 34.

27. CONVERTIBLE REDEEMABLE PREFERRED SHARES

The Company entered into share purchase agreements with several independent investors and issued an aggregate of 40,395,031 Series A and Series B Preferred Shares as follows. On 14 May 2019, pursuant to a resolution of the shareholders of the Company, it was approved that 1,000,000,000 shares of the authorized share capital are designated as Series A Preferred Shares and 20,000,000 shares of the authorized share capital of US$0.00001 each are designated as Series B Preferred Shares of US$0.00001 each.

	Date of issue	Total number of preferred shares issue	Subscription price per share	Total	Total in RMB
			US$	*US$'000*	*RMB'000*
Series A Preferred Shares	12 December 2018	28,247,745	4.46053	126,000	874,319
Series B Preferred Shares					
Batch B-1	28 May 2019	8,064,165	4.89821	39,500	272,428
Batch B-2	28 May 2019	4,083,121	4.89821	20,000	137,986
		12,147,286		59,500	410,414

The key terms of the Series A Preferred Shares and Series B Preferred Shares are summarized as follows:

(a) Dividends rights

The Company cannot declare, pay or set aside any dividends on ordinary shares in any year unless the Series A Preferred Shares and Series B Preferred Shares holders shall first receive, or simultaneously receive, such dividends. Such dividends are not cumulative. No dividends have been declared up to the date of this report.

(b) Conversion feature

At any time at the Series A Preferred Shares and Series B Preferred Shares holders request and automatically upon the closing of an initial public offering ("IPO"). Series A Preferred shares and Series B Preferred Shares are convertible into ordinary shares of the Company at a ratio which is computed by dividing the original purchase price by the applicable conversion price. The initial conversion price is the original purchase price of Series A Preferred Shares and Series B Preferred Shares, which are US$4.46053 and US$4.89821 respectively, and may be adjusted unless the consideration per share for the shares issued or deemed to be issued by the Company is less than the Series A Preferred Share conversion price or the Series B Preferred Share conversion price, as appropriate, in effect on the date of and immediately prior to such issuance. As at 31 December 2018 and 30 June 2019, the applicable conversion ratio was 1:1.

IPO means a registered underwritten public offerings of the ordinary shares of the Company in a reputable securities exchange.

(c) Redemption feature

General provision

Notwithstanding anything to the contrary herein, if the Company has not consummated an IPO or a deemed liquidation event of the Company within four years after the date of the issue, then, at any time thereafter, if so requested by the majority holders of Series A Preferred Shares or Series B Preferred Shares, the Company shall redeem all or part of the outstanding Series A Preferred Shares or Series B Preferred Shares held by such holders out of funds legally available therefor. The price at which each Series A Preferred Share or Series B Preferred Share is redeemed shall be the original purchase price, adjusted for any share splits, share dividends, recapitalization and events with similar effect, plus a simple interest rate of ten percent per annum accruing from the original issue date until the date of redemption and all declared but unpaid dividends therefor.

Specific provision

With respect to the sole holder of Batch B-2 of Series B Preferred Shares, if the Company has not consummated an IPO or a deemed liquidation event within two years after the date of the issue, then, within thirty days thereafter, the holder may request the Company to redeem all or part of the outstanding Series B Preferred Shares held by such holder out of funds legally available therefor. The redemption may only be requested once during the redemption period, after which such right shall lapse. The price at which each Series B Preferred Share held by such holder is redeemed shall be the Series B Preferred Share original purchase price, adjusted for any share splits, share dividends, recapitalization and events with similar effect, plus a simple interest rate of five percent per annum accruing from the applicable original issue date until the date of redemption and all declared but unpaid dividends therefor. Notwithstanding the foregoing, if the Company has not consummated an IPO or a deemed liquidation event within four years after the date of the issue, to the extent that such holder stills holds any outstanding Series B Preferred Shares, any such remaining outstanding Series B Preferred Shares then may only be redeemed in accordance with the general provision.

The redemption provisions with respect to general redemption and specific redemption shall terminate upon the Company's submission of a listing application form with the Stock Exchange; provided that if the IPO was not consummated by 30 September 2020, the redemption provisions shall be reinstated; provided further that, if the listing application with the Stock Exchange is ongoing by 30 September 2020, the redemption provisions with respect to general redemption shall not be reinstated until the Company voluntarily withdraws the listing application in relation to the IPO or a listing application submitted by the Company in relation to the IPO has been rejected or returned by the Stock Exchange.

(d) Liquidation preferences

In the event of any liquidation, dissolution or winding up of the Company, the Series B Preferred Shares holders shall be paid first out of legally available funds available for distribution and in preference to any distribution of any of the assets or funds of the Company to the Series A Preferred Shares and the holders of ordinary shares an amount equal to the higher amount (the "Series B Preference Amount") of (i) one hundred percent of the Series B Preferred Shares original purchase price plus a simple interest at the rate of ten percent per annum plus any declared but unpaid dividends; and (ii) pro rata distribution of the assets and funds of the Company legally available for distribution to all the members based on the number of ordinary shares held by each member (calculated on an as converted basis). If there are any assets or funds remaining after the aggregate Series B Preference Amount has been distributed or paid in full to the holders of Series B Preferred Shares, the holders of the Series A Preferred Shares shall receive the higher amount of (i) one hundred percent of the Series A Preferred Shares original purchase price plus a simple interest at the rate of ten percent per annum plus any declared but unpaid dividends; and (ii) pro rata distribution of the assets and funds of the Company legally available for distribution to all the members based on the number of ordinary shares held by each member (calculated on an as converted basis). After the payment of all preferential amounts, any assets and fund of the Company that remain available shall be distributed on a pro rata basis among the holders of ordinary shares.

(e) Voting rights

Holders of Series A Preferred Shares and Series B Preferred Shares are entitled to the number of votes equal to the number of ordinary shares into which the Series A Preferred shares and Series B Preferred Shares are convertible. The Series A Preferred Shares, Series B Preferred Shares and ordinary shares shall vote together as a single class.

Presentation and Classification

The Group and the Company have designated the convertible redeemable preferred shares as financial liabilities at FVTPL. The fair value change of the Series A Preferred Shares and Series B Preferred Shares is charged/credited to fair value change of convertible redeemable preferred shares in profit or loss except for the portion attributable to credit risk change which shall be charged/credited to other comprehensive income, if any. The fair value change recognized in profit or loss includes any interest paid on the financial liabilities and exchange gains or losses upon translation of US$ denominated financial liabilities to RMB, the functional currency of the Company. The directors of the Company considered that there is no credit risk change on the financial liabilities that drive the fair value change of the financial liabilities during the Track Record Period.

The fair value of the Series A Preferred Shares and Series B Preferred Shares at the end of year/period is as follows:

The Group and the Company	**Series A and Series B Preferred Shares**	**Shown in the Historical Financial Information as**
	US$'000	*RMB'000*
As 1 January 2017 and 31 December 2017	–	–
Issue of Series A Preferred shares	119,000	826,637
Conversion of Convertible Notes *(Note i)*	7,000	47,682
Change in fair value *(Note ii)*	5,222	26,284
At 31 December 2018	131,222	900,603
Issue of Series B Preferred Shares	59,500	410,414
Change in fair value *(Note ii)*	(3,284)	(22,436)
At 30 June 2019	187,438	1,288,581

Notes:

(i) On July 10, 2018, pursuant to the Reorganization, two independent investors entered into a note purchase agreement with the Company pursuant to which, the Company agreed to issue secured convertible notes in the principal amounts of US$3.5 million and US$3.5 million (the "Convertible Notes"), respectively. On 19 October 2018, the Convertible Notes were converted into 784,660 and 784,660 Series A Preferred Shares at a conversion price which is equal to the Series A Preferred Shares original purchase price of US$4.46053.

(ii) Change in fair value presented in RMB also includes the exchange effect on translation from US$ balances into RMB.

The Series A Preferred Shares and Series B Preferred Shares were valued by the directors of the Company with reference to valuations carried out by an independent qualified professional valuer not connected with the Group, which has appropriate qualifications and experiences in valuation of similar instruments.

Back-solve model was used to determine the underlying equity value of the Company. As the issue of Series A Preferred Shares and Series B Preferred Shares were considered an arm's length transaction, the underlying equity value of the Company was back-solved based on the issue price.

Hybrid method was adopted to allocate the equity value amongst different classes of shares of the Company at the end of the reporting period. The hybrid method is a hybrid between the probability-weighted expected return method ("PWERM") and the option pricing method ("OPM"), estimating the probability-weighted value across multiple scenarios but using the OPM to estimate the allocation of value within one or more of those scenarios.

Under a PWERM, the value of various equity securities are estimated based upon an analysis of future values for the enterprise, assuming various future outcomes. Share value is based upon the probability-weighted present value of expected future investment returns, considering each of the possible future outcomes available to the enterprise, as well as the rights of each share class. Common future outcomes model might include an IPO or liquidation.

The OPM treats the rights of the Series A Preferred Shares, Series B Preferred Shares and ordinary shares as equivalent to that of call options on the Company's equity value, with strike prices based on the liquidation preferences as disclosed above, redemption provisions and IPO automatic conversion of the Series A Preferred Shares and Series B Preferred Shares. Thus, the equity value of the ordinary shares can be determined by estimating the value of its portion of each of these call option rights.

Key valuation assumptions used to determine the fair value of the Series A Preferred Shares and Series B Preferred Shares are as follows:

	As at 31 December 2018	As at 30 June 2019
Time to IPO	0.83 years	0.34 years
Time to liquidation	3.84 years	3.91 years
Risk-free interest rate	2.48%	1.79%
Volatility	31%	32%
Dividend Yield	0%	0%
Possibilities under redemption scenario	30%	25%
Possibilities under liquidation scenario	35%	30%
Possibilities under IPO scenario	35%	45%

28. PAID-IN CAPITAL/SHARE CAPITAL

The Group

For the purpose of presenting the paid-in capital/share capital of the Group prior to the completion of the Reorganization as disclosed in Note 2, the balance at 1 January 2017 and 31 December 2017 represented the paid-in capital of Jiangsu Alphamab attributable to Dr. Xu, the controlling shareholder of the Group.

The share capital as at 31 December 2018 and 30 June 2019 represented the issued share capital of the Company.

The Company

	Notes	**Number of shares**	**Par value per share**	**Amount**
				US$'000
Authorized:				
As at 28 March 2018 (date of incorporation)		50,000,000	US$0.001	50
Share subdivision	*a*	4,950,000,000	US$0.00001	N/A
As at 31 December 2018		5,000,000,000	US$0.00001	50
Increase in authorized shares on 14 May 2019	*e*	20,000,000	US$0.00001	–*
Re-designation as Series A Preferred shares on 14 May 2019	*e*	(1,000,000,000)	US$0.00001	(10)*
Re-designation as Series B Preferred shares on 14 May 2019	*e*	(20,000,000)	US$0.00001	(–)*
As at 30 June 2019		4,000,000,000	US$0.00001	40
Issued and fully paid:				
As at 28 March 2018 (date of incorporation)		100,000	US$0.001	–*
Share subdivision on 16 July 2018	*a*	9,900,000	US$0.00001	N/A
Issue of ordinary shares	*b*	257,817	US$0.00001	–*
Issue of ordinary shares	*a*	92,868,867	US$0.00001	1
Issue of restricted shares	*c*	3,582,531	US$0.00001	–*
Cancellation of restricted shares	*c*	(3,582,531)	US$0.00001	–*
Issue of ordinary shares	*d*	3,466,855	US$0.00001	–*
Cancellation of ordinary shares	*d*	(3,466,855)	US$0.00001	–*
As at 31 December 2018 and 30 June 2019		103,126,684	US$0.00001	1

	RMB'000
Shown in the statements of financial position:	
As at 31 December 2018	7
As at 30 June 2019	7

* less than +/-US$1,000

Notes:

(a) Pursuant to resolutions passed by the sole shareholder of the Company on 5 July 2018, (i) the authorized share capital of the Company was split and subdivided from 50,000,000 with a par value of US$0.001 each into 5,000,000,000 ordinary shares with a par value of US$0.00001 each, out of which the issued shares of 100,000 held by Rubymab were split and subdivided into 10,000,000 shares; and (ii) 55,700,000, 17,150,000, 17,150,000, 2,868,867 shares of the Company were issued to Rubymab, Pearlmed Ltd., a BVI company wholly owned by Mr. Xue, Sky Diamond Co. Ltd., a BVI company wholly owned by Mr Zhang, Aljade Ltd., a BVI company equally owned by SZ ESOP Holders other than Mr. Mike Liu, respectively, with details set out in Note 2. The consideration was fully settled on 13 August 2018 in cash.

(b) On 18 July 2018, the Company issued and allotted ordinary shares to Mr. Mike Liu, a senior executive of the Group and one of the SZ ESOP Holders. The consideration was fully settled on 7 August 2018 in cash and the new shares rank pari passu with the existing shares in all respects.

(c) On 18 July 2018, 3,582,531 restricted shares were issued by the Company to two employees or their nominees and the same number of shares was surrendered and cancelled in September 2018.

(d) On 5 September 2018, the Company issued 3,466,855 shares of the Company to one of the Series A Preferred Shares investor in exchange for US$238,331 (equivalent to RMB1,576,000), which was settled on 11 October 2018. On 19 October 2018, the Company issued 53,431 Series A Preferred Shares to the investor in exchange for its surrender and cancellation of the 3,466,855 ordinary shares.

(e) On 14 May 2019, pursuant to a resolution of the shareholders of the Company, it was approved that (i) the authorized share capital of the Company was increased from 5,000,000,000 shares with a par value of US$0.00001 each to 5,020,000,000 shares with a par value of US$0.00001 each, which: (i) 4,000,000,000 shares are designated as ordinary shares, (ii) 1,000,000,000 shares are designated as Series A Preferred Shares with a par value of US$0.00001 per share with details set out in Note 27 and (iii) 20,000,000 shares are designated as Series B Preferred Shares with a par value of US$0.00001 per share with details set out in Note 27.

29. SHARE OPTION SCHEMES

(a) Equity-settled pre-IPO share option scheme of the Company:

(i) Pursuant to a written resolution of the shareholders of the Company dated 16 October 2018, a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme I") of the Company was approved and adopted. The Pre-IPO Share Option Scheme I was established to recognize and motivate the contribution of the eligible persons and to provide incentives and help the Group in retaining its existing employees, including any full time or part time employee (including any executive and non-executive director or proposed executive director and non-executive director) of the Group (the "Employees"), and to recruit additional employees and to provide them with a direct economic interest in attaining the long-term business objectives of the Group. Under the Pre-IPO Share Option Scheme I, the board of directors of the Company may grant options to the eligible persons to subscribe for shares in the Company.

On 10 October 2018, options to subscribe for an aggregate of 4,566,012 shares of the Company, representing 4.4% of the issued share capital of the Company on the date of grant, at an exercise price of US$0.071 per share (equivalent to HK$0.554 per share) of the Company, have been granted under the Pre-IPO Share Option Scheme I of the Company conditionally upon the listing of shares of the Company (the "Listing").

On 30 June 2019, pursuant to a resolution of the shareholders of the Company, it was approved that (i) a total of 2,552,012 pre-IPO share options granted on 10 October 2018 be cancelled and (ii) a total of 6,399,077 pre-IPO share options, at an exercise price of US$0.071 per share (equivalent to HK$0.554 per share), representing 6.2% of the issued share capital of the Company on the date of grant, be granted under the Pre-IPO Share Option Scheme I.

In respect of the cancelled 2,552,012 pre-IPO share options for certain employees of the Company on 30 June 2019, 1,718,801 new option under both pre-IPO Share Option Scheme I and Pre-IPO Share Option Scheme II with an exercise price ranging from US$0.071 to US$2.449 per share (equivalent to HK$0.554 to HK$19.102 per share) were granted to those employees with modification of vesting conditions on the same date. As there was a reduction of the number of options granted to those employees, the difference of 833,211 pre-IPO share options were accounted for as a cancellation of that portion of the grant and an amount of RMB12,250,000 was recognized in the profit or loss as the share-based payment expense.

With respect to 97,000 options granted to one employee, the total fair value of the new share options granted was less than that of the cancelled share option at modification date and there was modification of milestone-based vesting conditions and the modification of vesting conditions are not beneficial to that employee. Thus, the amount to be recognized for services received from that employee continues to be measured based on the grant date fair value and vesting conditions of the old share options.

With respect to 1,021,801 options granted to one employee, the total fair value of the new share options granted was less than that of the cancelled share options as the exercise price of certain new share options at modification date was increased from US$0.071 under pre-IPO Share Option Scheme I to US$2.449 under pre-IPO Share Option Scheme II per share and there was modification of both time-based and milestone-based vesting conditions which are not beneficial to that employee. Thus, the amount to be recognized for services received from that employee continues to be measured based on the grant date fair value and vesting conditions of the old share options.

With respect to 600,000 options granted to one employee, the total fair value of these new share options granted had no material difference to that of the cancelled share options and there were modification of

milestone-based vesting conditions and the modification of vesting conditions are not beneficial to that employee. Thus, the amount to be recognized for services received from that employee continues to be measured based on the grant date fair value and vesting conditions of the old share options.

The Company used the inputs as stated below to measure the fair value of the old and new options.

The granted options have a contractual option term of ten years. Options granted must be taken up within 10 years from the date of grant, upon payment ranging from US$0.071 to US$2.449 per option at the time of exercise (equivalent to HK$0.554 to HK$19.102 per option). No consideration is payable on the grant of an option. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The options may not be exercised until they vest. Once vested, the vested portion of the options may be exercised in whole or in part, at any time.

The following table discloses movements of the Company's share options held by the management and employees of the Group under the Pre-IPO Share Option Scheme I during the Track Record Period:

						Number of share options							
	Date of grant	Vesting proportion	Vesting period	Exercisable period	Exercise price per share	Outstanding at 1.1.2018	Granted during the year	Forfeited during the year	Outstanding at 31.12.2018 and 01.01.2019	Granted during the period	Forfeited during the period	Cancelled during the period	Outstanding at 30.06.2019
					US$								
Time-based													
Executive director:													
Ms. Liu Yang	10.10.2018	25%	10.10.2018 – 10.10.2019	10.10.2019 – 10.10.2028	0.071	–	56,000	–	56,000	–	–	–	56,000
		25%	10.10.2018 – 10.10.2020	10.10.2020 – 10.10.2028	0.071	–	56,000	–	56,000	–	–	–	56,000
		25%	10.10.2018 – 10.10.2021	10.10.2021 – 10.10.2028	0.071	–	56,000	–	56,000	–	–	–	56,000
		25%	10.10.2018 – 10.10.2022	10.10.2022 – 10.10.2028	0.071	–	56,000	–	56,000	–	–	–	56,000
						–	224,000	–	224,000	–	–	–	224,000
Employees: management	10.10.2018	30%	10.10.2018 – 10.10.2019	10.10.2019 – 10.10.2028	0.071	–	67,200	–	67,200	–	–	–	67,200
		30%	10.10.2018 – 10.10.2020	10.10.2020 – 10.10.2028	0.071	–	67,200	–	67,200	–	–	–	67,200
		20%	10.10.2018 – 10.10.2021	10.10.2021 – 10.10.2028	0.071	–	44,800	–	44,800	–	–	–	44,800
		20%	10.10.2018 – 10.10.2022	10.10.2022 – 10.10.2028	0.071	–	44,800	–	44,800	–	–	–	44,800
						–	224,000	–	224,000	–	–	–	224,000
Employees: management	10.10.2018	40%	10.10.2018 – 10.10.2019	10.10.2019 – 10.10.2028	0.071	–	8,800	–	8,800	–	–	–	8,800
		30%	10.10.2018 – 10.10.2020	10.10.2020 – 10.10.2028	0.071	–	6,600	–	6,600	–	–	–	6,600
		15%	10.10.2018 – 10.10.2021	10.10.2021 – 10.10.2028	0.071	–	3,300	–	3,300	–	–	–	3,300
		15%	10.10.2018 – 10.10.2022	10.10.2022 – 10.10.2028	0.071	–	3,300	–	3,300	–	–	–	3,300
						–	22,000	–	22,000	–	–	–	22,000

	Date of grant	Vesting proportion	Vesting period	Exercisable period	Exercise price per share	Number of share options							
						Outstanding at 1.1.2018	Granted during the year	Forfeited during the year	Outstanding at 31.12.2018 and 01.01.2019	Granted during the period	Forfeited during the period	Cancelled during the period	Outstanding at 30.06.2019
					US$								
Employees:													
management	10.10.2018	37.5%	10.10.2018 – 10.10.2019	10.10.2019 – 10.10.2028	0.071	–	429,904	–	429,904	–	–	(429,904)	–
		21.25%	10.10.2018 – 10.10.2020	10.10.2020 – 10.10.2028	0.071	–	243,612	–	243,612	–	–	(243,612)	–
		21.25%	10.10.2018 – 10.10.2021	10.10.2021 – 10.10.2028	0.071	–	243,612	–	243,612	–	–	(243,612)	–
		20%	10.10.2018 – 10.10.2022	10.10.2022 – 10.10.2028	0.071	–	229,282	–	229,282	–	–	(229,282)	–
						–	1,146,410	–	1,146,410	–	–	(1,146,410)	–
Employees:													
management	10.10.2018	25%	10.10.2018 – 10.10.2019	10.10.2019 – 10.10.2028	0.071	–	233,250	–	233,250	–	(9,500)	(182,500)	41,250
		25%	10.10.2018 – 10.10.2020	10.10.2020 – 10.10.2028	0.071	–	233,250	–	233,250	–	(9,500)	(182,500)	41,250
		25%	10.10.2018 – 10.10.2021	10.10.2021 – 10.10.2028	0.071	–	233,250	–	233,250	–	(9,500)	(182,500)	41,250
		25%	10.10.2018 – 10.10.2022	10.10.2022 – 10.10.2028	0.071	–	233,250	–	233,250	–	(9,500)	(182,500)	41,250
						–	933,000	–	933,000	–	(38,000)	(730,000)	165,000
Employees:													
management	10.10.2018	25%	10.10.2018 – 10.10.2019	10.10.2019 – 10.10.2028	0.071	–	16,250	–	16,250	–	–	(16,250)	–
		25%	10.10.2018 – 10.10.2020	10.10.2020 – 10.10.2028	0.071	–	16,250	–	16,250	–	–	(16,250)	–
		25%	10.10.2018 – 10.10.2021	10.10.2021 – 10.10.2028	0.071	–	16,250	–	16,250	–	–	(16,250)	–
		25%	10.10.2018 – 10.10.2022	10.10.2022 – 10.10.2028	0.071	–	16,250	–	16,250	–	–	(16,250)	–
						–	65,000	–	65,000	–	–	(65,000)	–
Executive director:													
Dr. Xu Ting	30.6.2019	25%	30.6.2019 - 10.10.2019	10.10.2019 – 30.6.2029	0.071	–	–	–	–	350,295	–	–	350,295
		25%	30.6.2019 - 10.10.2020	10.10.2020 – 30.6.2029	0.071	–	–	–	–	350,294	–	–	350,294
		25%	30.6.2019 - 10.10.2021	10.10.2021 – 30.6.2029	0.071	–	–	–	–	350,295	–	–	350,295
		25%	30.6.2019 - 10.10.2022	10.10.2022 – 30.6.2029	0.071	–	–	–	–	350,294	–	–	350,294
						–	–	–	–	1,401,178	–	–	1,401,178
Employees:													
management	30.6.2019	25%	30.6.2019 - 10.10.2019	10.10.2019 – 30.6.2029	0.071	–	–	–	–	371,402	–	–	371,402
		25%	30.6.2019 - 10.10.2020	10.10.2020 – 30.6.2029	0.071	–	–	–	–	371,402	–	–	371,402
		25%	30.6.2019 - 10.10.2021	10.10.2021 – 30.6.2029	0.071	–	–	–	–	371,402	–	–	371,402
		25%	30.6.2019- 10.10.2022	10.10.2022 – 30.6.2029	0.071	–	–	–	–	371,403	–	–	371,403
						–	–	–	–	1,485,609	–	–	1,485,609
Employees:	30.6.2019	25%	30.6.2019 - 10.10.2019	10.10.2019 - 30.6.2029	0.071	–	–	–	–	25,644	–	–	25,644
management		25%	30.6.2019 - 10.10.2020	10.10.2020 - 30.6.2029	0.071	–	–	–	–	25,644	–	–	25,644
		25%	30.6.2019 - 10.10.2021	10.10.2021 - 30.6.2029	0.071	–	–	–	–	25,644	–	–	25,644
		25%	30.6.2019- 10.10.2022	10.10.2022 - 30.6.2029	0.071	–	–	–	–	25,642	–	–	25,642
						–	–	–	–	102,574	–	–	102,574

						Number of share options							
	Date of grant	Vesting proportion	Vesting period	Exercisable period	Exercise price per share	Outstanding at 1.1.2018	Granted during the year	Forfeited during the year	Outstanding at 31.12.2018 and 01.01.2019	Granted during the period	Forfeited during the period	Cancelled during the period	Outstanding at 30.06.2019
					US$								
Employees:													
management	30.6.2019	25%	30.6.2019 – 10.10.2019	10.10.2019 – 30.6.2029	0.071	–	–	–	–	70,059	–	–	70,059
		32%	30.6.2019 – 10.10.2020	10.10.2020 – 30.6.2029	0.071	–	–	–	–	89,676	–	–	89,676
		32%	30.6.2019 – 10.10.2021	10.10.2021 – 30.6.2029	0.071	–	–	–	–	89,676	–	–	89,676
		11%	30.6.2019 – 10.10.2022	10.10.2022 – 30.6.2029	0.071	–	–	–	–	30,825	–	–	30,825
						–	–	–	–	280,236	–	–	280,236
Time-based sub-total						–	2,614,410	–	2,614,410	3,269,597	(38,000)	(1,941,410)	3,904,597
Milestone-based *(note)*													
Employees:													
management	10.10.2018	100%	10.10.2018 – 01.05.2020	01.05.2020 – 10.10.2028	0.071	–	286,602	–	286,602	–	–	(286,602)	–
Employees:													
others	10.10.2018	100%	10.10.2018 – 31.10.2019	31.10.2019 – 10.10.2028	0.071	–	32,000	–	32,000	–	–	(32,000)	–
Employees:													
others *(note)*	10.10.2018	25%	10.10.2018 – 31.10.2019	31.10.2019 – 10.10.2028	0.071	–	110,750	–	110,750	–	(12,500)	–	98,250
		25%	10.10.2018 – 30.6.2021	30.6.2021 – 10.10.2028	0.071	–	110,750	–	110,750	–	(12,500)	–	98,250
		25%	10.10.2018 – 30.6.2022	30.6.2022 – 10.10.2028	0.071	–	110,750	–	110,750	–	(12,500)	–	98,250
		15%	10.10.2018 – 30.6.2023	30.6.2023 – 10.10.2028	0.071	–	66,450	–	66,450	–	(7,500)	–	58,950
		10%	10.10.2018 – 30.6.2025	30.06.2025 – 10.10.2028	0.071	–	44,300	–	44,300	–	(5,000)	–	39,300
						–	443,000	–	443,000	–	(50,000)	–	393,000
Executive director:													
Ms. Liu Yang	10.10.2018	100%	10.10.2018 – 31.10.2019	31.10.2019 – 10.10.2028	0.071	–	224,000	–	224,000	–	–	–	224,000
Employees:													
management	10.10.2018	100%	10.10.2018 – 31.10.2019	31.10.2019 – 10.10.2028	0.071	–	292,000	–	292,000	–	–	(292,000)	–
						–	516,000	–	516,000	–	–	(292,000)	224,000
Employees:													
management	10.10.2018	25%	10.10.2018 – 31.10.2019	31.10.2019 – 10.10.2028	0.071	–	168,500	–	168,500	–	(19,000)	–	149,500
		25%	10.10.2018 – 30.6.2021	30.6.2021 – 10.10.2028	0.071	–	168,500	–	168,500	–	(19,000)	–	149,500
		25%	10.10.2018 – 30.6.2022	30.6.2022 – 10.10.2028	0.071	–	168,500	–	168,500	–	(19,000)	–	149,500
		15%	10.10.2018 – 30.6.2023	30.6.2023 – 10.10.2028	0.071	–	101,100	–	101,100	–	(11,400)	–	89,700
		10%	10.10.2018 – 30.06.2025	30.06.2025 – 10.10.2028	0.071	–	67,400	–	67,400	–	(7,600)	–	59,800
						–	674,000	–	674,000	–	(76,000)	–	598,000

						Number of share options							
	Date of grant	Vesting proportion	Vesting period	Exercisable period	Exercise price per share	Outstanding at 1.1.2018	Granted during the year	Forfeited during the year	Outstanding at 31.12.2018 and 01.01.2019	Granted during the period	Forfeited during the period	Cancelled during the period	Outstanding at 30.06.2019
					US$								
Executive director:													
Dr. Xu Ting	30.6.2019	25%	30.6.2019 – 31.10.2019	31.10.2019 – 30.6.2029	0.071	–	–	–	–	350,295	–	–	305,295
		25%	30.6.2019 – 30.6.2021	30.6.2021 – 30.6.2029	0.071	–	–	–	–	350,294	–	–	305,294
		25%	30.6.2019 – 30.6.2022	30.6.2022 – 30.6.2029	0.071	–	–	–	–	350,295	–	–	305,295
		15%	30.6.2019 – 30.6.2023	30.6.2023 – 30.6.2029	0.071	–	–	–	–	210,177	–	–	210,177
		10%	30.6.2019 – 30.6.2025	30.6.2025 – 30.6.2029	0.071	–	–	–	–	140,117	–	–	140,117
						–	–	–	–	1,401,178	–	–	1,401,178
Employees: management	30.6.2019	50%	30.6.2019 – 31.10.2020	31.10.2020 – 30.6.2029	0.071	–	–	–	–	296,402	–	–	296,402
		50%	30.6.2019 – 31.10.2021	31.10.2021 – 30.6.2029	0.071	–	–	–	–	296,402	–	–	296,402
						–	–	–	–	592,804	–	–	592,804
Employees: management	30.6.2019	20%	30.6.2019 – 31.10.2019	31.10.2019 – 30.6.2029	0.071	–	–	–	–	100,885	–	–	100,885
		50%	30.6.2019 – 1.10.2021	1.10.2021 – 30.6.2029	0.071	–	–	–	–	252,212	–	–	252,212
		15%	30.6.2019 – 30.6.2022	30.6.2022 – 30.6.2029	0.071	–	–	–	–	75,664	–	–	75,664
		15%	30.6.2019 – 30.6.2023	30.6.2023 – 30.6.2029	0.071	–	–	–	–	75,663	–	–	75,663
						–	–	–	–	504,424	–	–	504,424
Employees: management	30.6.2019	40%	30.6.2019 – 31.10.2019	31.10.2019 – 30.6.2029	0.071	–	–	–	–	120,000	–	–	120,000
		15%	30.6.2019 – 30.6.2021	30.6.2021 – 30.6.2029	0.071	–	–	–	–	45,000	–	–	45,000
		15%	30.6.2019 – 31.10.2021	31.10.2021 – 30.6.2029	0.071	–	–	–	–	45,000	–	–	45,000
		15%	30.6.2019 – 30.6.2022	30.6.2022 – 30.6.2029	0.071	–	–	–	–	45,000	–	–	45,000
		15%	30.6.2019 – 31.10.2023	31.10.2023 – 30.6.2029	0.071	–	–	–	–	45,000	–	–	45,000
						–	–	–	–	300,000	–	–	300,000
Employees: management	30.6.2019	5%	30.6.2019 – 31.10.2019	31.10.2019 – 30.6.2029	0.071	–	–	–	–	1,479	–	–	1,479
		40%	30.6.2019 – 30.6.2022	30.6.2022 – 30.6.2029	0.071	–	–	–	–	11,835	–	–	11,835
		35%	30.6.2019 – 30.6.2023	30.6.2023 – 30.6.2029	0.071	–	–	–	–	10,356	–	–	10,356
		20%	30.6.2019 – 30.6.2025	30.6.2025 – 30.6.2029	0.071	–	–	–	–	5,918	–	–	5,918
						–	–	–	–	29,588	–	–	29,588
Employees: management	30.6.2019	15%	30.6.2019 – 31.10.2019	31.10.2019 – 30.6.2029	0.071	–	–	–	–	10,948	–	–	10,948
		15%	30.6.2019 – 30.6.2021	30.6.2021 – 30.6.2029	0.071	–	–	–	–	10,948	–	–	10,948
		35%	30.6.2019 – 30.6.2022	30.6.2022 – 30.6.2029	0.071	–	–	–	–	25,545	–	–	25,545
		25%	30.6.2019 – 30.6.2023	30.6.2023 – 30.6.2029	0.071	–	–	–	–	18,246	–	–	18,246
		10%	30.6.2019 – 30.6.2025	30.6.2025 – 30.6.2029	0.071	–	–	–	–	7,299	–	–	7,299
						–	–	–	–	72,986	–	–	72,986

						Number of share options							
	Date of grant	Vesting proportion	Vesting period	Exercisable period	Exercise price per share	Outstanding at 1.1.2018	Granted during the year	Forfeited during the year	Outstanding at 31.12.2018 and 01.01.2019	Granted during the period	Forfeited during the period	Cancelled during the period	Outstanding at 30.06.2019
					US$								
Employees: others	30.6.2019	15%	30.6.2019 – 31.10.2019	31.10.2019 – 30.6.2029	0.071	–	–	–	–	12,675	–	–	12,675
		15%	30.6.2019 – 30.6.2021	30.6.2021 – 30.6.2029	0.071	–	–	–	–	12,675	–	–	12,675
		35%	30.6.2019 – 30.6.2022	30.6.2022 – 30.6.2029	0.071	–	–	–	–	29,575	–	–	29,575
		25%	30.6.2019 – 30.6.2023	30.6.2023 – 30.6.2029	0.071	–	–	–	–	21,125	–	–	21,125
		10%	30.6.2019 – 30.6.2025	30.6.2025 – 30.6.2029	0.071	–	–	–	–	8,450	–	–	8,450
						–	–	–	–	84,500	–	–	84,500
Employees: others	30.6.2019	25%	30.6.2019 – 31.10.2019	31.10.2019 – 30.6.2029	0.071	–	–	–	–	36,000	–	–	36,000
		25%	30.6.2019 – 30.6.2021	30.6.2021 – 30.6.2029	0.071	–	–	–	–	36,000	–	–	36,000
		25%	30.6.2019 – 30.6.2022	30.6.2022 – 30.6.2029	0.071	–	–	–	–	36,000	–	–	36,000
		15%	30.6.2019 – 30.6.2023	30.6.2023 – 30.6.2029	0.071	–	–	–	–	21,600	–	–	21,600
		10%	30.6.2019 – 30.6.2025	30.6.2025 – 30.6.2029	0.071	–	–	–	–	14,400	–	–	14,400
						–	–	–	–	144,000	–	–	144,000
Milestone – based sub-total						–	1,951,602	–	1,951,602	3,129,480	(126,000)	(610,602)	4,344,480
	Total				0.071	–	4,566,012	–	4,566,012	6,399,077	(164,000)	(2,552,012)	8,249,077
	Exercisable at the end of the years/ period					–			–				–
	Weighted average exercise price per share (US$)					N/A	0.071	N/A	0.071	0.071	0.071	0.071	0.071

Note: Milestone-based pre-IPO share options are granted conditionally upon the achievement of a specified performance target including but not limited to, the completion of Listing, marketing authorization of various drug candidates or achievement of sales targets by a specific time and the expected vesting period is estimated by the directors of the Company based on the most likely outcome of the performance conditions.

On 29 March 2019, the board of directors of the Company passed a resolution to change certain performance targets and the estimated dates of the most likely outcome of performance condition in relation to certain milestone-based share option granted under the Pre-IPO Share Option Scheme I which was not beneficial to the employees. Thus, the amount to be recognized for services received from the employee continues to be measured based on the original vesting conditions.

The estimated fair values of the options granted under the Pre-IPO Share Option Scheme I on 10 October 2018 was in aggregate US$9,719,000 (equivalent to RMB67,131,000) which included 2,552,012 share options canceled under the Pre-IPO Share Option Scheme I granted on 10 October 2018 with a fair value of US$6,041,000 (equivalent to RMB41,530,000) at modification date and the estimated fair values of the options granted on 30 June 2019 was in aggregate US$14,572,000 (equivalent to RMB100,176,000) which included 1,481,660 share options for the replacement of canceled share options under the Pre-IPO Share Option Scheme I granted on 10 October 2018 with a fair value of US$3,477,000 (equivalent to RMB23,903,000) at modification date.

On 8 November 2019, the Group has granted additional 610,000 and 164,000 share options to a director and certain employees, respectively, under the Pre-IPO Share Option Scheme I. As of the date of this Prospectus, the management of the Group is still in the process of estimating the fair values of the options granted on 8 November 2019 under the Pre-IPO Share Option Scheme I.

Fair values of the Pre-IPO Share Option Scheme I

These fair values were calculated using the binomial model. The inputs into the model were as follows:

	Date of grant	
	10.10.2018	**30.6.2019**
Ordinary share price as at date of grant	US$2.195	US$2.437
Exercise price	US$0.071	US$0.071
Expected volatility	38.8%	32.2%
Expected life	10 years	10 years
Risk-free rate	3.17%	2.05%
Expected dividend yield	0%	0%

The expected volatility measured at the standard deviation is based on the historical data of the daily share price movement of comparable companies. The fair value of an option varies with different variables of certain subjective assumptions.

Except for an amount of RMB12,250,000 (equivalent to US$1,774,000) which was expensed in full in the six months ended 30 June 2019 as a result of the cancellation of 833,211 pre-IPO share options as listed in above tables, no share-based payment expenses have been recognized during the Track Record Period in relation to the pre-IPO share options granted by the Company as the directors of the Company assessed that the Listing is not probable during the Track Record Period.

(ii) Pursuant to a written resolution of the shareholders of the Company dated 29 March 2019, another pre-IPO share option scheme (the "Pre-IPO Share Option Scheme II") of the Company was approved and adopted on 9 April 2019. The Pre-IPO Share Option Scheme II was established to recognise and motivate the contribution of the eligible persons and to provide incentives and help the Group in retaining its Employees, and to recruit additional employees and to provide them with a direct economic interest in attaining the long-term business objectives of the Group. Under the Pre-IPO Share Option Scheme II, the board of directors of the Company may grant options to the eligible persons to subscribe for shares in the Company.

On 30 June 2019, options to subscribe for an aggregate of 2,086,053 shares of the Company, which included 237,141 shares options issued as replacement for certain options cancelled under Pre-IPO Share Option Scheme I, representing 2.0% of the issued share capital of the Company on the date of grant, at an exercise price of either US$1.225 or US$2.449 per share (equivalent to HK$9.555 or HK$19.102 per share) of the Company, have been granted under the Pre-IPO Share Option Scheme II of the Company conditionally upon the Listing.

The granted options have a contractual option term of ten years. Options granted must be taken up within ten years from the date of grant, upon payment of either US$1.225 or US$2.449 per option (equivalent to HK$9.555 or HK$19.102 per option). No consideration is payable on the grant of an option. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The options may not be exercised until they vest. Once vested, the vested portion of the options may be exercised in whole or in part, at any time.

The following table discloses movement of the Company's share options held by the management and employees of the Group under the Pre-IPO Share Option Scheme II during the Track Record Period:

						Number of share options			
	Date of grant	**Vesting proportion**	**Vesting period**	**Exercisable period**	**Exercisable price per share**	**Outstanding at 1.1.2019**	**Granted during the period**	**Forfeited during the period**	**Outstanding at 30.6.2019**
					US$				
Time-based									
Executive director:									
Dr. Xu Ting	30.6.2019	25%	30.6.2019 – 9.4.2020	9.4.2020 – 30.6.2029	2.449	–	105,867	–	105,867
		25%	30.6.2019 – 9.4.2021	9.4.2021 – 30.6.2029	2.449	–	105,867	–	105,867
		25%	30.6.2019 – 9.4.2022	9.4.2022 – 30.6.2029	2.449	–	105,867	–	105,867
		25%	30.6.2019 – 9.4.2023	9.4.2023 – 30.6.2029	2.449	–	105,866	–	105,866
						–	423,467	–	423,467

	Date of grant	Vesting proportion	Vesting period	Exercisable period	Exercisable price per share	Number of share options			
						Outstanding at 1.1.2019	Granted during the period	Forfeited during the period	Outstanding at 30.6.2019
					US$				
Employees:									
management	30.6.2019	25%	30.6.2019 – 9.4.2020	9.4.2020 – 30.6.2029	2.449	–	84,694	–	84,694
		25%	30.6.2019 – 9.4.2021	9.4.2021 – 30.6.2029	2.449	–	84,694	–	84,694
		25%	30.6.2019 – 9.4.2022	9.4.2022 – 30.6.2029	2.449	–	84,693	–	84,693
		25%	30.6.2019 – 9.4.2023	9.4.2023 – 30.6.2029	2.449	–	84,693	–	84,693
						–	338,774	–	338,774
Employees:									
management	30.6.2019	25%	30.6.2019 – 9.4.2020	9.4.2020 – 30.6.2029	2.449	–	21,173	–	21,173
		32%	30.6.2019 – 9.4.2021	9.4.2021 – 30.6.2029	2.449	–	27,102	–	27,102
		32%	30.6.2019 – 9.4.2022	9.4.2022 – 30.6.2029	2.449	–	27,102	–	27,102
		11%	30.6.2019 – 9.4.2023	9.4.2023 – 30.6.2029	2.449	–	9,316	–	9,316
						–	84,693	–	84,693
Employees:									
management	30.6.2019	25%	30.6.2019 – 10.10.2020	10.10.2020 – 30.6.2029	2.449	–	55,477	–	55,477
		25%	30.6.2019 – 10.10.2021	10.10.2021 – 30.6.2029	2.449	–	55,477	–	55,477
		25%	30.6.2019 – 10.10.2022	10.10.2022 – 30.6.2029	2.449	–	55,477	–	55,477
		25%	30.6.2019 – 10.10.2023	10.10.2023 – 30.6.2029	2.449	–	55,478	–	55,478
						–	221,909	–	221,909
Time-based subtotal						–	1,068,843	–	1,068,843
Milestone-based *(note)*									
Executive director:									
Dr. Xu Ting	30.6.2019	25%	30.6.2019 – 31.10.2019	31.10.2019 – 30.6.2029	2.449	–	105,867	–	105,867
		25%	30.6.2019 – 30.6.2021	30.6.2021 – 30.6.2029	2.449	–	105,867	–	105,867
		25%	30.6.2019 – 30.6.2022	30.6.2022 – 30.6.2029	2.449	–	105,867	–	105,867
		15%	30.6.2019 – 30.6.2023	30.6.2023 – 30.6.2029	2.449	–	95,279	–	95,279
		10%	30.6.2019 – 30.6.2025	30.6.2025 – 30.6.2029	2.449	–	10,587	–	10,587
						–	423,467	–	423,467
Employees:									
management	30.6.2019	50%	30.6.2019 – 31.10.2019	31.10.2019 – 30.6.2029	2.449	–	84,694	–	84,694
		50%	30.6.2019 – 31.10.2021	31.10.2021 – 30.6.2029	2.449	–	84,693	–	84,693
						–	169,387	–	169,387

	Date of grant	Vesting proportion	Vesting period	Exercisable period	Exercisable price per share	Number of share options			
						Outstanding at 1.1.2019	Granted during the period	Forfeited during the period	Outstanding at 30.6.2019
					US$				
Employees: management	30.6.2019	20%	30.6.2019 – 31.10.2019	31.10.2019 – 30.6.2029	2.449	–	30,490	–	30,490
		50%	30.6.2019 – 1.10.2021	1.10.2021 – 30.6.2029	2.449	–	76,224	–	76,224
		15%	30.6.2019 – 30.6.2022	30.6.2022 – 30.6.2029	2.449	–	22,867	–	22,867
		15%	30.6.2019 – 30.6.2023	30.6.2023 – 30.6.2029	2.449	–	22,867	–	22,867
						–	152,448	–	152,448
Employees: management	30.6.2019	5%	30.6.2019 – 31.10.2019	31.10.2019 – 30.6.2029	1.225	–	10,595	–	10,595
		40%	30.6.2019 – 30.6.2022	30.6.2022 – 30.6.2029	1.225	–	88,763	–	88,763
		35%	30.6.2019 – 30.6.2023	30.6.2023 – 30.6.2029	1.225	–	77,668	–	77,668
		20%	30.6.2019 – 30.6.2025	30.6.2025 – 30.6.2029	1.225	–	44,882	–	44,882
						–	221,908	–	221,908
Employees: others	30.6.2019	10%	30.6.2019 – 31.10.2019	31.10.2019 – 30.6.2029	1.225	–	5,000	–	5,000
		15%	30.6.2019 – 30.6.2021	30.6.2021 – 30.6.2029	1.225	–	7,500	–	7,500
		35%	30.6.2019 – 30.6.2022	30.6.2022 – 30.6.2029	1.225	–	17,500	–	17,500
		30%	30.6.2019 – 30.6.2023	30.6.2023 – 30.6.2029	1.225	–	15,000	–	15,000
		10%	30.6.2019 – 30.6.2025	30.6.2025 – 30.6.2029	1.225	–	5,000	–	5,000
						–	50,000	–	50,000
Milestone based sub-total						–	1,017,210	–	1,017,210
Total						–	2,086,053	–	2,086,053
Exercisable at the end of the year/period						–			–
Weighted average exercise price per share (US$)						N/A	2.290	N/A	2.290

Note: Milestone-based pre-IPO share options are granted conditionally upon the achievement of a specified performance target including but not limited to, the completion of Listing, marketing authorization of various drug candidates, achievement of sales targets, or increase in the Company's market capitalization after the Listing by a specific time and the expected vesting period is estimated by the directors of the Company based on the most likely outcome of the performance conditions.

The estimated fair values of the options granted under the Pre-IPO Share Option Scheme II on 30 June 2019 was in aggregate US$2,212,000 (equivalent to RMB15,208,000) which included 237,141 share options for the replacement of canceled share option under the Pre-IPO Share Option Scheme I granted on 10 October 2018 with a fair value of US$229,000 (equivalent to RMB1,574,000) at modification date.

On 8 November and 13 November 2019, the Group has granted additional 363,943 and 77,000 share options, respectively, to certain employees under the Pre-IPO Share Option Scheme II. As of the date of this Prospectus, the management of the Group is still in the process of estimating the fair values of the options granted on 8 November 2019 and 13 November 2019 under the Pre-IPO Share Option Scheme II.

Fair value of the Pre-IPO Share Option Scheme II

These fair values were calculated using the binomial model. The inputs into the model were as follows:

	Date of grant
	30.6.2019
Ordinary share price as at date of grant	US$2.437
Exercise price	US$1.225 or US$2.449
Expected volatility	32.2%
Expected life	10 years
Risk-free rate	2.05%
Expected dividend yield	0%

The expected volatility measured at the standard deviation is based on the historical data of the daily share price movement of comparable companies. The fair value of an option varies with different variables of certain subjective assumptions.

No share-based payment expenses have been recognized during the Track Record Period in relation to the pre-IPO share options granted by the Company under the Pre-IPO Share Option Scheme II as the directors of the Company assessed that the Listing is not probable during the Track Record Period.

(b) Share option scheme with cash-settled alternatives of Suzhou Alphamab

Since May 2014, Suzhou Alphamab had issued 5 batches of share options under the SZ ESOP Plan as an incentive to employees and management of Suzhou Alphamab. Under the SZ ESOP Plan, the grantees can choose to settle in cash based on a calculation methodology as stated in the plan or in equity when Suzhou Alphamab completed the listing of its shares. Such SZ ESOP Plan was accounted for as a compound financial instrument, which includes a debt component (i.e. the counterparty's right to demand payment in cash) and an equity component (i.e. the counterparty's right to demand settlement in equity instruments rather than in cash).

During the years ended 31 December 2017 and 2018 and the six months ended 30 June 2018 and 2019, the Group recognised share-based payment expenses of RMB192,000, RMB263,000, RMB263,000 (unaudited) and RMB106,000 that are allocated to the Oncology Business under the SZ ESOP Plan, respectively.

30. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt, which includes amount due to a related company, lease liabilities, bank borrowings and convertible redeemable preferred shares as disclosed in Notes 21, 24, 26 and 27, respectively, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital, accumulated losses and various reserves.

The directors of the Company regularly review the capital structure from time to time. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debts and redemption of existing debts.

31. FINANCIAL INSTRUMENTS

31a. Categories of financial instruments

	The Group			The Company	
	As at 31 December		As at 30 June	As at 31 December	As at 30 June
	2017	2018	2019	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets					
Financial assets at FVTPL	600	–	1,680	–	–
Loans and receivables	57	–	–	–	–
Amortised cost	–	633,988	907,352	288,840	281,545
Financial liabilities					
Financial liabilities at FVTPL	–	900,603	1,288,581	900,603	1,288,581
Amortised cost	6,336	157,691	226,190	4,854	15,305
Lease liabilities	–	11,020	26,337	–	–

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit and counterparty risk and liquidity risk. The Group's financial risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance by actively managing debt level and cash flow in order to maintain a strong financial position and minimising refinancing and liquidity risks by attaining healthy debt repayment capacity, appropriate maturity profile and availability of banking facilities. The Group adheres to a policy of financial prudence and did not use any derivative financial instruments during the year.

31b. Financial risk management objectives and policies

The Group and the Company's major financial instruments include other receivables and deposits, financial assets at FVTPL, amount(s) due from (to) a related company/subsidiaries, cash and cash equivalents, time deposits with original maturity over three months, trade and other payables, bank borrowings and convertible redeemable preferred shares.

Details of the financial instruments are disclosed in respective notes. The directors of the Company manage and monitor the below risks exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Certain bank balances, trade and other payables and convertible redeemable preferred shares are denominated in currencies other than the functional currency of the group entities and the Company, which exposes the Group and the Company to foreign currency risk.

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group and the Company's foreign currency denominated monetary assets and monetary liabilities at the end of each reporting period are as follows:

The Group	Assets			Liabilities		
	As at 31 December		As at 30 June	As at 31 December		As at 30 June
	2017	2018	2019	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
US$	–	570,900	321,056	–	(900,871)	(1,288,936)
HKD	–	618	499	–	–	–
EUR	–	–	–	–	(15)	(267)
GBP	–	–	–	–	–	(180)
	–	571,518	321,555	–	(900,886)	(1,289,383)

The Company	Assets			Liabilities		
	As at 31 December		As at 30 June	As at 31 December		As at 30 June
	2017	2018	2019	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
US$	–	288,238	281,210	–	(900,603)	(1,288,581)
HKD	–	602	335	–	–	–
	–	288,840	281,545	–	(900,603)	(1,288,581)

Sensitivity analysis

The amounts denominated in HKD, EUR and GBP are not material and no sensitivity analysis is presented as the exposure is considered to be immaterial.

The Group is mainly exposed to the fluctuation of foreign exchange rate of US$. The following table details the Group's sensitivity to a 10% increase and decrease in US$ against RMB. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of each reporting period for a 10% change in US$. For US$, a negative number below indicates an increase in loss for the year/period where US$ strengthens 10% against RMB and for a 10% weakening of US$ against RMB, there would be an equal and opposite impact on the loss for the year/period.

The Group	Year ended 31 December		Six months ended 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Impact of US$ on loss for the year/period	–	(32,997)	(96,788)

The Company	Year ended 31 December		Six months ended 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Impact of US$ on loss for the year/period	–	(61,237)	(100,737)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year/period end exposure does not reflect the exposure during the Track Record Period.

Interest rate risk

The Group

The Group is exposed to fair value interest rate risk in relation to fixed-rate convertible redeemable preferred shares and time deposits with original maturity over three months as disclosed in Notes 27 and 22. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings, variable-rate cash and cash equivalent and variable-rate bank balances over three months as disclosed in Notes 26 and 22, respectively. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interests rates on bank balances and benchmark borrowing rate arising from its borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risk for bank balances/deposits and borrowings, the analysis is prepared assuming the amount of bank balances/deposits and borrowings outstanding at the end of each reporting period were outstanding for the whole year/period. A 50 basis point increase or decrease representing management's assessment of the reasonably possible change in interest rate is used.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the years ended 31 December 2017 and 2018 and the six months ended 30 June 2019, would increase/decrease by Nil, RMB23,000 and RMB574,000, respectively.

The Company

The Company is exposed to fair value interest rate risk in relation to fixed-rate convertible redeemable preferred shares and time deposits with original maturity over three months as disclosed in Notes 27 and 22. The Company is also exposed to cash flow interest rate risk in relation to variable-rate cash and cash equivalents (see note 22). The Company's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances.

No sensitivity analysis is presented as the exposure is considered to be immaterial.

Other price risk

The Group

The Group is exposed to other price risk for its financial assets at FVTPL.

The amount of financial assets at FVTPL is not material and no sensitivity analysis is presented as the exposure is considered to be immaterial.

Credit and counterparty risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting financial loss to the Group.

In order to minimize the credit risk, the directors of the Company review the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group and the Company's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Other financial assets/other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Watch list	Debtor frequently usually repays after due dates but settle the amounts in full	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

Other receivables

The Group assessed the ECL for its other receivables individually based on internal credit rating which, in the opinion of the directors of the Company, have no significant increase in credit risk since initial recognition. ECL is estimated based on historical observed default rates over the expected life of debtors and is adjusted for forward-looking information that is available without undue cost or effort. No 12-month ECL was made for other receivables with gross carrying amounts of RMB81,000, RMB276,000 and RMB39,000 as at 1 January 2018 (date of initial adoption of IFRS 9) and 31 December 2018 and 30 June 2019, respectively, as the amounts involved are not material and the estimated loss rates were less than 5%.

The Group reviews the recoverable amount of each individual receivable at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the credit risk is significantly reduced.

Cash and cash equivalents and time deposits with original maturity over three months

A significant portion of the Group's bank balances/deposits are placed with a few state-owned banks in the PRC and international banks in Hong Kong with gross carrying amounts of RMB57,000, RMB633,712,000 and RMB907,313,000 as at 1 January 2018 (date of initial adoption of IFRS 9) and 31 December 2018 and 30 June 2019, respectively. The credit risks on bank balances/deposits are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Other than the credit risks mentioned above, the Group does not have any other significant concentration of credit risk.

No 12-month ECL has been provided during the Track Record Period, the directors of the Company assess the impact is immaterial and the estimated loss rates were less than 0.5%.

Liquidity risk

As at 30 June 2019, the Group recorded net liabilities of RMB313,272,000. In the management of liquidity risk, the directors of the Company have reviewed the Group's cash flow projections to ensure the Group maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group is dependent upon its bank borrowings and convertible redeemable preferred shares as significant sources of liquidity.

As at 31 December 2017 and 31 December 2018 and 30 June 2019, the Group had available unutilised banking facilities of Nil, RMB470,000,000 and RMB370,000,000, respectively.

The following table details the Group and the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of each reporting period.

Liquidity and interest risk table

The Group:

	Weighted average interest rate	On demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total undiscounted cash flows	Carrying amount at 31.12.2017
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2017							
Trade and other payables	N/A	4,328	–	–	–	4,328	4,328
Amount due to a related company	6	2,008	–	–	–	2,008	2,008
		6,336	–	–	–	6,336	6,336

	Weighted average interest rate	On demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2018							
Trade and other payables	N/A	52,601	–	–	–	52,601	52,601
Amount due to a related company	N/A	5,090	–	–	–	5,090	5,090
Bank borrowings – variable rate *(Note)*	4.99	416	1,248	3,327	116,546	121,537	100,000
		58,107	1,248	3,327	116,546	179,228	157,691
Lease liabilities	4.99	6,411	2,318	1,906	541	11,176	11,020
Convertible redeemable preferred shares	10	–	–	–	1,245,485	1,245,485	900,603
At 30 June 2019							
Trade and other payables	N/A	75,812	–	–	–	75,812	75,812
Amount due to a related company	N/A	378	–	–	–	378	378
Bank borrowings – variable rate *(Note)*	4.99	624	1,871	4,990	171,108	178,593	150,000
		76,814	1,871	4,990	171,108	254,783	226,190
Lease liabilities	4.99	794	2,585	8,487	16,321	28,187	26,377
Convertible redeemable preferred shares	9.46	–	–	–	1,761,960	1,761,960	1,288,581

The Company:

	Weighted average interest rate	On demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2018							
Other payables	N/A	4,854	–	–	–	4,854	4,854
Convertible redeemable preferred shares	10	–	–	–	1,245,485	1,245,485	900,603
At 30 June 2019							
Other payables	N/A	15,305	–	–	–	15,305	15,305
Convertible redeemable preferred shares	9.46	–	–	–	1,761,960	1,761,960	1,288,581

Note: The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of each reporting period.

31c. Fair values measurements of financial instruments

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used).

	Fair value as at					
	31 December		30 June	Fair value	Valuation technique(s)	Significant
	2017	2018	2019	hierarchy	and key inputs	inputs
	RMB'000	*RMB'000*	*RMB'000*			
Financial assets						
The Group						
Structured deposits	600	–	1,680	Level 2	Redemption value quoted by banks with reference to the expected return of the underlying assets	N/A

	Fair value as at			Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	31 December		30 June				
	2017	2018	2019				
	RMB'000	*RMB'000*	*RMB'000*				
Financial liabilities							
The Group and Company							
Series A Preferred Shares	N/A	900,603	877,430	Level 3	Back-solve model and Hybrid Method – the key inputs are: enterprise value, time to liquidation, risk-free interest rate and volatility	Volatility *(note)*	The higher the volatility, the lower the fair value, and vice versa.
Series B Preferred Shares	N/A	N/A	411,151				
		900,603	1,288,581				

A 5% increase/decrease in the volatility holding all other variables constant would decrease/increase the fair value of the convertible redeemable preferred shares by RMB2,480,000/RMB2,227,000 as at 31 December 2018 and RMB3,369,000/RMB3,301,000 as at 30 June 2019.

(ii) Reconciliation of Level 3 fair value measurements

Details of reconciliation of Level 3 fair value measurement for the Series A Preferred Shares and Series B Preferred Shares are set out in Note 27.

(iii) Fair value of financial assets and financial liabilities that are not measured at fair value

The directors of the Company consider that the carrying amount of the Group's and the Company's financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

32. CAPITAL COMMITMENTS

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the Historical Financial Information	119,881	130,352	127,578

33. RETIREMENT BENEFITS PLAN

The employees employed by the PRC subsidiary are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiary is required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

The total cost charged to profit or loss of RMB2,824,000, RMB3,054,000, RMB762,000 (unaudited) and RMB2,550,000 represents contributions paid or payable to the above schemes by the Group for the years ended 31 December 2017 and 2018 and the six months ended 30 June 2018 and 2019, respectively.

At the end of each reporting period, there were no forfeited contributions which arose upon employees leaving the schemes prior to their interests in the Group's contribution becoming fully vested and which are available to reduce the contributions payable by the Group in future years.

34. PLEDGE OF ASSETS

At the end of each reporting period, the carrying amounts of the assets pledged by the Group to banks in order to secure the bank borrowings and general banking facilities granted by banks to the Group are as follows:

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Land use rights included in right-of-use assets	–	23,164	22,917
CIP	–	–	137,550

35. RELATED PARTY DISCLOSURES

(i) Transactions

Save as disclosed elsewhere in the Historical Financial Information and particularly the transactions undertaken pursuant to the Reorganization, during the Track Record Period, the Group also entered into the following transactions with its related company:

			Year ended 31 December		Six months ended 30 June
Related party	Relationship	Nature of transactions	2017	2018	2019
			RMB'000	*RMB'000*	*RMB'000*
Suzhou Alphamab	Related company	Transfer of the Oncology Business	–	132,180	–
		Interest expenses	8	54	–
		Utilities expenses	–	1,116	719
		Cash payment on lease *(Note 24)*	–	–	9,162
		Interest expenses – lease liabilities	–	358	90
		Purchase of raw materials	–	3,974	–

(ii) Balances

Details of the balance with related company are set out in the statements of financial position and in Notes 21 and 24.

(iii) Guarantees in support of the banking facilities and convertible notes

As at 31 December 2018, the Group had obtained general banking facilities from certain banks which were guaranteed by a related company, Suzhou Alphamab. The aforesaid guarantees on the banking facilities had been released during the six months ended 30 June 2019.

During the year ended 31 December 2018, Rubymab has charged 16,425,000 and 16,425,000 of its shares to two independent investors in order to support the Group's issue of Convertible Notes as part of the Reorganization as disclosed in Note 27 and such charges were released upon the completion of the Reorganization and the conversion as Series A Preferred Shares.

(iv) Compensation of key management personnel

The remuneration of the Group's key management personnel is determined with regard to the performance of the individuals and market trends. For each of the years ended 31 December 2017 and 2018 and the six months ended 30 June 2018 and 2019, the total remuneration of key management personnel, including directors and key executives, amounted to RMB1,639,000, RMB74,477,000, RMB66,464,000 (unaudited) and RMB18,663,000, respectively. Out of these amounts, RMB1,286,000, RMB9,635,000, RMB1,868,000 (unaudited) and RMB6,187,000 represented their short-term benefits and RMB353,000, RMB389,000, RMB143,000 (unaudited) and RMB226,000 represented their post-employment benefits for the years ended 31 December 2017 and 2018 and the six months ended 30 June 2018 and 2019, respectively, and the remaining balance represented (A) share-based payment expense of RMB64,453,000 included in reorganization related expense for the year ended 31 December 2018 and the six months ended 30 June 2018, resulted from the Reorganization as detailed in note (iii) to the consolidated statements of changes in equity, which is recognized in accordance with IFRS 2 for Dr. Xu's service as a key management personnel of the Group and determined based on a valuation using the discounted cash flow model with major inputs being (i) weighted average cost of capital of 15%; (ii) zero expected dividend yield; (iii) expected volatility of 37.7%; and (iv) 14% discount for lack of marketability. The expected volatility is measured at the standard deviation on the historical data of the daily share price movement of comparable companies; and (B) the share-based payment expense of RMB12,250,000 for the six months ended 30 June 2019 as a result of the cancellation of 833,211 pre-IPO share options granted under the Pre-IPO Share Option Scheme I, as detailed in note 29(a).

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Amount due to a related company *(Note 21)*	**Bank borrowings**	**Convertible redeemable preferred shares**	**Convertible notes**	**Lease liabilities**	**Interest payable** *(Note 23)*	**Accrued issue costs**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2017	–	–	–	–	–	–	–	–
Financing cash flows	2,000	–	–	–	–	–	–	2,000
Non-cash changes								
Interest expenses recognized *(Note 9)*	8	–	–	–	–	–	–	8
At 31 December 2017	2,008	–	–	–	–	–	–	2,008
Financing cash flows	(2,062)	100,000	821,674	47,682	(403)	(2,887)	(468)	963,536
Non-cash changes								
Conversion as Series A Preferred Shares	–	–	47,682	(47,682)	–	–	–	–
Fair value changes of financial liabilities measured at FVTPL	–	–	26,284	–	–	–	–	26,284
Inception of lease	–	–	–	–	11,044	–	–	11,044
Issue costs accrued	–	–	4,963	–	–	–	1,681	6,644
Interest expenses recognized *(Note 9)*	54	–	–	–	379	3,039	–	3,472
At 31 December 2018	–	100,000	900,603	–	11,020	152	1,213	1,012,988

	Amount due to a related company *(Note 21)*	Bank borrowings	Convertible redeemable preferred shares	Convertible notes	Lease liabilities	Interest payable *(Note 23)*	Accrued issue costs	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2018	–	100,000	900,603	–	11,020	152	1,213	1,012,988
Financing cash flows	–	50,000	410,066	–	(9,706)	(2,888)	(1,574)	445,898
Non-cash changes								
Fair value changes of financial liabilities measured at FVTPL	–	–	(22,436)	–	–	–	–	(22,436)
Inception of lease	–	–	–	–	24,828	–	–	24,828
Issue costs accrued	–	–	348	–	–	–	4,187	4,535
Interest expenses recognized *(Note 9)*	–	–	–	–	235	2,944	–	3,179
At 30 June 2019	–	150,000	1,288,581	–	26,377	208	3,826	1,468,992
At 1 January 2018 (audited)	2,008	–	–	–	–	–	–	2,008
Financing cash flows (unaudited)	(2,062)	52,987	–	–	(112)	–	–	50,813
Inception of lease	–	–	–	–	10,269	–	–	10,269
Interest expenses recognized *(Note 9)* (unaudited)	54	–	–	–	118	70	–	242
At 30 June 2018 (unaudited)	–	52,987	–	–	10,275	70	–	63,332

37. RESERVE OF THE COMPANY

	Accumulated losses
	RMB'000
As at 28 March 2018 (date of incorporation)	–
Loss and total comprehensive expense for the period	(52,881)
As at 31 December 2018	(52,881)
Profit and total comprehensive expense for the period	9,565
Cancellation of certain pre-IPO share options *(Note 29(a))*	12,250
As at 30 June 2019	(31,066)

38. INVESTMENTS IN SUBSIDIARIES/PARTICULARS OF SUBSIDIARIES

The investments in subsidiaries mainly represent the deemed investments in subsidiaries through (i) capitalization of amounts due from subsidiaries of RMB559,914,000 and RMB966,621,000, (ii) capitalization of deemed investment arising from granting pre-IPO share options to the employees of subsidiaries of Nil and RMB12,250,000 and (iii) capitalization of imputed interests arising from the amounts due from subsidiaries on initial recognition of RMB3,184,000 and RMB3,184,000 as at 31 December 2018 and 30 June 2019, respectively.

General information of subsidiaries

At the date of this report, the Company has direct and indirect equity interests in the following subsidiaries:

Name of subsidiary	Place of incorporation/ establishment/ Date of incorporation/ establishment	Issued and fully paid share capital/registered capital	Equity interest attributable to the Company as at				Principal activities	Notes
			31 December		30 June	the date of		
			2017	2018	2019	this report		
Directly held:								
Alphamab BVI	The BVI/ 19 April 2018	Issued capital of HK$1 and paid-in capital of HK$1	N/A	100%	100%	100%	Investment holding	*(a)*
Indirectly held:								
Alphamab Hong Kong	Hong Kong/ 11 May 2018	Issued capital of HK$1 and paid-in capital of HK$1	N/A	100%	100%	100%	Investment holding	*(d)*
Jiangsu Alphamab	The PRC/ 14 July 2015	Registered and paid-in capital of USD141,318,858	51%	100%	100%	100%	Research and development of drugs	*(c)*
Alphamab Australia	Australia/ 20 November 2017	Registered capital of AUD100 and paid-in capital of AUD100	51%	100%	100%	100%	Research and development of drugs	*(b)*

Notes:

(a) No audited financial statements have been prepared for Alphamab BVI as it is incorporated in a jurisdiction where there are no statutory audit requirements.

(b) No audited financial statements have been prepared for Alphamab Australia as it is incorporated in a jurisdiction where there is no statutory audit requirement.

(c) The statutory financial statements of Jiangsu Alphamab for the years ended 31 December 2017 and 2018 were prepared in accordance with the relevant accounting principles and financial regulations applicable in the PRC and audited by certified public accountants registered in the PRC, namely Suzhou Devotion C.P.A. Partnership.

(d) No audited financial statements have been prepared for Alphamab Hong Kong as it is newly incorporated and the financial statements have not yet been due to issue.

Details of Jiangsu Alphamab and the Oncology Business that have material non-controlling interests

Name of subsidiaries	Place of establishment and principal place of business	Proportion of ownership interest and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		2017	2018	2017	2018	2017	2018
		%	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Jiangsu Alphamab	The PRC	49%	N/A	(2,540)	(44,948)	15,603	N/A
Oncology Business	The PRC	49%	N/A	(29,211)	(6,382)	(2,697)	N/A
Other individual immaterial subsidiaries with non-controlling interests				(14)	(1,460)	(14)	N/A
				(31,765)	(52,790)	12,892	N/A

	Jiangsu Alphamab	Oncology Business
	RMB'000	*RMB'000*
At 31 December 2017		
Current assets	3,046	8,865
Non-current assets	34,662	–
Current liabilities	(5,866)	(4,369)
Non-current liabilities	–	(10,000)
Equity attributable to owners of the Company	16,239	(2,807)
Non-controlling interests	15,603	(2,697)
Year ended 31 December 2017		
Loss and total comprehensive expense	(5,184)	(59,614)
Loss and total comprehensive expense attributable to owners of the Company	(2,644)	(30,403)
Loss and total comprehensive expense attributable to non-controlling interests	(2,540)	(29,211)
Year ended 31 December 2017		
Net cash outflow from operating activities	(4,293)	(60,868)
Net cash inflow from investing activities	2,305	–
Net cash inflow from financing activities	2,000	–
Net cash inflow/(outflow)	12	(60,868)
Net contribution for the Oncology Business by Suzhou Alphamab		60,868

	Jiangsu Alphamab	Oncology Business
	RMB'000	*RMB'000*
	For the period from 1 January 2018 to 25 September 2018	**For the period from 1 January 2018 to 18 April 2018**
Loss and total comprehensive expense	(102,801)	(13,027)
Total comprehensive expense attributable to owners of the Company	(57,853)	(6,645)
Total comprehensive expense attributable to non-controlling interests	(44,948)	(6,382)

	For the period from 1 January 2018 to 25 September 2018	**For the year ended 31 December 2018** *(note)*
Net cash outflow from operating activities	(24,064)	(9,537)
Net cash outflow from investing activities	(35,741)	–
Net cash inflow from financing activities	84,978	–
Net cash inflow/(outflow)	25,173	(9,537)
Net contribution for the Oncology Business by Suzhou Alphamab		9,537

Note: The amount includes the net contribution for the Oncology Business by Suzhou Alphamab during the transition period after the transfer of the Oncology Business on 18 April 2018.

39. SUBSEQUENT EVENTS

Save as disclosed elsewhere in the Historical Financial Information, subsequent to 30 June 2019, the Group has the following significant subsequent events:

On 24 November 2019, pursuant to a resolution of the shareholders of the Company, it was approved that a share subdivision pursuant to which each issued and unissued share capital was split into five shares of the corresponding class with par value of US$0.000002 each (the "Share Subdivision"), following which the Company's issued share capital consisted of (i) 515,633,420 issued ordinary shares with par value of US$0.000002 each, (ii) 141,238,725 Series A Preferred Shares with par value of US$0.000002 each and (iii) 60,736,430 Series B Preferred Shares with par value of US$0.000002 each. Each Preferred Share will be automatically converted to one ordinary share upon the Listing becoming unconditional.

40. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to 30 June 2019.

The following information set forth in this appendix does not form part of the accountants' report on the historical financial information of the Group for each of the two years ended 31 December 2018 and the six months ended 30 June 2019 (the "Accountants' Report") from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company as set forth in Appendix I to this Prospectus, and is included herein for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in the Prospectus and the Accountants' Report set forth in Appendix I to this Prospectus.

(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Global Offering on the audited consolidated tangible assets less liabilities of the Group attributable to owners of the Company as of 30 June 2019 as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2019 or at any future dates.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company is prepared based on the audited consolidated tangible assets less liabilities of the Group attributable to owners of the Company as of 30 June 2019 as shown in the Accountants' Report as set out in Appendix I to this Prospectus and adjusted as described below.

	Audited consolidated tangible assets less liabilities of the Group attributable to owners of the Company as at 30 June 2019	**Estimated net proceeds from the Global Offering**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2019**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2019 per Share**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on Offer Price of HK$9.10 per Offer Share	(313,272)	1,383,615	1,070,343	1.54	1.71

	Audited consolidated tangible assets less liabilities of the Group attributable to owners of the Company as at 30 June 2019	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2019	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2019 per Share	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on Offer Price of HK$10.20 per Offer Share	(313,272)	1,553,436	1,240,164	1.78	1.98

Notes:

(1) The audited consolidated tangible assets less liabilities of the Group attributable to owners of the Company as at 30 June 2019 is extracted from the consolidated statement of financial position as at 30 June 2019 set out in Appendix I "Accountants' Report" to this Prospectus.

(2) The estimated net proceeds from the Global Offering are based on 179,403,000 new Shares to be issued by the Company and the Offer Price of HK$9.10 (equivalent to RMB8.18) and HK$10.20 (equivalent to RMB9.17) per Offer Share, being the low end and high end of the indicated Offer Price range respectively, after deduction of the estimated underwriting fee and other related expenses (excluding listing expenses charged to the profit or loss up to 30 June 2019) in connection with the Global Offering and without taking into account any Shares (i) which may be allotted and issued upon the exercise of the Over-allotment Option or (ii) which may be issued under the pre-IPO share option schemes or (iii) which may be allotted and issued or repurchased by the Company under general mandates for the allotment and issue or repurchase of Shares granted to directors of the Company or (iv) the conversion of the Series A Preferred Shares and Series B Preferred Shares (as defined and detailed in Appendix I) into ordinary shares.

For the purpose of the net proceeds from the Global Offering, the amount denominated in HK$ has been converted into RMB at the rate of HK$1 to RMB0.89864, which was the exchange rate prevailing on 22 November 2019 with reference to the rate published by the People's Bank of China. No representation is made that the HK$ amounts have been, could have been or may be converted into RMB, or vice versa, at that rate or any other rate or at all.

(3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2019 per Share is calculated based on 695,036,420 Shares in issue (retrospectively adjusted for share subdivision as disclosed in Note 39 of Appendix I to the Prospectus) assuming that Global Offering has been completed on 30 June 2019 and without taking into account any Shares (i) which may be allotted and issued upon the exercise of the Over-allotment Option or (ii) which may be issued under the pre-IPO share option schemes or (iii) which may be allotted and issued or repurchased by the Company under general mandates for the allotment and issue or repurchase of Shares granted to directors of the Company or (iv) the conversion of the Series A Preferred Shares and Series B Preferred Shares into ordinary shares.

(4) For the purpose of the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2019 per Share, the amount denominated in RMB has been converted into HK$ at the rate of HK$1 to RMB0.89864, which was the exchange rate prevailing on 22 November 2019 with reference to the rate published by the People's Bank of China. No representation is made that the RMB amounts have been, could have been or may be converted into HK$, or vice versa, at that rate or any other rate or at all.

(5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2019 to reflect any trade result or other transaction of the Group entered into subsequent to 30 June 2019. In particular, the unaudited pro forma adjusted net tangible assets of the Group attributable to the owners of the Company as shown on pages II-1 and II-2 have not been adjusted to illustrate the effect of the following:

(I) Upon completion of the Global Offering, the conversion of the Series A Preferred Shares would have reclassified the carrying amount of Series A Preferred Shares of RMB877,430,000 to ordinary shares under equity. The conversion of Series A Preferred Shares in issue would have increased the total number of shares in issue assumption stated in Note (3) by 141,238,725 Shares (retrospectively adjusted for share subdivision as disclosed in Note 39 of Appendix I to the Prospectus) and would have increased the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2019 by RMB877,430,000.

(II) Upon completion of the Global Offering, the conversion of the Series B Preferred Shares would have reclassified the carrying amount of Series B Preferred Shares of RMB411,151,000 to ordinary shares under equity. The conversion of Series B Preferred Shares would have increased the total number of share in issue assumption in Note (3) by 60,736,430 Shares (retrospectively adjusted for share subdivision as disclosed in Note 39 of Appendix I to the Prospectus) and would have increased the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2019 by RMB411,151,000.

The combined effect of above conversion of Series A Preferred Shares and Series B Preferred Shares would have increased the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2019 by RMB1,288,581,000 and would have increased the total Shares in issue by 201,975,155 Shares to a total of 897,011,575 Shares in issue.

	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company taking into account the Global Offering and the conversion of Series A Preferred Shares and Series B Preferred Shares as at 30 June 2019	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company taking into account the Global Offering and the conversion of Series A Preferred Shares and Series B Preferred Shares as at 30 June 2019 per Share**	
	RMB'000	*RMB*	*HK$*
		(Note a)	*(Note 4)*
Based on Offer Price of HK$9.10 per Offer Share	2,358,924	2.63	2.93
Based on Offer Price of HK$10.20 per Offer Share	2,528,745	2.82	3.14

(a) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company taking into account the Global Offering and conversion of Series A Preferred Shares and Series B Preferred Shares as at 30 June 2019 per Share is calculated based on 897,011,575 Shares in issue (retrospectively adjusted for share subdivision as disclosed in Note 39 of Appendix I to the Prospectus) assuming that the Global Offering and the conversion of Series A Preferred Shares and Series B Preferred Shares have been completed on 30 June 2019 and without taking into account any Shares (i) which may be allotted and issued upon the exercise of the Over-allotment Option or (ii) which may be issued under the pre-IPO share option schemes or (iii) which may be allotted and issued or repurchased by the Company under general mandates for the allotment and issue or repurchase of shares granted to directors of the Company.

(B) ASSURANCE REPORT FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Alphamab Oncology

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Alphamab Oncology (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as of 30 June 2019 and related notes as set out on pages II-1 to II-3 of Appendix II to the prospectus issued by the Company dated 2 December 2019 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-3 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Global Offering (as defined in the Prospectus) on the Group's financial position as at 30 June 2019 as if the proposed Global Offering had taken place at 30 June 2019. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for each of the two years ended 31 December 2018 and the six months ended 30 June 2019, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2019 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma 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:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong, 2 December 2019

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 31 October 2019 of the property interest held by Alphamab Oncology.

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7/F One Taikoo Place 979 King's Road Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Licence No.: C-030171

2 December 2019

The Board of Directors
Alphamab Oncology
Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Dear Sirs,

In accordance with your instructions to value the property interest held by Alphamab Oncology (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interest as at 31 October 2019 (the "**valuation date**").

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

In valuing the property interest in Group I which is currently under development, we have assumed that it will be developed and completed in accordance with the latest development proposals provided to us by the Group. In arriving at our opinion of values, we have adopted the comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the valuation date and the remainder of the cost and fees expected to be incurred for completing the development. We have relied on the accrued construction cost and professional fees information provided by the Group as at the valuation date, and we did not find any material inconsistency from those of other similar developments.

For the purpose of our valuation, property under development is that for which the Construction Work Commencement Permit(s) has (have) been issued while the Construction Work Completion and Inspection Certificate(s)/Table(s) of the building(s) has (have) not been issued.

We have valued the property interest in Group II which is held for future development by the Group by the comparison approach assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

For the purpose of our valuation, property for future development is that the Construction Work Commencement Permits are not issued while the State-owned Land Use Rights Certificates/Real Estate Title Certificates have been obtained.

Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interest valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

In valuing the property interest, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; the RICS Valuation – Global Standards 2017 published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings and all other relevant matters.

We have been shown copies of title documents including Real Estate Title Certificate and other official plans relating to the property interest and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interest or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC Legal Adviser – Commerce & Finance Law Offices, concerning the validity of the property interest in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

The site inspection was carried out in April 2019 by Mr. Eric Lu. He has more than 2 years' experience in the valuation of properties in the PRC and possesses academic background in subjects relating to real estate.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation certificate is attached below for your attention.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Senior Director

Notes: Eddie T. W. Yiu is a Chartered Surveyor who has 25 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

VALUATION CERTIFICATE

Property interest held by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2019
			RMB
A parcel of land and 4 buildings under construction located at the south-eastern side of the junction of Fengli Road and Fangzhou Road Suzhou Industrial Park Suzhou City Jiangsu Province The PRC	The property is located at the south-eastern side of the junction of Fengli Road and Fangzhou Road in Suzhou Industrial Park. It is well-served by public transportation with about 15 minutes' driving distance to Suzhou Park Railway Station and about 40 minutes' driving distance to Suzhou City Centre. The locality of the property is a high-tech industrial area. The site area of the land parcel of the property is approximately 50,001.45 sq.m. The property comprises 4 buildings which were being constructed on portion of the aforesaid land parcel as at the valuation date ("**Part A**"). Part A will be developed into 3 industrial buildings and a composite building with a total planned gross floor area of approximately 53,867 sq.m. and it is scheduled to be completed in December 2019. As advised by the Group, the maximum plot ratio accountable gross floor area of this portion of land parcel is approximately 63,763.95 sq.m. As advised by the Group, the construction cost of Part A is estimated to be approximately RMB246,900,000, of which approximately RMB163,200,000 had been paid up to the valuation date. The land use rights of the property have been granted for a term expiring on 19 November 2065 for industrial use. In addition to Part A, the property also comprises 3 industrial buildings and various ancillary buildings with a total planned gross floor area of approximately 24,105 sq.m. which will be constructed on the remaining portion of the subject land parcel ("**Part B**"). As advised by the Group, the maximum plot ratio accountable gross floor area of this portion of land parcel is approximately 36,238.95 sq.m. The construction of Part B had not been commenced as at the valuation date. The classification, usage and gross floor area details of the property are set out in note 6.	As at the valuation date, Part A was under construction and Part B was bare land.	230,600,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No. 3205032015CR0023 dated 20 November 2015, the land use rights of a parcel of land with a site area of approximately 50,001.45 sq.m. were contracted to be granted to Jiangsu Alphamab Biopharmaceuticals Co., Ltd. (江蘇康寧傑瑞生物製藥有限公司, "Jiangsu Alphamab", a wholly-owned subsidiary of the Company) for a term of 50 years for industrial use. The maximum plot ratio accountable gross floor area is approximately 100,002.90 sq.m. The land premium was RMB24,010,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. C20150009-01, permissions towards the planning of a parcel of land with a site area of approximately 5 hectares have been granted to Jiangsu Alphamab.
3. Pursuant to a Real Estate Title Certificate – Su (2017) Su Zhou Gong Ye Yuan Qu Bu Dong Chan Quan Di No. 0000022, the land use rights of a parcel of land with a site area of approximately 50,001.45 sq.m. have been granted to Jiangsu Alphamab for a term expiring on 19 November 2065 for industrial use.
4. Pursuant to 2 Construction Work Planning Permits – Jian Zi Di Nos. 20170769 and 20190551 in favour of Jiangsu Alphamab, Part A of the property with a total gross floor area of approximately 54,679 sq.m. have been approved for construction.
5. Pursuant to a Construction Work Commencement Permit – No. 320594201802080201 in favour of Jiangsu Alphamab, permissions by the relevant local authority were given to commence the construction of Part A of the property with a total gross floor area of approximately 53,867 sq.m.
6. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

Group	Usage	Planned Gross Floor Area	No. of car parking space
		(sq.m.)	
Group I – held under development by the Group	Industrial	34,438	
	Composite building	5,948	
	Ancillary	791	
	Basement	12,690	254
	Sub-total:	53,867	254
Group II – held for future development by the Group	Industrial	23,555	
	Ancillary	550	
	Sub-total:	24,105	N/A
	Total:	77,972	254

7. The market value of Part A as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB287,900,000.
8. Our valuation has been made on the following basis and analysis:

   In undertaking our valuation, we have made reference to sale prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites ranges from RMB210 to RMB250 per sq.m. basis for industrial use. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.
9. Pursuant to a Mortgage Contract of Maximum Amount and a supplementary agreement (together as the "Contracts"), the property is subject to a mortgage in favour of Shanghai Pudong Development Bank Co., Ltd., Suzhou Branch (the "Bank"), as securities to guarantee the principal obligations under the Contracts for a total amount of RMB111,402,682 with the loan term from 13 April 2018 to 13 April 2023.
10. We have been provided with a legal opinion regarding the property interest by the Company's PRC Legal Adviser, which contains, *inter alia*, the following:
    a. Within the land use rights terms, Jiangsu Alphamab legally owns the land use rights of the property. The land use rights of the property are subject to a mortgage in favour of the Bank. Subject to the mortgage of the land use rights, Jiangsu Alphamab has the rights to occupy, use, lease, mortgage or otherwise dispose of the land use rights of the property in accordance with PRC laws and regulations; and
    b. Jiangsu Alphamab has obtained the requisite approvals and permits in respect of the development and construction of Part A of the property.

11. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date
	(RMB)
Group I – held under development by the Group in the PRC	222,300,000
Group II – held for future development by the Group in the PRC	8,300,000
Total:	230,600,000

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 28 March 2018 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "Companies Law"). The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (the "Memorandum") and its Amended and Restated Articles of Association (the "Articles").

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 24 November, 2019 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of Shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of Rights of Existing Shares or Classes of Shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified 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 general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings

will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of Capital

The Company may by ordinary resolution of its members:

(i) increase its share capital by the creation of new shares;

(ii) consolidate all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of Shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

Notwithstanding the foregoing, for so long as any shares are listed on the Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be

applicable to such listed shares. The register of members in respect of its listed shares (whether the principal register or a branch register) may be kept by recording the particulars required by Section 40 of the Companies Law in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. 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 in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognize any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favor of the Company.

(v) Power of the Company to Purchase Its Own Shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

The board may accept the surrender for no consideration of any fully paid share.

(vi) Power of Any Subsidiary of the Company to Own Shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on Shares and Forfeiture of Shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, 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 board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, Retirement and Removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not 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 shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

(aa) he resigns by notice in writing delivered to the Company;

(bb) he becomes of unsound mind or dies;

(cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) he is prohibited from being a director by law; or

(ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to Allot and Issue Shares and Warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount to their nominal value.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to Dispose of the Assets of the Company or Any of Its Subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) Borrowing Powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or past Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund

as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

The board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting.

(vi) Compensation or Payments for Loss of Office

Pursuant to the Articles, payments 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 be approved by the Company in general meeting.

(vii) Loans and Provision of Security for Loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of Interests in Contracts with the Company or Any of Its Subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit,

including the exercise thereof in favor of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for 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 his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or 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 his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his close associate(s) 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; or

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. 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 an additional or casting vote.

(d) Alterations to Constitutional Documents and the Company's Name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of Members

(i) Special and Ordinary Resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles 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 authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting Rights and Right to Demand a Poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognized clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual General Meetings and Extraordinary General Meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

(iv) Notices of Meetings and Business to be Conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers; and

(ee) the fixing of the remuneration of the directors and of the auditors.

(v) 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 of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

(f) Accounts and Audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorized by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by special resolution remove the auditor at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and Other Methods of Distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders 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 board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, 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 in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of Corporate Records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of Minorities in Relation to Fraud or Oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on Liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and 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 *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution amongst the members 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 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 the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of 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. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription Rights Reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company Operations

As an exempted company, the Company's 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 amount of its authorized share capital.

(b) Share Capital

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 premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums 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 the company subject to the provisions, if any, of its memorandum and articles of association in (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) 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; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of 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 (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial Assistance to Purchase Shares of a Company or Its Holding Company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person 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 acting 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.

(d) Purchase of Shares and Warrants by a Company and Its Subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorized 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 and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorize the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorized by an ordinary resolution 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 issued shares of the company other than shares held as treasury 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.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and Distributions

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. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of Minorities and Shareholders' Suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative 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 and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court 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 Court shall direct.

Any shareholder of a company may petition the Court 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 or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder

petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must 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.

(g) Disposal of Assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and Auditing Requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) 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.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Law of the Cayman Islands, the Company has obtained an undertaking:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 31 August 2018.

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 for 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 a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) 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.

(l) Loans to Directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of Corporate Records

The notice of registered office is a matter of public record. A list of the names of the current directors and alternate directors (if applicable) is made available by the Registrar of Companies for inspection by any person on payment of a fee. The register of mortgages is open to inspection by creditors and members.

Members of the Company 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.

(n) Register of Members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. The register of members shall contain such particulars as required by Section 40 of the Companies Law. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

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. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding Up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorized by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the 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.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may

apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the 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.

(t) 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 Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

(u) Economic Substance Requirements

Pursuant to the International Tax Cooperation (Economic Substance) Law, 2018 of the Cayman Islands ("ES Law") that came into force on 1 January 2019, a "relevant entity" is required to satisfy the economic substance test set out in the ES Law. A "relevant entity" includes an exempted company incorporated in the Cayman Islands as is the Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as the Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set out in the ES Law.

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain 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 paragraph headed "Documents available for inspection" in Appendix VI to this Prospectus. 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 is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company is an exempted company with limited liability incorporated in the Cayman Islands on March 28, 2018. Our registered office address is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Accordingly, our Company's corporate structure and Memorandum and Articles are subject to the relevant laws of the Cayman Islands. A summary of our Memorandum and Articles is set out in the section headed "Summary of the Constitution of the Company and Cayman Islands Company Law" in Appendix IV to this Prospectus.

Our registered place of business in Hong Kong is at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. We were registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on May 18, 2018 with the Registrar of Companies in Hong Kong. Ms. WONG Yee Man (黃綺汶) has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong. The address for service of process in Hong Kong is at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

2. Changes in the Share Capital of Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on March 28, 2018. As at the date of our Company's incorporation, the authorized share capital of our Company was US$50,000 divided into 50,000,000 ordinary shares with a par value of US$0.001 each.

On July 18, 2018, the Company allotted and issued 1,433,012 ordinary shares with par value of US$0.00001 each to Dr. LIU Mike.

On July 18, 2018, the Company allotted and issued 2,149,519 ordinary shares with par value of US$0.00001 each to Healthy Eternal Limited.

On September 17, 2018, Dr. LIU Mike surrendered 1,433,012 ordinary shares with par value of US$0.00001 each held by him.

On September 17, 2018, Healthy Eternal Limited surrendered 2,149,519 ordinary shares with par value of US$0.00001 each held by it.

On November 24, 2019, each share in our issued and unissued share capital was split into five shares of the corresponding class with par value US$0.000002 each, following which our issued share capital consisted of (i) 515,633,420 Shares with par value of US$0.000002 each, (ii) 141,238,725 Series A Preferred Shares with par value of US$0.000002 each and (iii) 60,736,430 Series B Preferred Shares with par value of US$0.000002 each.

Save as disclosed above and in "History, Reorganization and Corporate Structure", there has been no alteration in the share capital of our Company since its incorporation.

3. Changes in the Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in note 38 to the Accountants' Report as set out in Appendix I to this Prospectus.

On November 19, 2018, the registered capital of Jiangsu Alphamab was increased from RMB125,000,000 to US$82,318,858.

On June 3, 2019, the registered capital of Jiangsu Alphamab was increased from US$82,318,858 to US$141,318,858.

Save as disclosed above, there has been no alteration in the registered capital of our subsidiaries that took place within two years preceding the date of this Prospectus.

4. Resolutions of the Shareholders of Our Company Dated November 24, 2019

Resolutions of the Shareholders of our Company were passed on November 24, 2019, pursuant to which, among others:

(a) each unissued and issued share in the share capital of the Company was subdivided into five shares of a par value of US$0.000002 each such that following such subdivision, the authorized share capital shall be US$50,200 divided into 25,100,000,000 shares of a par value of US$0.000002 each, of which: (i) 20,000,000,000 are designated as ordinary shares of a par value of US$0.000002 each, (ii) 5,000,000,000 are designated as series A convertible preferred shares of a par value of US$0.000002 each, and (iii) 100,000,000 are designated as series B convertible preferred shares of a par value of US$0.000002 each;

(b) conditional on (1) the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued as stated in this Prospectus and such listing and permission not subsequently having been revoked prior to the commencement of dealing in the Shares on the Stock Exchange; (2) the Offer Price having been determined; and (3) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:

(i) the Global Offering was approved, and the proposed allotment and issue of the Offer Shares under the Global Offering were approved, and the Board was authorized to determine the Offer Price for, and to allot and issue the Offer Shares;

(ii) the Over-allotment Option was approved and the Directors were authorized to effect the same and to allot and issue up to 26,910,000 Shares upon the exercise of our Over-allotment Option;

(iii) a general mandate was given to our 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 our Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, otherwise than pursuant to a rights issue or pursuant to any scrip dividend schemes or similar arrangements providing for allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles on a specific authority granted by our Shareholders in a general meeting, shall not exceed the sum of (i) 20% of the number of our Shares in issue immediately following the completion of the Share Subdivision and the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any exercise of share options granted under the Pre-IPO Share Option Plans); and (ii) the aggregate nominal amount of the share capital of our Company purchased by our Company pursuant to the authority granted to the Directors as referred to in (b)(iv) below;

(iv) a general mandate (the "**Repurchase Mandate**") was given to our Directors to exercise all powers of our Company to repurchase its own 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, in accordance with all applicable laws and the requirement of the Listing Rules such number of Shares as will represent up to 10% of the number of our Shares in issue immediately following the completion of the Share Subdivision and the Global Offering, excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any exercise of share options granted under the Pre-IPO Share Option Plans;

(v) the general mandate as mentioned in paragraph (b)(iii) above was extended by the addition to the number of our 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 total number of our Shares purchased by our Company pursuant to the mandate to purchase Shares referred to in paragraph (iv) above (up to 10% of the number of our Shares in issue immediately following the completion of the Share Subdivision and the Global Offering, excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any exercise of share options granted under the Pre-IPO Share Option Plans); and

(c) our Company conditionally approved and adopted the Memorandum and Articles with effect from the Listing.

Each of the general mandates referred to in paragraphs (b)(iii), (b)(iv) and (b)(vi) 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; or
- the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in a general meeting.

5. Repurchase of Our Own Securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this Prospectus concerning the repurchase of our own securities.

(a) Provision of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) Shareholders' Approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our Shareholders on November 24, 2019, 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 number up to 10% of the aggregate number of our Shares in issue immediately following the completion of the Share Subdivision and the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any exercise of share options granted under the Pre-IPO Share Option Plans) 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 which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held, and (iii) the date on which it is varied or revoked by an ordinary resolution of our Shareholders in a 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 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 law, any purchases by our 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 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 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 listed 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 listing of all purchased securities (whether on the Stock Exchange or otherwise) is automatically canceled and the relative certificates must be canceled and destroyed. Under the laws of the Cayman Islands, unless, prior to the purchase the directors of our Company resolve to hold the shares purchased by our Company as treasury shares, shares purchased by our Company shall be treated as canceled 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 laws.

(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 or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and 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 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 out of profits of our Company, out of the share premium account of the Company or out of the proceeds of a new issuance of shares made for the purpose of the repurchase or, if authorized by the Articles 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 and subject to the 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 our Directors, are from time to time appropriate for our Company.

(d) General

The exercise in full of the Repurchase Mandate, on the basis of 897,011,575 Shares in issue immediately following the completion of the Share Subdivision and the Global Offering, excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any exercise of share options granted under the Pre-IPO Share Option Plans, could accordingly result in up to approximately 89,701,157 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 on which it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their 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 be 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 granted 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) have been entered into by members of our Group within the two years preceding the date of this Prospectus and are or may be material:

(a) the Asset Transfer and Patent Licensing Agreements;

(b) a convertible note purchase agreement entered into among Advantech II, the Company and Dr. Xu on July 10, 2018;

(c) a convertible note purchase agreement entered into among PAG Growth and the Company on July 10, 2018;

(d) a share subscription agreement entered into by Advantech I and the Company on September 5, 2018;

(e) a share purchase agreement entered into among Advantech I, Advantech II, PAG Growth, China Reform Venture Capital Investment Management (Shenzhen) Ltd., Southern Creation, Janchor, Worldwide Healthcare, HCC Investments, Dr. Xu, Rubymab, Alphamab Oncology (BVI), Alphamab Oncology (HK), Jiangsu Alphamab, Alphamab Australia and the Company on October 19, 2018;

(f) a share purchase agreement entered into among Hudson Bay, Advantech II, PAG Growth, Kiwi Jolly, Dr. Xu, Rubymab, Alphamab Oncology (BVI), Alphamab Oncology (HK), Jiangsu Alphamab, Alphamab Australia and the Company on March 29, 2019;

(g) an amendment to the share purchase agreement entered into among Hudson Bay, Advantech II, PAG Growth, Kiwi Jolly, New Pavillion, Classic Insight and the Company on May 17, 2019;

(h) the Shareholders Agreement;

(i) a cornerstone investment agreement dated November 27, 2019 entered into among the Company, the Joint Sponsors, the Joint Global Coordinators, Matthews Asia China Small Companies Fund, Matthews Asia Growth Fund, Matthews Asia Innovators Fund, Matthews Asia Small Companies Fund, Matthews Asia Funds – Asia Small Companies Fund and Matthews Asia Funds – China Small Companies Fund;

(j) a cornerstone investment agreement dated November 27, 2019 entered into among the Company, the Joint Sponsors, the Joint Global Coordinators and Morgan Stanley Asia Limited (摩根士丹利亞洲有限公司) (as agent on behalf of certain discretionary account clients and funds);

(k) a cornerstone investment agreement dated November 27, 2019 entered into among the Company, the Joint Sponsors, the Joint Global Coordinators and Lake Bleu Prime Healthcare Master Fund Limited;

(l) a cornerstone investment agreement dated November 27, 2019 entered into among the Company, the Joint Sponsors, the Joint Global Coordinators, OrbiMed Partners Master Fund Limited, The Biotech Growth Trust Plc, Worldwide Healthcare and OrbiMed Genesis Master Fund, L.P.;

(m) a cornerstone investment agreement dated November 27, 2019 entered into among the Company, the Joint Sponsors, the Joint Global Coordinators and Greenwoods Asset Management Limited;

(n) a cornerstone investment agreement dated November 27, 2019 entered into among the Company, the Joint Sponsors, the Joint Global Coordinators and Luye Pharma Group Ltd.;

(o) a cornerstone investment agreement dated November 27, 2019 entered into among the Company, the Joint Sponsors, the Joint Global Coordinators and Taikang Life Insurance Co., Ltd (泰康人壽保險有限責任公司); and

(p) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights

(a) Trademarks

As at the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of Registration	Registered Owner	Registration Number	Expiry Date
1	贝瑞沁	PRC	Jiangsu Alphamab	14986383	September 20, 2025
2	Berixij	PRC	Jiangsu Alphamab	14986609	September 20, 2025
3	A) 康宇傑瑞 ALPHAMAB ONCOLOGY B) 康宁杰瑞 ALPHAMAB ONCOLOGY C) 康宇傑瑞 ALPHAMAB ONCOLOGY D) 康宁杰瑞 ALPHAMAB ONCOLOGY	Hong Kong	Alphamab Oncology	304741579	November 20, 2028
4	康宁杰瑞(1)	PRC	Jiangsu Alphamab	34236156	June 20, 2029
5	康宁杰瑞(1)	PRC	Jiangsu Alphamab	34228453	June 20, 2029
6		PRC	Jiangsu Alphamab	34232013	June 27, 2029
7		PRC	Jiangsu Alphamab	34231297A	August 27, 2029
8	ALPHAMAB ONCOLOGY	PRC	Jiangsu Alphamab	34228466	July 27, 2029

Note:

(1) Jiangsu Alphamab and Suzhou Alphamab jointly owned item 4 and item 5 listed above pursuant to a trademark joint ownership agreement entered into between Jiangsu Alphamab and Suzhou Alphamab on May 9, 2019.

(b) Patents

As at the Latest Practicable Date, we had registered the following patents which we consider to be or may be material to our business:

No.	Patent	Place of Registration	Registered Owner	Patent Number	Type	Application Date
1	Heterodimeric FC Modification Method Based on Charge Network and Preparation Method of Heterodimeric Proteins	PRC	Suzhou Alphamab; Jiangsu Alphamab	CN201110459 1007	Invention	December 31, 2011
2	Method for Preparing Homodimer Protein Mixture by Using Charge Repulsion Effect	PRC	Suzhou Alphamab; Jiangsu Alphamab	CN201310313 7637	Invention	July 25, 2013
3	Method for Preparing Homodimer Protein Mixture by Using Charge Repulsion Effect	United States	Suzhou Alphamab; Jiangsu Alphamab	US14/416817	Invention	July 25, 2013
4	Bispecific Antibody or Antibody Mixture Having Common Light Chains	PRC	Jiangsu Alphamab	CN2015100080458	Invention	January 8, 2015

As at the Latest Practicable Date, we had been granted a license to use the following patents in application, which are considered to be or may be material to our business:

No.	Patent	Place of Application	Applicant	Patent Number	Type	Application Date
1	Single Domain Antibody and Derivative Proteins thereof against Cytotoxic T-Lymphocyte-Associated Protein 4 (CTLA4)	PRC	Suzhou Alphamab; Zhang Xitian; Zhang Xin	CN201610332 5907	Invention	May 19, 2016
2	Single Domain Antibody and Derivative Proteins thereof against CTLA4	International patent application under the PCT	Suzhou Alphamab; Zhang Xitian; Zhang Xin	PCT/CN2017/ 085038	Invention	May 19, 2017
3	Single Domain Antibody and Derivative Proteins thereof against Programmed Death-Ligand (PD-L1)	PRC	Suzhou Alphamab	CN201680031 0151	Invention	August 1, 2016
4	Single Domain Antibody and Derivative Proteins thereof against Programmed Death Ligand (PD-L1)	International patent application under the PCT	Suzhou Alphamab	PCT/CN2016/092679	Invention	August 1, 2016

As at the Latest Practicable Date, we had applied for the registration of the following patents which we consider to be or may be material to our business:

No.	Patent	Place of Application	Applicant	Application Number	Type	Application Date
1	Bispecific Antibody or Antibody Mixture Having Common Light Chains	United States	Jiangsu Alphamab	US15/541921	Invention	January 8, 2016
2	Single Domain Antibody and Derivative Proteins thereof against Programmed Death-Ligand (PD-L1)	PRC	3DMed; Jiangsu Alphamab	CN201680031072X	Invention	August 1, 2016
3	Single Domain Antibody and Derivative Proteins thereof against Programmed Death-Ligand (PD-L1)	United States	3DMed; Jiangsu Alphamab	US15/748438	Invention	August 1, 2016
4	Heterodimer Molecule Based on CH3 Domain, and Preparation Method therefor and Use thereof	PRC	Suzhou Alphamab; Jiangsu Alphamab	CN201510938 9950	Invention	December 16, 2015
5	Heterodimer Molecule Based on CH3 Domain, and Preparation Method therefor and Use thereof	United States	Suzhou Alphamab; Jiangsu Alphamab	US16/062405	Invention	December 16, 2016
6	Dimer and Use thereof	International patent application under the PCT	Jiangsu Alphamab	PCT/CN2019/089980	Invention	June 4, 2019
7	Dimer and Use thereof	International patent application under the PCT	Jiangsu Alphamab	PCT/CN2019/086821	Invention	May 14, 2019

No.	Patent	Place of Application	Applicant	Application Number	Type	Application Date
8	Bispecific Antibody or Antibody Mixture Having Common Light Chains	PRC	Jiangsu Alphamab	CN2016800051674	Invention	January 8, 2016
9	Heterodimer Molecule Based on CH3 Domain, and Preparation Method therefor and Use thereof	PRC	Suzhou Alphamab; Jiangsu Alphamab	CN2016800732863	Invention	December 16, 2016

(c) Domain Names

As at the Latest Practicable Date, we owned the following domain names which we consider to be or may be material to our business:

No.	Domain name	Registered Owner	Expiry Date
1	alphamab-js.com	Jiangsu Alphamab	November 30, 2028
2	alphamabonc.cn	Jiangsu Alphamab	August 13, 2025
3	alphamabonc.com	Jiangsu Alphamab	April 27, 2028

Save as aforesaid, as at the Latest Practicable Date, there were no other intellectual property rights which the Company considers to be or may be material to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS

1. Particulars of Directors' Service Contracts and Appointment Letters

(a) Executive Directors

Each of our executive Directors has entered into a service contract with our Company on November 24, 2019. The initial term of their respective service contract shall commence from the date of his/her appointment as a Director and continue for a period of three years or until the third annual general meeting of the Company since the Listing Date, whichever is earlier, and subject always to re-election as and when required under the Articles, until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than three months' prior notice in writing.

(b) Non-executive Directors and Independent Non-executive Directors

Each of our non-executive Directors and independent non-executive Directors has entered into an appointment letter with our Company on November 24, 2019. The initial term for their respective appointment letters shall commence from the date of his appointment as a Director and continue for a period of three years after or until the third annual general meeting of the Company since the Listing Date, whichever is sooner, and subject always to re-election as and when required under the Articles, until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than three months' prior notice in writing.

2. Remuneration of Directors

Remuneration and benefits in kind of approximately RMB537,000, RMB3,509,000 and RMB2,061,000 in aggregate were paid and granted by our Group to our Directors in respect of the years ended December 31, 2017 and 2018 and six months ended June 30, 2019.

Under the arrangements currently in force, our Directors will be entitled to receive remuneration and benefits in kind which, for the year ending December 31, 2019, is expected to be approximately RMB5.85 million in aggregate (excluding discretionary bonus).

3. Disclosure of Interests

(a) Interests and Short Positions of Our Directors and the Chief Executive of Our Company in the Share Capital of Our Company and Its Associated Corporations Following Completion of the Global Offering

Immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised, the share options granted under the Pre-IPO Share Option Plans are not exercised and each Preferred Share will be automatically converted to one Share upon the Global Offering becoming unconditional), the interests or short positions 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 short positions which he/she 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 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:

(i) Long positions in the Shares of the Company

Name of Director	Nature of interest	Number of Shares	Approximate percentage of interest in our Company after completion of Global Offering (assuming Over-allotment is not exercised)	Approximate percentage of interest in our Company after completion of Global Offering (assuming Over-allotment is fully exercised)
Dr. Xu[(1)]	Founder of a discretionary trust Interest in a controlled corporation	328,500,000	36.62%	35.55%
Ms. LIU Yang[(1)]	Beneficiary of a trust	328,500,000	36.62%	35.55%

Notes:

(1) Immediately upon the Global Offering, the entire share capital of Rubymab is wholly owned by South Dakota Trust as the trustee of Dr. Xu's Family Trust. As of the Latest Practicable Date, Dr. Xu is in the process of establishing Dr. Xu's Family Trust, of which he will act as the settlor and protector for the benefits of his family members with South Dakota Trust acting as the trustee. The establishment of Dr. Xu's Family Trust is expected to be completed before the Listing. The entire equity interest of Rubymab will be transferred to Dr. Xu's Family Trust immediately upon establishment and before the Listing.

(ii) Long positions in the underlying Shares of the Company

Name of Director	Nature of interest	Number of underlying Shares in respect of the options granted under the Pre-IPO Share Option Plans	Approximate percentage of interest in our Company after completion of Global Offering (assuming Over-allotment is not exercised)	Approximate percentage of interest in our Company after completion of Global Offering (assuming Over-allotment is fully exercised)
Dr. Xu[(1)]	Beneficial owner	21,296,450	2.37%	2.31%
	Interest of spouse	2,240,000	0.25%	0.24%
Ms. LIU Yang[(1)]	Beneficial owner	2,240,000	0.25%	0.24%
	Interest of spouse	21,296,450	2.37%	2.31%

Note:

(1) Dr. Xu and Ms. LIU Yang are spouses, and therefore are deemed to be interested in the underlying Shares in respect of the options granted under the Pre-IPO Share Option Plans held by each other under the SFO.

(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 Global Offering (assuming the Over-allotment Option is not exercised, the share options granted under the Pre-IPO Share Option Plans are not exercised and each Preferred Share will be automatically converted to one Share upon the Global Offering becoming unconditional), 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 Company, see "Substantial Shareholders" of this Prospectus.

Save as set out above, as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the Global Offering and taking into account any Shares may be issued pursuant to the exercise of options granted under the Pre-IPO Share Option Plans, be interested, directly or indirectly, in 10% or more of the nominal 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 this Prospectus:

(a) 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;

(b) none of the Directors or the experts named in the paragraph headed "—E. Other Information—4. Qualifications and Consents of Experts" in this Appendix 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 Prospectus, 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;

(c) save in connection with the Underwriting Agreements, none of our Directors nor any of experts listed in the paragraph headed "—E. Other Information—4. Qualifications and Consents of Experts" of this Appendix is materially interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of our Group as a whole;

(d) taking no account of any Shares which may be taken up under the Global Offering, 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 Global Offering, 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;

(e) 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 once the Shares are listed thereon;

(f) save in connection with the Underwriting Agreements, none of the experts listed in the paragraph headed "—E. Other Information—4. Qualifications and Consents of Experts" of this Appendix: (i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and

(g) none of our Directors or their respective close associates or any Shareholders of our Company (who to the knowledge of our Directors owns more than 5% of the number of our issued shares) has any interest in our five largest suppliers or our five largest customers.

D. PRE-IPO SHARE OPTION PLANS

1. Pre-IPO Share Option Plan I

The following is a summary of the principal terms of the pre-IPO share option plan I (the "**Plan I**") of the Company as approved and adopted pursuant to the written resolutions of all shareholders of the Company dated October 16, 2018 (which was further amended on March 29, 2019). The terms of the Plan I are not subject to the provisions of Chapter 17 of the Listing Rules.

(a) Purpose

The plan has been established to advance the interests of the Company by providing for the grant to the participants (the "**Plan I Participants**") of the options (the "**Plan I Options**").

(b) Administration

The Administrator of the Plan I (the "**Plan I Administrator**") shall be the Board, except that the Board may delegate its authority under the Plan I to a committee of the Board (or one or more members of the Board), in which case references herein to the Board will refer to such committee (or members of the Board). The Board may, subject to and in accordance with the memorandum and articles of association of the Company, delegate (i) to one or more of its members such of its duties, powers and responsibilities as it may determine; (ii) to one or more officers of the Company the power to grant rights or Plan I Options to the extent permitted by the legal requirements relating to the Plan I and the Plan I Options under applicable provisions of the corporate, securities, blue sky, tax, foreign exchange control and other laws, rules, regulations and government orders, and the rules of any applicable share exchange or national market system, of any jurisdiction applicable to the Company and the Options granted to residents therein (the "**Plan I Applicable Laws**"); and (iii) to such employees or other persons as it determines such ministerial tasks as it deems appropriate. In the event of any delegation described in the preceding sentence, the term "Plan I Administrator" will include the person or persons so delegated to the extent of such delegation.

The Plan I Administrator has discretionary authority, subject only to the express provisions of the Plan I, to interpret the Plan I; determine eligibility for and grant Plan I Options; determine, modify or waive the terms and conditions of any Plan I Option; determine how Plan I Options will be settled; prescribe forms, rules and procedures relating to the Plan I; and otherwise do all things necessary or appropriate to carry out the purposes of the Plan I. Determinations of the Plan I Administrator made under the Plan I will be conclusive and will bind all parties.

(c) Limits on Plan I Options under the Plan I

A maximum of 8,967,538 ordinary shares of our Company with par value of US$0.00001 each (or 44,837,690 Shares after the Share Subdivision) may be delivered in satisfaction of the Plan I Options under the Plan I. Shares delivered under the Plan I will be fully paid upon exercise of the Plan I Option. No fractional Shares will be delivered under the Plan I.

(d) Eligibility and Plan I Participation

The Plan I Administrator of the Plan I will select Plan I Participants from among employees and directors of, and consultants and advisors to, the Company and any corporation or other entity that stands in relationship to the Company that would result in the Company consolidating the financial results of such corporation or other entity under the accounting standards and policies adopted by the Company (the "**Affiliates**") to participate in the Plan I.

(e) Rules Applicable to Plan I Options

(i) Plan I Option Provisions

The Plan I Administrator will determine the terms of the grant of all Plan I Options, subject to the limitations provided herein. By accepting (or, under such rules as the Plan I Administrator may prescribe, being deemed to have accepted) the grant of a Plan I Option, the Plan I Participant shall be deemed to have agreed to the terms of the written agreement entered into by the Company and the Plan I Participant in respect of the grant of a Plan I Option under the Plan I (the "**Plan I Grant Agreement**") with respect to the Plan I Option and the Plan I. In order to assure the viability of Plan I Options granted to the Plan I Participants employed in various jurisdictions, the Plan I Administrator may provide for such special terms as it may consider necessary or appropriate to accommodate differences in the Plan I Applicable Laws, tax policy, or custom applicable in the jurisdiction in which each of the Plan I Participants resides or is employed.

(ii) Term of the Plan

Unless otherwise terminated pursuant to section (h), the Plan I shall terminate on the earlier of either (i) upon completion of the IPO, or (ii) on the tenth anniversary of the Effective Date. No Plan I Options may be granted after the termination of the Plan I but, each Plan I Option outstanding as at such termination shall continue to be administered in accordance with the Plan I and the relevant Plan I Grant Agreement.

(iii) Transferability

No Plan I Options may be transferred other than by will or by the laws of succession.

(iv) Vesting

The Plan I Administrator may determine the time or times at which a Plan I Option will vest or become exercisable and the terms on which a Plan I Option will remain exercisable.

(v) Additional Restrictions

The Plan I Administrator may cancel, rescind, withhold, otherwise limit, or restrict the terms of the grant of, any Plan I Option at any time if the Plan I Participant is not in compliance with all applicable provisions of the Plan I Grant Agreement and the Plan I, or if the Plan I Participant breaches any agreement with the Company or any of its Affiliates with respect to non-competition, non-solicitation or confidentiality.

(vi) Taxes

The delivery, vesting and retention of Shares, cash or other property under the Plan I are conditioned upon full satisfaction by the Plan I Participant of all tax withholding requirements under the Plan I Applicable Laws. The Plan I Administrator will prescribe such rules for the withholding of taxes as it deems necessary. The Plan I Administrator may, but need not, hold back Shares upon the exercise of a Plan I Option or permit a Plan I Participant to tender his or her Shares in satisfaction of tax withholding requirements (but not in excess of the minimum withholding required by the Plan I Applicable Laws).

(vii) Rights Limited

Nothing in the Plan I will be construed as giving any person the right to continued Employment (as defined below) or service with the Company or its Affiliates. The loss of existing or potential profit in Plan I Options will not constitute an element of damages in the event of termination of Employment (as defined below) for any reason, even if the termination is in violation of an obligation of the Company or any Affiliate to the Plan I Participant.

The Employment means a Plan I Participant's employment or other service relationship with the Company and/or its Affiliates. Employment will be deemed to continue, unless the Plan I Administrator expressly provides otherwise, so long as the Plan I Participant is employed by, or otherwise is providing services in a capacity described in Section (d) to the Company or an Affiliate. If a Plan I Participant's employment or other service relationship is with an Affiliate and that entity ceases to be an Affiliate, the Plan I Participant's Employment will be deemed to have terminated when the entity ceases to be an Affiliate unless the Plan I Participant transfers employment to the Company or one of its remaining Affiliates. Notwithstanding the foregoing and the definition of "Affiliate" above, in construing the provisions in respect of any Plan I Option relating to the payment of "nonqualified deferred compensation" upon a termination or cessation of Employment, references to termination or cessation of employment, separation from service, retirement or similar or correlative terms shall be construed to require a "separation from service" from the Company and from all other corporations and trades or businesses.

(viii) Time and Manner of Exercise

Unless the Plan I Administrator expressly provides otherwise, no Plan I Option will be deemed to have been exercised until the Plan I Administrator approves such exercise and receives a notice of exercise (in form acceptable to the Plan I Administrator), which may be an electronic notice, signed (including electronic signature in form acceptable to the Plan I Administrator) by the appropriate person and accompanied by any payment required under the Plan I Option. A Plan I Option

exercised by any person other than the Plan I Participant will not be deemed to have been exercised until the Plan I Administrator approves such exercise and has received such evidence as it may require that the person exercising the Plan I Option has the right to do so. The vested Plan I Options may be exercised by the Plan I Participant, taking into account the stipulations laid down in his or her individual Plan I Grant Agreement.

(ix) Exercise Price

The exercise price of each Plan I Option will be solely determined by the Plan I Administrator provided that the exercise price shall not be lower than the par value of the Shares underlying such Plan I Option. Plan I Options, once granted, may be repriced only in accordance with the applicable requirements of the Plan I.

(x) Voting Right

Regarding the voting right attached to Shares that a Plan I Participant is entitled through the exercise of his or her Plan I Options, the Plan I Participant undertakes and agrees to authorize Dr. Xu to exercise such voting rights on his or her behalf for any of Shares derived from his or her Plan I Options and also owned by him or her at any shareholder meeting of the Company. For avoidance of doubt, this does not apply to any Shares which the Plan I Participant has obtained through other means. In the event that the Plan I Participant sells any of the Shares derived from his or her Plan I Options, the authorization with respect to such Shares shall cease. The Plan I Participant is required to deliver to the Company an executed and dated irrevocable proxy form (in such form as approved by the Company) in respect of the number of Shares for which the vested Plan I Option is exercised together with the respective notice of exercise, at the time such Plan I Participant exercises a Plan I Option.

(xi) Fair Market Value

In determining the fair market value of any Plan I Options under the Plan I, the Plan I Administrator shall make the determination in good faith consistent with the Plan I Applicable Laws. Before the completion of the Listing, the fair market value for any Shares will be determined in accordance with the valuation offered to the Plan I Participants for the Shares derived from their vested Plan I Options by external investor(s) who has participated in the Company's latest round of private financing; after the completion of the IPO, the fair market value for any Shares will be determined in accordance with the average closing price of the Shares for the five trading days immediately prior to the date the fair market value is to be determined and quoted by the relevant stock exchange on which the Shares are listed subject to the Plan I Applicable Laws.

(xii) Payment of Exercise Price

Where the exercise of a Plan I Option is to be accompanied by payment, payment of the exercise price shall be by cash or check in a currency acceptable to the Plan I Administrator, or, by such other legally permissible means, if any, as may be acceptable to the Plan I Administrator if so permitted by the Plan I Administrator, in each case, in accordance with the Plan I Applicable Laws. A Plan I Participant may be required to provide evidence that any currency used to pay the exercise price of any Plan I Option were acquired and taken out of the jurisdiction in which the Plan I Participant resides in accordance with the Plan I Applicable Laws. In the event the exercise price for a Plan I Option is paid in Chinese Renminbi or other foreign currency, as permitted by the Plan I Administrator and to the extent permitted under the Plan I Applicable Laws, the amount payable will be determined by conversion from U.S. dollars or Hong Kong Dollars at the official rate promulgated by the People's Bank of China for Chinese Renminbi, or for jurisdictions other than the Peoples Republic of China, the exchange rate as selected by the Plan I Administrator on the date of exercise.

(xiii) Maximum Term

Each Plan I Option will have a maximum term not exceeding the tenth anniversary from the date of grant.

(xiv) Cumulative Exercisability

To the extent that the Plan I Option is vested and exercisable, the Plan I Participant has the right to exercise the Plan I Option (to the extent not previously exercised), and such right shall continue, until the expiration or earlier termination of the Plan I Option.

(f) Effect of Certain Transactions

In the event of a share dividend, share split or combination of shares (including a reverse share split), recapitalization or other change in the share capital structure of the Company, other than any alteration in the share capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party, the Plan I Administrator shall make appropriate adjustments to the maximum number of shares specified in Section 4(a) that may be delivered under the Plan I and shall also make appropriate adjustments to the number and kind of shares or securities subject to Plan I Options then outstanding or subsequently granted, any exercise prices relating to Plan I Options then outstanding and any other provision in respect of Plan I Options affected by such change.

The Plan I Administrator may also make adjustments of the type described in Section 7(1) above to take into account distributions to shareholders of the Company other than those provided for in Section 7(1), or any other event, if the Plan I Administrator determines that adjustments are appropriate to avoid distortion in the operation of the Plan I.

References in the Plan I to Shares will be construed to include any shares or securities resulting from an adjustment pursuant to this Section 7.

(g) Legal Conditions on Delivery of Shares or Cash

The Company will not be obligated to deliver, issue or transfer any Shares pursuant to the Plan I or remove any restriction from Shares delivered under the Plan I or deliver payment in cash in respect of any Plan I Option until: (i) the Company is satisfied that all legal matters and government approvals in connection with the issuance and delivery of such shares or cash have been addressed and resolved; (ii) if the outstanding Shares are at the time of delivery, issuance or transfer listed on any share exchange or national market system, the Shares to be delivered, issued or transferred have been listed or authorized to be listed on such exchange or system upon official notice of issuance; (iii) the passing of a resolution by the shareholders of the Company to approve and adopt the Plan I and to authorize the Plan I Administrator to grant Plan I Options under the Plan I and the Company to allot and issue Shares pursuant to the exercise of any Plan I Options; and (iv) all conditions of the Plan I Options have been satisfied or waived. If the sale of Shares has not been registered under any securities law in any applicable jurisdiction, the Company may require, as a condition to exercise of the Plan I Option, such representations or agreements as counsel for the Company may consider appropriate to avoid violation of any applicable securities law. Any Shares required to be issued or transferred to the Plan I Participants under the Plan I shall be issued or transferred, subject to the memorandum and articles of association of the Company and the Plan I Applicable Laws, in such manner as the Plan I Administrator may deem appropriate.

(h) Amendment, Termination and Cancellation

The Plan I Administrator may, at any time, amend the Plan I or the terms in respect of any outstanding Plan I Option for any purpose which may at the time be permitted by the Plan I Applicable Laws, and may, at any time, terminate the Plan I as to any future grants of Plan I Options; provided that, except as otherwise expressly provided in the Plan I, the Plan I Administrator may not, without the Plan I Participant's consent, alter the terms in respect of a Plan I Option so as to affect materially and adversely the Plan I Participant's rights under the Plan I unless the Plan I Administrator expressly reserved the right to do so at the time the Plan I Option was granted. In furtherance of the foregoing, the Plan I Administrator may, without approval of the Company's shareholders, amend any outstanding Plan I Option to provide an exercise price per share that is lower than the then-current exercise price of such outstanding Plan I Option (but not lower than the exercise price at which a new Plan I Option of the same type could be granted on the date of such amendment or the par value of the relevant shares). The Plan I Administrator may also, without approval of the Company's shareholder, cancel any outstanding Plan I Option (whether or not granted under the Plan I) and grant in substitution therefor new Plan I Options under the Plan I covering the same or a different number of Shares, including, in the case of a Plan I Option, a new Plan I Option having an exercise price per share that is lower than the then-current exercise price per share of such outstanding

Plan I Option (but not lower than the exercise price at which a new Plan I Option of the same type could be granted on the date of such amendment or the par value of the relevant shares). Any amendments to the Plan I will be conditioned upon approval of the Company's shareholders only to the extent, if any, such approval is required by the Plan I Applicable Laws and/or the memorandum and articles of association of the Company.

(i) Other Compensation Arrangements

The existence of the Plan I or the grant of any Plan I Option will not in any way affect the Company's right to award a person bonuses or other compensation in addition to Plan I Options under the Plan I.

2. Pre-IPO Share Option Plan II

The following is a summary of the principal terms of the pre-IPO share option plan II (the "**Plan II**") of the Company as approved and adopted pursuant to the written resolutions of all shareholders of the Company dated March 29, 2019. The terms of the Plan II are not subject to the provisions of Chapter 17 of the Listing Rules.

(a) Purpose

The plan has been established to advance the interests of the Company by providing for the grant to the participants (the "**Plan II Participants**") of the options (the "**Plan II Options**").

(b) Administration

The Administrator of the Plan II (the "**Plan II Administrator**") shall be the Board, except that the Board may delegate its authority under the Plan II to a committee of the Board (or one or more members of the Board), in which case references herein to the Board will refer to such committee (or members of the Board). The Board may, subject to and in accordance with the memorandum and articles of association of the Company, delegate (i) to one or more of its members such of its duties, powers and responsibilities as it may determine; (ii) to one or more officers of the Company the power to grant rights or Plan II Options to the extent permitted by the legal requirements relating to the Plan II and the Plan II Options under applicable provisions of the corporate, securities, blue sky, tax, foreign exchange control and other laws, rules, regulations and government orders, and the rules of any applicable share exchange or national market system, of any jurisdiction applicable to the Company and the Options granted to residents therein (the "**Plan II Applicable Laws**"); and (iii) to such employees or other persons as it determines such ministerial tasks as it deems appropriate. In the event of any delegation described in the preceding sentence, the term "Plan II Administrator" will include the person or persons so delegated to the extent of such delegation.

The Plan II Administrator has discretionary authority, subject only to the express provisions of the Plan II, to interpret the Plan II; determine eligibility for and grant Plan II Options; determine, modify or waive the terms and conditions of any Plan II Option; determine how Plan II Options will be settled; prescribe forms, rules and procedures relating to the Plan II; and otherwise do all things necessary or appropriate to carry out the purposes of the Plan II. Determinations of the Plan II Administrator made under the Plan II will be conclusive and will bind all parties.

(c) Limits on Plan II Options under the Plan II

A maximum of 5,629,622 ordinary shares of our Company with par value of US$0.00001 each (or 28,148,110 Shares after the Share Subdivision) may be delivered in satisfaction of the Plan II Options under the Plan II. Shares delivered under the Plan II will be fully paid upon exercise of the Plan II Option. No fractional Shares will be delivered under the Plan II.

(d) Eligibility and Plan II Participation

The Plan II Administrator of the Plan II will select Plan II Participants from among employees and directors of, and consultants and advisors to, the Company and its Affiliates to participate in the Plan II.

(e) Rules applicable to Plan II Options

(i) Plan II Option provisions

The Plan II Administrator will determine the terms of the grant of all Plan II Options, subject to the limitations provided herein. By accepting (or, under such rules as the Plan II Administrator may prescribe, being deemed to have accepted) the grant of a Plan II Option, the Plan II Participant shall be deemed to have agreed to the terms of the written agreement entered into by the Company and the Plan II Participant in respect of the grant of a Plan II Option under the Plan II (the "**Plan II Grant Agreement**") with respect to the Plan II Option and the Plan II. In order to assure the viability of Plan II Options granted to the Plan II Participants employed in various jurisdictions, the Plan II Administrator may provide for such special terms as it may consider necessary or appropriate to accommodate differences in the Plan II Applicable Laws, tax policy, or custom applicable in the jurisdiction in which each of the Plan II Participants resides or is employed.

(ii) Term of the Plan

Unless otherwise terminated pursuant to section (h), the Plan II shall terminate on the earlier of either (i) upon completion of the IPO, or (ii) on the tenth anniversary of the Effective Date. No Plan II Options may be granted after the termination of the Plan II but, each Plan II Option outstanding as at such termination shall continue to be administered in accordance with the Plan II and the relevant Plan II Grant Agreement.

(iii) Transferability.

No Plan II Options may be transferred other than by will or by the laws of succession.

(iv) Vesting

The Plan II Administrator may determine the time or times at which a Plan II Option will vest or become exercisable and the terms on which a Plan II Option will remain exercisable.

(v) Additional Restrictions

The Plan II Administrator may cancel, rescind, withhold, otherwise limit, or restrict the terms of the grant of, any Plan II Option at any time if the Plan II Participant is not in compliance with all applicable provisions of the Plan II Grant Agreement and the Plan II, or if the Plan II Participant breaches any agreement with the Company or any of its Affiliates with respect to non-competition, non-solicitation or confidentiality.

(vi) Taxes

The delivery, vesting and retention of Shares, cash or other property under the Plan II are conditioned upon full satisfaction by the Plan II Participant of all tax withholding requirements under the Plan II Applicable Laws. The Plan II Administrator will prescribe such rules for the withholding of taxes as it deems necessary. The Plan II Administrator may, but need not, hold back Shares upon the exercise of a Plan II Option or permit a Plan II Participant to tender his or her Shares in satisfaction of tax withholding requirements (but not in excess of the minimum withholding required by the Plan II Applicable Laws).

(vii) Rights Limited

Nothing in the Plan II will be construed as giving any person the right to continued Employment (as defined below) or service with the Company or its Affiliates. The loss of existing or potential profit in Plan II Options will not constitute an element of damages in the event of termination of Employment (as defined below) for any reason, even if the termination is in violation of an obligation of the Company or any Affiliate to the Plan II Participant.

The Employment means a Plan II Participant's employment or other service relationship with the Company and/or its Affiliates. Employment will be deemed to continue, unless the Plan II Administrator expressly provides otherwise, so long as the Plan II Participant is employed by, or otherwise is providing services in a capacity described in section (d) to the Company or an Affiliate. If a Plan II Participant's employment or other service relationship is with an Affiliate and that entity ceases to be an Affiliate, the Plan II Participant's Employment will be deemed to have terminated when the entity ceases to be an Affiliate unless the Plan II Participant transfers employment to the Company or one of its remaining Affiliates. Notwithstanding the foregoing and the definition of "Affiliate" above, in construing

the provisions in respect of any Plan II Option relating to the payment of "nonqualified deferred compensation" upon a termination or cessation of Employment, references to termination or cessation of employment, separation from service, retirement or similar or correlative terms shall be construed to require a "separation from service" from the Company and from all other corporations and trades or businesses.

(viii) Time and Manner of Exercise

Unless the Plan II Administrator expressly provides otherwise, no Plan II Option will be deemed to have been exercised until the Plan II Administrator approves such exercise and receives a notice of exercise (in form acceptable to the Plan II Administrator), which may be an electronic notice, signed (including electronic signature in form acceptable to the Plan II Administrator) by the appropriate person and accompanied by any payment required under the Plan II Option. A Plan II Option exercised by any person other than the Plan II Participant will not be deemed to have been exercised until the Plan II Administrator approves such exercise and has received such evidence as it may require that the person exercising the Plan II Option has the right to do so. The vested Plan II Options may be exercised by the Plan II Participant, taking into account the stipulations laid down in his or her individual Plan II Grant Agreement.

(ix) Exercise Price

The exercise price of each Plan II Option will be determined by the Plan II Administrator except that in the following circumstances, approval from both Directors appointed by PAG Growth, or Advantech II and Advantech I (the "**Series A Director**s") by their affirmative vote at a meeting of the Board or by separate written consent signed by each Series A Director must be obtained: (i) the exercise price of any Plan II Option to be granted to Dr. Xu, Dr. LIU Mike, Mr. SHUAI Qi Terry, Mr. YANG Shaowei, Mr. KONG Liang, Mr. WANG Jinbo and the C-level officers or employees performing equivalent functions as such C-level officers of any of the Company and its Affiliates under Plan II; and (ii) the average exercise price of entire Plan II Options to be granted under Plan II. The exercise price of Plan II Options granted under Plan II shall not be lower than the par value of the Shares underlying such Plan II Option. Plan II Options, once granted, may be repriced only in accordance with the applicable requirements of the Plan II.

(x) Voting Right

Regarding the voting right attached to Shares that a Plan II Participant is entitled through the exercise of his or her Plan II Options, the Plan II Participant undertakes and agrees to authorize Dr. Xu to exercise such voting rights on his or her behalf for any of Shares derived from his or her Plan II Options and also owned by him or her at any shareholder meeting of the Company. For avoidance of doubt,

this does not apply to any Shares which the Plan II Participant has obtained through other means. In the event that the Plan II Participant sells any of the Shares derived from his or her Plan II Options, the authorization with respect to such Shares shall cease. The Plan II Participant is required to deliver to the Company an executed and dated irrevocable proxy form (in such form as approved by the Company) in respect of the number of Shares for which the vested Plan II Option is exercised together with the respective notice of exercise, at the time such Plan II Participant exercises a Plan II Option.

(xi) Fair Market Value

In determining the fair market value of any Plan II Options under the Plan II, the Plan II Administrator shall make the determination in good faith consistent with the Plan II Applicable Laws. Before the completion of the IPO, the fair market value for any Shares will be determined in accordance with the valuation offered to the Plan II Participants for the Shares derived from their vested Plan II Options by external investor(s) who has participated in the Company's latest round of private financing; after the completion of the Listing, the fair market value for any Shares will be determined in accordance with the average closing price of the Shares for the five trading days immediately prior to the date the fair market value is to be determined and quoted by the relevant stock exchange on which the Shares are listed subject to the Plan II Applicable Laws.

(xii) Payment of Exercise Price

Where the exercise of a Plan II Option is to be accompanied by payment, payment of the exercise price shall be by cash or check in a currency acceptable to the Plan II Administrator, or, by such other legally permissible means, if any, as may be acceptable to the Plan II Administrator if so permitted by the Plan II Administrator, in each case, in accordance with the Plan II Applicable Laws. A Plan II Participant may be required to provide evidence that any currency used to pay the exercise price of any Plan II Option were acquired and taken out of the jurisdiction in which the Plan II Participant resides in accordance with the Plan II Applicable Laws. In the event the exercise price for a Plan II Option is paid in Chinese Renminbi or other foreign currency, as permitted by the Plan II Administrator and to the extent permitted under the Plan II Applicable Laws, the amount payable will be determined by conversion from U.S. dollars or Hong Kong Dollars at the official rate promulgated by the People's Bank of China for Chinese Renminbi, or for jurisdictions other than the Peoples Republic of China, the exchange rate as selected by the Plan II Administrator on the date of exercise.

(xiii) Maximum Term

Each Plan II Option will have a maximum term not exceeding the tenth anniversary from the date of grant.

(xiv) Cumulative Exercisability

To the extent that the Plan II Option is vested and exercisable, the Plan II Participant has the right to exercise the Plan II Option (to the extent not previously exercised), and such right shall continue, until the expiration or earlier termination of the Plan II Option.

(f) Effect of Certain Transactions

In the event of a share dividend, share split or combination of shares (including a reverse share split), recapitalization or other change in the share capital structure of the Company, other than any alteration in the share capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party, the Plan II Administrator shall make appropriate adjustments to the maximum number of shares specified in section (c) that may be delivered under the Plan II and shall also make appropriate adjustments to the number and kind of shares or securities subject to Plan II Options then outstanding or subsequently granted, any exercise prices relating to Plan II Options then outstanding and any other provision in respect of Plan II Options affected by such change.

The Plan II Administrator may also make adjustments of the type described in the paragraph above to take into account distributions to shareholders of the Company other than those provided for in the paragraph above, or any other event, if the Plan II Administrator determines that adjustments are appropriate to avoid distortion in the operation of the Plan II.

References in the Plan II to Shares will be construed to include any shares or securities resulting from an adjustment pursuant to this section.

(g) Legal Conditions on Delivery of Shares or Cash

The Company will not be obligated to deliver, issue or transfer any Shares pursuant to the Plan II or remove any restriction from Shares delivered under the Plan II or deliver payment in cash in respect of any Plan II Option until: (i) the Company is satisfied that all legal matters and government approvals in connection with the issuance and delivery of such shares or cash have been addressed and resolved; (ii) if the outstanding Shares are at the time of delivery, issuance or transfer listed on any share exchange or national market system, the Shares to be delivered, issued or transferred have been listed or authorized to be listed on such exchange or system upon official notice of issuance; (iii) the passing of a resolution by the shareholders of the Company to approve and adopt the Plan II and to authorize the Plan II Administrator to grant Plan II Options under the Plan II and the Company to allot and issue Shares pursuant to the exercise of any Plan II Options; and (iv) all conditions of the Plan II Options have been satisfied or waived. If the sale of Shares has not been registered under any securities law in any applicable jurisdiction, the Company may require, as a condition to exercise of the Plan II Option,

such representations or agreements as counsel for the Company may consider appropriate to avoid violation of any applicable securities law. Any Shares required to be issued or transferred to the Plan II Participants under the Plan II shall be issued or transferred, subject to the memorandum and articles of association of the Company and the Plan II Applicable Laws, in such manner as the Plan II Administrator may deem appropriate.

(h) Amendment, Termination and Cancellation

The Plan II Administrator may, at any time, amend the Plan II or the terms in respect of any outstanding Plan II Option for any purpose which may at the time be permitted by the Plan II Applicable Laws, and may, at any time, terminate the Plan II as to any future grants of Plan II Options; provided that, except as otherwise expressly provided in the Plan II, the Plan II Administrator may not, without the Plan II Participant's consent, alter the terms in respect of a Plan II Option so as to affect materially and adversely the Plan II Participant's rights under the Plan II unless the Plan II Administrator expressly reserved the right to do so at the time the Plan II Option was granted. In furtherance of the foregoing, the Plan II Administrator may, without approval of the Company's shareholders, amend any outstanding Plan II Option to provide an exercise price per share that is lower than the then-current exercise price of such outstanding Plan II Option (but not lower than the exercise price at which a new Plan II Option of the same type could be granted on the date of such amendment or the par value of the relevant shares). The Plan II Administrator may also, without approval of the Company's shareholder, cancel any outstanding Plan II Option (whether or not granted under the Plan II) and grant in substitution therefor new Plan II Options under the Plan II covering the same or a different number of Shares, including, in the case of a Plan II Option, a new Plan II Option having an exercise price per share that is lower than the then-current exercise price per share of such outstanding Plan II Option (but not lower than the exercise price at which a new Plan II Option of the same type could be granted on the date of such amendment or the par value of the relevant shares). Any amendments to the Plan II will be conditioned upon approval of the Company's shareholders only to the extent, if any, such approval is required by the Plan II Applicable Laws and/or the memorandum and articles of association of the Company.

(i) Other Compensation Arrangements

The existence of the Plan II or the grant of any Plan II Option will not in any way affect the Company's right to award a person bonuses or other compensation in addition to Plan II Options under the Plan II.

3. Outstanding Options

The aggregate number of underlying Shares pursuant to the outstanding share options granted under the Pre-IPO Share Option Plans is 57,460,365, of which 44,825,385 underlying Shares pursuant to options were granted under the Plan I and 12,634,980 underlying Shares pursuant to options were granted under the Plan II. Immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and the share options granted under the Pre-IPO Share Option Plans are not exercised), the aggregate number of Shares underlying all share options granted represents approximately 6.41% of the issued Shares immediately following the completion of the Global Offering.

Assuming full exercise of options under the Pre-IPO Share Option Plans, the shareholding of our Shareholders immediately following the Global Offering will be diluted by approximately 6.02% if calculated on 897,011,575 Shares, representing the outstanding Shares in issue immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised and no shares are issued pursuant to the Pre-IPO Share Option Plans).

The consequent impact on the earnings per ordinary share for the years ended December 31, 2017 and 2018 and the six months ended June 30, 2019 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.

As of the Latest Practicable Date, our Company had conditionally granted share options to 72 participants under the Plan I and 17 participants under the Plan II, including to Directors and members of the senior management of the Company. All the share options under the Plan I were granted on October 10, 2018, June 30, 2019 and November 8, 2019 and all the share options under the Plan II were granted on June 30, 2019, November 8, 2019 and November 13, 2019. The Company will not grant further share options under the Pre-IPO Share Option Plans after the Listing. The table below shows the details of share options granted to Directors, members of the senior management of the Company and other grantees who have been granted options to subscribe for 500,000 Shares or more under the Pre-IPO Share Option Plans that are outstanding as of the date of this Prospectus. As of the date of this Prospectus, no share options had been granted to other connected persons under the Pre-IPO Share Option Plans.

Name	Address	Position	Exercise price (US$)	Number of Shares underlying the outstanding options	Dates of grant	Exercise period	Approximate percentage of equity interest in the Company underlying the outstanding options[(1)]
Directors and Senior management							
XU Ting	Room 7-801 Moon Bay Meisong Garden No. 99, Bada Street Suzhou Industrial Park, Suzhou Jiangsu Province, PRC	Chairman, executive Director and Chief Executive Officer	Plan I: 0.0142 Plan II: 0.4898	Plan I: 17,061,780 Plan II: 4,234,670	Plan I: June 30, 2019 and November 8, 2019 Plan II: June 30, 2019	Plan I: 10 years from grant date Plan II: 10 years from grant date	2.37%

Name	Address	Position	Exercise price (US$)	Number of Shares underlying the outstanding options	Dates of grant	Exercise period	Approximate percentage of equity interest in the Company underlying the outstanding options[(1)]
SHUAI Qi Terry	5A Tower 1 Court D, Dragons Range, 33 Lai Ping Road, Shatin, Hong Kong	Chief Financial Officer	Plan I: 0.0142 Plan II: 0.4898	Plan I: 8,407,065 Plan II: 2,540,805	Plan I: June 30, 2019 Plan II: June 30, 2019	Plan I: 10 years from grant date Plan II: 10 years from grant date	1.22%
LIU Mike	Room 28-303, Jingying Apartment, Dushu Lake, Suzhou, Jiangsu	Senior Vice President, Business Development	Plan I: 0.0142 Plan II: 0.4898	Plan I: 3,923,300 Plan II: 1,185,705	Plan I: June 30, 2019 Plan II: June 30, 2019	Plan I: 10 years from grant date Plan II: 10 years from grant date	0.57%
WANG Jinbo	Room 1204, Building 6, Tianchen Garden, Canglang District, Suzhou, Jiangsu	Vice President, Finance & IT	Plan I: 0.0142	Plan I: 3,000,000	Plan I: June 30, 2019	Plan I: 10 years from grant date	0.33%
LIU Yang	Room 7-801 Moon Bay Meisong Garden No. 99, Bada Street Suzhou Industrial Park, Suzhou Jiangsu Province, PRC	Executive Director and Vice President, Corporate Operations	Plan I: 0.0142	Plan I: 2,240,000	Plan I: October 10, 2018	Plan I: 10 years from grant date	0.25%
YANG Shaowei	Room 1005, Building 7, Langshi International Street Suzhou Industrial Park, Jiangsu	Vice President, Quality	Plan I: 0.0142	Plan I: 2,240,000	Plan I: October 10, 2018	Plan I: 10 years from grant date	0.25%
SUN Lu Amy	67 Walder Pondway.Harleycillc PA 19438 United States	Chief Medical Officer	Plan II: 0.245	Plan II: 1,775,270	Plan II: June 30, 2019	Plan II: 10 years from grant date	0.20%
KONG Liang	Room 102, No.27, 199 Baiyang Road, Huamu Town, Pudong, Shanghai	Vice President, Clinical Operation	Plan I: 0.0142	Plan I: 1,750,000	Plan I: October 10, 2018 and November 8, 2019	Plan I: 10 years from grant date	0.20%

Name	Address	Position	Exercise price (US$)	Number of Shares underlying the outstanding options	Dates of grant	Exercise period	Approximate percentage of equity interest in the Company underlying the outstanding options[(1)]
WAN Yumin	Room 910, Building A3, Research Apartment No. 366, Linquan Street, Science Education and Innovation Zone, Suzhou Industrial Park, Suzhou, Jiangsu Province, PRC	Vice President, Government Affairs and Public Relations	Plan I: 0.0142	Plan I: 729,860	Plan I: June 30, 2019	Plan I: 10 years from grant date	0.08%
YU Ji	Room 21-81-303, Shuyuan Garden, Xiacheng District, Hangzhou, Zhejiang Province, PRC	Vice President, Manufacturing	Plan II: 0.245	Plan II: 1,459,715	Plan II: November 8, 2019	Plan II: 10 years from grant date	0.16%
Subtotal:				**50,548,170**			**5.64%**
Other grantees who have been granted options to subscribe for 500,000 Shares or more							
XU Junfang	Room 104, No. 36, Changfeng No.1 Village, Putuo District, Shanghai, PRC	Senior Medical Director	Plan I: 0.0142 Plan II: 0.4898	Plan I: 570,000 Plan II: 250,000	Plan I: October 10, 2018 Plan II: November 8, 2019	Plan I: 10 years from grant date Plan II: 10 years from grant date	0.09%
GUO Baohong	Gate 6, No. 2, Putuo Temple Houxiang, Dongcheng District, Beijing, PRC	Senior Medical Director	Plan I: 0.0142 Plan II: 0.2450	Plan I: 295,880 Plan II: 443,815	Plan I: June 30, 2019 Plan II: June 30, 2019	Plan I: 10 years from grant date Plan II: 10 years from grant date	0.08%
WU Xiaoliang	Room 501, Building 1, No. 9, Dongxiaoqiao Nong, Suzhou, Jiangsu Province, PRC	Senior Supply Chain Director	Plan I: 0.0142 Plan II: 0.2450	Plan I: 330,000 Plan II: 270,000	Plan I: October 10, 2018 Plan II: November 13, 2019	Plan I: 10 years from grant date Plan II: 10 years from grant date	0.07%
Subtotal:				**2,159,695**			**0.24%**
Total:				**52,707,865**			**5.88%**

Note:

(1) Based on the assumption that all Preferred Shares will automatically be converted into Shares on a 1:1 basis on the Listing Date and that the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of share options under the Pre-IPO Share Option Plans.

The table below shows the details of share options granted to individuals, other than members of Directors and senior management of the Company, under the Pre-IPO Share Option Plans that are outstanding as of the Latest Practicable Date.

Range of Shares underlying the outstanding options	Total number of grantees	Total number of Shares underlying the outstanding options	Exercise price (US$)	Dates of grant	Exercise period	Approximate percentage of equity interest in the Company underlying the outstanding options[(1)]
1 to 49,999	38	Plan I: 722,500 Plan II: 75,000	Plan I: 0.0142 Plan II: 0.245	October 10, 2018 and June 30, 2019	10 years from grant date	0.09%
50,000 to 99,999	18	Plan I: 840,000 Plan II: 285,000	Plan I: 0.0142 Plan II: 0.245 or 0.4898	October 10, 2018, June 30, 2019 and November 8, 2019	10 years from grant date	0.13%
100,000 to 249,999	9	Plan I: 1,240,000	Plan I: 0.0142	October 10, 2018, June 30, 2019 and November 8, 2019	10 years from grant date	0.14%
250,000 to 499,999	4	Plan I: 1,475,000 Plan II: 115,000	Plan I: 0.0142 Plan II: 0.245	October 10, 2018, June 30, 2019 and November 13, 2019	10 years from grant date	0.18%

Note:

(1) Based on the assumption that all Preferred Shares will automatically be converted into Shares on a 1:1 basis on the Listing Date and that the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of share options under the Pre-IPO Share Option Plans.

4. 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 IA 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. See "Waivers from Strict Compliance with the Listing Rules and Exemptions from Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance" for details.

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

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 listing of, and permission to deal in, the Shares in issue and the Shares to be issued pursuant to the Global Offering (including the additional Shares which may fall to be issued pursuant to exercise of the Over-allotment Option (if any), and the exercise of options granted or to be granted under the Pre-IPO Share Option Plans). All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

Each of the Joint Sponsors will be paid by our Company a fee of US$350,000 to act as a sponsor to the Company in connection with the Listing.

4. Qualifications and Consents of Experts

The following experts have each given and have not withdrawn their respective written consents to the issue of this Prospectus 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
Morgan Stanley Asia Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

Name	Qualification
CLSA Capital Markets Limited	A licensed corporation to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Jefferies Hong Kong Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Commerce & Finance Law Offices	Legal advisers as to PRC law
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Deloitte Touche Tohmatsu	Certified public accountants
JLL	Independent property valuer
CIC	Independent industry consultant

As of 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 Prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

6. No Material and Adverse Change

Our Directors believe that there has been no material or adverse change in the financial or trading or prospects of the Group since June 30, 2019 (being the date to which the latest audited consolidated financial statements of the Group were prepared).

7. Bilingual Document

The English language and Chinese language versions of this Prospectus are being published separately in reliance upon the exemption provided by section 4 of Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

8. Preliminary Expenses

The preliminary expenses of the Company was approximately RMB24,792.

9. Disclaimers

(a) Save as disclosed in this Prospectus:

(i) within the two years immediately preceding the date of this Prospectus, neither we nor any of our subsidiaries has issued or agreed to issue any share or loan capital fully or partly paid up either for cash or for a consideration other than cash;

(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;

(iii) within the two years immediately preceding the date of this Prospectus, no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of the Group;

(iv) within the two years immediately preceding the date of this Prospectus, no commission has been paid or payable to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of the Company or any of its subsidiaries;

(v) no Founder, management or deferred shares of the Company or any of its subsidiaries have been issued or agreed to be issued;

(vi) the Company has no outstanding convertible debt securities or debentures;

(vii) there is no arrangement under which future dividends are waived or agreed to be waived or is agreed conditionally or unconditionally to be put under option; and

(viii) there has not been any interruption in the business of the Company which may have or have had a material and adverse effect on the financial position of the Company in the 12 months immediately preceding the date of this Prospectus.

(b) The principle register of members of our Company will be maintained by our principal registrar, Conyers Trust Company (Cayman) Limited, in the Cayman Islands and our Hong Kong branch register of members will be maintained by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Hong Kong Share Registrar and may not be lodged in the Cayman Islands.

(c) No company within the Group is presently listed on any stock exchange or traded on any trading system and no listing or permission to deal is being or is proposed to be sought.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this Prospectus delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(a) copies of **WHITE**, **YELLOW** and **GREEN** Application Forms;

(b) the written consents referred to in "Statutory and General Information—E. Other Information—4. Qualifications and Consents of Experts" in Appendix V to this Prospectus; and

(c) copies of the material contracts referred to in "Statutory and General Information—B. Further Information about Our Business—1. Summary of Material Contracts" in Appendix V to this Prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's principal place of business in Hong Kong at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this Prospectus:

(a) the Memorandum and the Articles;

(b) the Accountants' Report and the report on the unaudited pro forma financial information of our Group prepared by Deloitte Touch Tohmatsu, the texts of which are set out in Appendix I and II to this Prospectus;

(c) the audited consolidated financial statements of our Company for each of the financial years ended December 31, 2017 and 2018 and six months ended June 30, 2019;

(d) the PRC legal opinion issued by Commerce & Finance Law Offices, our legal adviser on PRC law, in respect of certain general corporate matters and the property interests of our Group;

(e) the letter of advice prepared by Conyers Dill & Pearman, our legal adviser on Cayman Islands laws, summarizing certain aspects of the Cayman Companies Law referred to in Appendix IV to this Prospectus;

(f) the written consents referred to in "Statutory and General Information—E. Other Information—4. Qualifications and Consents of Experts" in Appendix V to this Prospectus;

(g) the material contracts referred to in "Statutory and General Information—B. Further Information about our Business—1. Summary of Material Contracts" in Appendix V to this Prospectus;

(h) the service contracts and the letters of appointment with our Directors referred to in "Statutory and General Information—C. Further Information about Our Directors—1. Particulars of Directors' Service Contracts and Appointment Letters" in Appendix V to this Prospectus;

(i) the CIC Report;

(j) the Cayman Islands Companies Law;

(k) the property valuation report prepared by JLL; and

(l) the terms of the Pre-IPO Share Option Plans and a list of grantees under the Pre-IPO Share Option Plans, containing all details as required under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

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ALPHAMAB ONCOLOGY